

6 May 2016

Residential Efficiency Scorecard Consultation
Energy Policy and Programs
Department of Economic Development, Jobs, Transport and Resources
GPO Box 4509
Melbourne VIC 3001

Dear Sir/Madam,

Re: Residential Efficiency Scorecard Consultation Response 2016

The Property Council of Australia welcomes the opportunity to provide feedback on the proposed delivery options for the Residential Efficiency Scorecard.

We are the largest and most influential advocacy organisation in the property sector, with 2,200 member companies that represent property assets over \$600 billion. Approximately 500 of these members are part of the Victorian Division.

Members of the Property Council are the acknowledged leaders in sustainable development and support approaches to deliver energy efficiency transparency.

Whilst we welcome this review, we are concerned by the limited consultation that has taken place to date surrounding the broader intent and operation of the Scorecard. For instance, there appears to have been a lack of consideration given to a governance model to support the Scorecard's implementation. Given the opening statement of the consultation documents is an intention that this tool be available for use by the public this year, it is concerning that there has been no transparency of how the Scorecard has been developed, the assumptions that underpin it, what it will show and how it can be expected to interact with existing tools or processes. If this initiative is to be successful, meaningful engagement with industry, including full disclosure of the processes behind the development of the tool and its intended operation, is required. The NABERS governance review, and subsequent model, provides an example of how such engagement should take place. Failure to do so appropriately risks alienating industry and will jeopardise the success of the tool.

Following a review of the discussion paper, we have concluded that it is not possible to determine whether the Scorecard is intended for use by both apartment owners and owners of detached dwellings. This needs to be clarified, and we would further argue that based on the information available to us at this point, the Scorecard should not be used for anything other than detached dwellings. Owners of apartments have very little ability to change the fabric of their dwelling, largely due to the nature of Strata laws. For example, measures such as fixed

shade installations would require approval from the Body Corporate, which may not be forthcoming. Similarly, heating/cooling, particularly air-conditioning, is another area where apartment owners have limited ability to make changes beyond usage. Ultimately, post-construction, it is very difficult for individual owners of apartments to make any significant changes to the fabric of the dwelling. The Scorecard seems to have been designed for detached dwellings where, while some renovations may require local council approval, owners are still able to largely change anything they wish to.

We also note the suggestion in the discussion paper that one particular benefit of the Scorecard would come from providing point of sale information to demonstrate the value of high performing homes. Without evidence demonstrating the relationship between tenancy choice and energy efficiency, it is hard to determine the likelihood of this outcome. However, where voluntary disclosure is presented as a policy objective, the government should ensure that the Scorecard supports a single, national approach by aligning with other tools seeking the same goal (harmonisation).

We support the Australian Sustainable Built Environment Council's view on the need to ensure this tool is integrated into a more holistic framework and strongly encourage the Government to undertake a more robust engagement with stakeholders, particularly around the Scorecard's features, objectives and governance arrangements. Without an established plan for ongoing administration, we are concerned about the Scorecard's readiness to achieve stated aims, particularly in view of the Government goal to deliver the Scorecard before the end of this year.

Our submission contains direct responses to the questions posed in the Training and Delivery Elements Consultation paper, as well as additional commentary we feel requires attention.

Should you have any questions regarding our submission, please contact Sandra Qian, Senior Policy Advisor on 9650 8300.

Yours Sincerely,



Jennifer Cunich
Victorian Executive Director
Property Council of Australia

Cc: The Hon. Lily D'Ambrosio MLA, Minister for Energy and Resources

Feedback to Discussion Paper

How do you think the Scorecard could be used to enhance existing programs or industry development?

The Property Council notes that there is currently confusion in the community and the building industry about the existing star rating systems being used to assess energy efficiency for new and existing homes.

