

Going up and up and up!

..... taxes, rates, levies, electricity, water, insurance and red tape. In all this, our State of SA shows the lead:

Water: SA+26.3%, Qld+18.8 %, Vic+15 %, WA+8.5%, NSW+5.3%

Electricity: SA+13%, NSW+17.3% Qld+6.6% WA+5 %, etc.

These are hurtful statistics, with a lot more pain to come thanks to a government, which squanders our resources and wastes our money.

The best line of defence is to adjust our lifestyle and upgrade the environment we occupy as a precautionary measure. If we do it on our own accord, ahead of the legislation we can beat them by their own game.

To make your home “green and market ready ” will be a major undertaking. The biggest energy consumer in any household is hot water, where the biggest cost increases occur and anybody who installed a new HWS lately knows that the technologies and price tags are changing.

The pending legislation on National Strategy on Energy Efficiency, as drafted by the Council of Australian Governments (COAG) in July 2009 aims to encourage us to adopt energy efficient technologies and, given the usurious price hikes we encounter, the pressure from all sides is well and truly felt.

We are all aware that we have been too wasteful with our resources and we have to do more with less to provide for a

sustainable future. This is hopefully the good intention behind these regulations and new rating schemes.

The stated strategies in this document are:

- 1 Assisting households and businesses in the transition to a low-carbon future
- 2 Reducing impediments to the uptake of energy efficiency
- 3 Making buildings more energy efficient and
- 4 Government working in partnership and leading the way

..... and just how are they leading the way? By making basic necessities unaffordable. If you wish to study the document in detail you find it under <http://www.coag.gov.au>

As a consequence of this legislation we will encounter a new impost with a hefty price tag. All Australian homes will have to undergo a mandatory energy efficiency assessment before they can be sold or rented. As this will sprout a new industry, controlled by a small number of qualified assessors, the cost for this document is likely to be around \$ 1500.00.

And as with all new legislation there is the threat of a \$ 2000.00 fine if the vendor or landlord does not provide the professionally documented " energy profile " of their premises. You would remember these points from the presentation at our last General Meeting when the benefits of IR thermographic imaging had been presented with the vivid images of poorly insulated houses.

The green credentials of a house will not come cheaply, however there is also a positive side to it.

The Australian Government has commissioned a study entitled:

“Energy Efficiency Rating and House Price in the ACT. “

The study models the relationship of energy efficiency attributes to the house price in the ACT, where the mandatory energy efficiency disclosure scheme has been in place since 1999.

In 2004 the Australian Government committed the nation, that's us, to the concept of mandatory energy efficiency disclosure, which all States and Territories supported through the National Framework for Energy Efficiency (NFEET). Once the legislation is in place the findings of this study are likely to filter through the whole of the Australian real estate market.

In short:

- The star rating will change to a 10 star scale, whereby a 0 star house is very poor, 5 stars indicate good but not outstanding thermal performance and a 10 star home is unlikely to ever need any heating or cooling.
- Energy Efficiency Rating or EER describes the thermal performance of a building shell and is measured and issued by an accredited and professionally trained House Energy Rating Scheme assessor.
- The Canberra study shows that the cost involved in gaining more stars through energy improvements may be significantly less than the increased capital value of the property resulting from such improvements. This should also be true for Adelaide, where summer and certainly winter conditions regularly exceed the human comfort range. The benefits can only be capitalised at the time of the sale of the premise or hopefully through better yield in the rental market.

- The investment made to improve the EER by one star has on average increased the market value by 3%. An ACT example shows, where in 2005 a house costing A\$ 365,000 has fetched an additional A\$ 8,979 through a 1 star improvement costing A\$ 1200 for the installation of R4 ceiling insulation.
- More visible improvements such as double glazed windows bring an even higher yield and so would solar panels.

As I stated before, we have been very slack with our energy household. The Canberra study shows, that before the minimum energy performance standards were introduced, homes in the ACT were typically built to a standard lower than 2 stars. This means they were only good to keep the rain out but offered no thermal comfort what so ever. Energy was simply far too cheap then.

You can access the original Australian Bureau of Statistics report in its entirety at www.nathers.gov.au/about/research and download the report on "Energy Efficiency Rating and House Price in the ACT"

It seems that for once all states and territories are pulling in the same direction and by then all the acronyms which are floating around at the moment will have merged into one simple vocabulary of easy to understand terminology. In the meantime you will still read about

- REES or residential energy efficiency scheme
- NATHERS or national house energy rating scheme
- RBMD or residential building mandatory disclosure
- CPRS or carbon pollution reduction scheme, et.al.

There is a host of information on the internet. Just google your keyword and you will be flooded with information. The skill is to filter out what you are looking for and what ultimately will prove to be useful steps to take in order to retain the value of your property portfolio. Unfortunately, most of these measures require a licensed and qualified tradesperson.