

Senate Economics References Committee Inquiry into Residential Electrification

Opening Comments

About OCN

Founded in 2002 the Owners Corporation Network (OCN) is the only independent organisation representing the unique interests of strata owners. We focus on ensuring every strata owner is heard and has access to the accurate information and support required to assist them with strata owning and living, including:

- Defect rectification;
- The path to a cleaner future;
- Education on strata matters;
- Consumer protections and rights.

Profile of Strata Sector

Strata living is not at all like living in a stand-alone house. It is a community with a co-owned asset. Few people realise that each owner bears unlimited joint and several liability for any damage, injury or death that may occur on all common property. Thus individual actions can significantly impact other owners and residents physically and financially.

Policies of successive governments to accelerate urbanisation and to cater for population growth have driven a significant shift to multi-household developments:

- There are 356,788 strata schemes in Australia of which 50% have been built since 2000;
- Over 2.5 million people and 13% of all households live in strata;
- There has been 7% growth in the last two years.
- It is the best option for affordable housing and recent strategies will drive this even harder.
- Total insured value is estimated to be 1.3 trillion dollars.
- It employs over 10,000 people and total economic benefit of about \$7.5bn per annum;
- Schemes in NSW are split 60% City 40% regional.
- 47% of apartments are rented, but tenants have no voting rights.

We would like to leave you with 3 key messages:

1. One size does not fit all - strata is not just large buildings

In NSW, only 3% of strata schemes are made up of 50 or more households, but house 36% of all strata residents in large, valuable, and complex apartment buildings. The administration, management and maintenance of medium and larger apartments complexes generally requires professional expertise.

The remaining 97% of schemes are comprised of smaller buildings. They often self-managed or utilise minimal professional assistance and have their own set of complex issues.

This wide range of schemes require different approaches, funding models and incentives to make any material changes.

2. Electrification is technically challenging and requires significant government support

Full electrification of existing strata schemes includes the installation of EV Charging, the replacement of gas, installation of solar panels, storage batteries, heat pumps, electric/ induction cook tops and air conditioner upgrades. It is complex and technically challenging. There are no standardised approaches, cost models or case studies to help guide apartment owners and renters along this path.

This creates an environment where resident owners are exposed in the market to gold plating, conflicts of interest, secret commissions, over supply and price inflation.

The various recent inquiries into embedded networks contain many examples of such.

OCN is seeing a serious resistance to electrification. Owners will require substantial incentives and financial support to both determine their upgrade paths and to realise the electrification upgrades over the next 10-20 years.

3. Level playing field

We see the need for a **level playing field**, such that strata owners can benefit from electrification in the same way that standalone homeowners do.

For example, electric vehicle charging costs a standalone homeowner about \$2,000. A strata owner needs to pay the same \$2,000 for the 'last mile' of the connection, plus approval costs, plus building infrastructure costs and plus potentially building supply upgrade costs.

Solar is another example such that only 0.6% of strata have solar. We welcome the recent government joint funding programs for solar installations in apartment buildings.

We think governments really need to understand the strata environment and engage directly with owners corporations, and support their strata committees to lead the change, for which we are well positioned to assist.