We are concerned that this tool represents yet another 'rating', with no reference to existing tools, which will only serve to confuse consumers and industry. The statutory planning process in Victoria mandates that new dwellings meet certain environmental performance requirements. Unless the Scorecard reflects those requirements, and performance or outcomes can be clearly linked between the two, there is a very real possibility that consumers who use the Scorecard may be under the apprehension that the dwelling they have purchased does not meet the standards required by law, or those committed to by the developer or builder. This is an unacceptable commercial risk for industry, but can be easily resolved by integrating the Scorecard comprehensively with existing sustainability and energy performance measures.

We believe the Victorian Government should ensure the Scorecard aligns with established national and state based schemes, as a way of promoting consistency and harmonisation across jurisdictions. This includes the Nationwide House Energy Rating Scheme (NatHERS) and the NABERS Home Energy Explorer. We understand that the New South Wales Office of Environment and Heritage is also working on a similar scheme and urge the Department to undertake detailed consultation with their NSW counterpart to promote complementarity between the schemes.

The Property Council considers there to be a mismatch between the Scorecard's intended audience and the advice provided. For people undertaking renovations or wanting to provide information to potential purchasers, the focus on building fabric seems appropriate. However, for the low income target market (those experiencing energy bill hardship, concession services, community housing providers), personalised advice regarding how the home is operated may be more useful and easy to implement, rather than advice requiring capital investment.

Finally, the discussion paper makes a number of assumptions about the expected uptake of the Scorecard assessments. We seek clarification on the market testing that has been carried out, and the level of take up that is expected.

Are the proposed training requirements appropriate to deliver a Scorecard assessment? Please outline why you support, or don't support, this approach.

Generally, we observe a lack of well thought out detail for the management of the assessors, their initial training, and the ongoing maintenance of their 'qualifications'. If consumers are to be expected to pay for Scorecard assessments, although again the detail on this is vague, then there must be a rigorous governance model that ensures consumers are protected and the system is not open to abuse. There has been no detail provided about how qualifications will be verified, whether there will be any regulation of fees or practices, and what the process is for maintaining appropriate skills and qualifications if/when the Scorecard changes.

The discussion paper notes that the assessor will identify visible sources of air leakage when undertaking an energy efficiency assessment. In the absence of specialist equipment and rigorous testing methods, achieving accuracy with regard to air-tightness and the performance of older heating/cooling systems will be problematic, as there is very wide variation even between identical properties. A key concern is that recommendations based on assessments of air leakage in a house could be vulnerable to error. As such, the training of assessors in this regard requires significant rigour to prevent inconsistent outcomes. We support the inclusion of a training course to inform householders about the thermal performance of residential buildings.

What elements should be considered in a code of conduct? Please consider any existing codes of conduct or elements of these that would be supported as appropriate for the Scorecard.

A key consideration should be possible abuse of the scheme by operators with a vested interest in home building or equipment sales, who may not make the most impartial of assessors.

We recommend that the Code of Conduct should address conflicts of interest by prohibiting assessors from recommending specific products, firms or individuals for work. The frequency of a specific recommendation should also be monitored.

Are there any other matters relevant to this program that you believe are important to consider during program development?

The Property Council recognises that there can be difficulties in producing a consistent, comparative rating if usage patterns are factored into the overall efficiency score. However, the Scorecard needs to recognise that occupant lifestyle and usage behaviours are critical to energy consumption outcomes. For instance, a PV system will offer different outputs depending on whether the tenant is in the house during daylight hours. While the Scorecard can provide guidance to the level of savings achievable for a 'representative' household with other things being equal, the impact of non-fixed appliances and behavioural choices would also need to be factored to provide a clear estimate of likely future energy bills.

We recommend that operational advice on tenant behaviour should be included in the range of options about how the householder could improve their home's efficiency score. The range of improvement options given should include an indication of their potential magnitude, so that householders can assess which options represent the greatest impact relative to value for money. As mentioned above, advice which is less costly or easier to implement would be of greater benefit to low income households.

Finally, the Property Council seeks clarification of whether the improvement options presented to the householder will address the potential tension between optimising the home for annual energy performance, which is dominated by heating energy, and minimising the impact of hot weather conditions. For instance, fixed external shading would be beneficial in summer but if not installed correctly, may be detrimental for most of the year.