Who gets the rebate ???

There are a couple of reasons a home owner might switch to solar power. Of course, there are the environmental benefits. But for many it’s the potential financial benefits, such as government rebates and incentives, that lure them into making the change. At the present time, 9% of Australian houses have installed solar panels and, as we move into a renewable energy future, this number is bound to rise. However, for some landlords and tenants in NSW, the switch to solar has thrown an added complication into the rental process.

Under the NSW Government’s ‘Solar Bonus Scheme’ (SBS), the owners of eligible solar power generators installed before 30 June 2012 received payments of up to 60c per kilowatt hour of solar energy they produced. Although the scheme is now closed to new applicants, it continues to help many home owners achieve significant savings on power, making the switch to solar energy a very worthwhile investment.

But what happens if the owner of the solar powered property decides to put that property on the rental market? Are they still entitled to the benefits of their investment flowing from the SBS? Understandably, many landlords would hope that they can continue to get these bonus payments while their tenants pay the electricity bill. But, depending on the rental agreement, this may not be the case.

Under a standard Residential Tenancy Agreement, the electricity is paid for by the tenant under an electricity account in the tenant’s name. Unfortunately for Landlords, payments from the SBS go to the person whose name is on the energy bill, which in this case is the tenant. Adding to the landlord’s woes, under the SBS, when the name on the electricity account changes, the payments decrease to the minimum 20c per KW hour. For some landlords this is a third of what they might have been earning from the scheme previously. In other words, if you opt for a standard form residential tenancy agreement, you’ll lose your bonus payments.

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So, if you are a landlord in this position, looking to hold on to your SBS payments, you are left with these two possible options:

1. You could amend your tenancy agreement to include electricity usage in the rental price of your property, meaning it is up to you to enter a contract for the supply of electricity to the property. However this is fraught with dangers because, if you set your rent too low, there is the chance that the tenants will use way more electricity than you factored in to the rental price leaving you well out of pocket. On the other hand, if you set the rent too high to avoid this scenario, you may price yourself out of the market.

2. Alternatively, you could bill your tenants separately for electricity and keep the bonus payments for your solar panels, but only if such an arrangement was agreed upon in the lease. The Electricity Supply Act 1995 (NSW) provides in section 72 that Landlords may impose a charge for electricity supplied to a tenant if the supply is measured by a separate meter and the charge imposed does not exceed the market price of electricity at the time or an amount prescribed by the Regulations. It would appear that this is the best option for NSW landlords.

Solar rebate schemes come and go on a regular basis, and it can be a real challenge keeping up with the changes. Whilst we used the NSW SBS as an example, there may well be lessons here for similar schemes across Australia. At the end of the day, what’s written in the residential tenancy agreement (the lease) is what matters most.

If landlords want to continue to receive benefits from solar rebate schemes, then you may need to make a few changes to your lease agreement regarding who’s going to pay the power bills. But, before you do, you may wish to consider whether it is worth the hassle. After all, if you pass on the benefits of your move toward solar power to your tenants, it may be a real draw card for your rental property in an increasingly environmentally conscious property market.

‘Til next time,

Wishing you every success in your business ventures,

Rosy Sullivan
Director / College Principal
Everyone in the office at ACP is excited this week with the birth of Fearnie’s second grandchild. Fearnie’s daughter Megan and her husband Tala are now the proud parents of a beautiful little girl, Carys Rose. She weighed in at 3.415kg and was 50.5cm long. The best news for Megan and Tala is that she is a quiet baby (so far), which they deserve after their first child Kingston (not so quiet!!). However, the bad news for Carys’ big brother Kingston is that she is not big enough to play with (yet). Fearnie, now known as the office Granny, is one very proud mother and grandmother. Congratulations to Fearnie, Megan and Tala.

From our office…….

This week’s ACP Staff Profile:
Our College Finance Director, John Sullivan. Read about John on the next page.

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Staff Profiles

John Sullivan

Finance Director

John is one of the owners of the Australian College of Professionals, and is responsible for the financial control and management of the College. In addition to his finance role with the company, he is the lead trainer for all financial training and assessment activities provided by the College.

Over the past ten years, John has assisted thousands of agents to establish, maintain, manage and “correct” their trust accounts. His practical experience is providing trust account and financial management advice and services to agents throughout Australia is extensive and this experience underpins his training for students.

John’s very “dry” sense of humour means that students make their way through what could have been very unpalatable training topics, with a level of entertainment that ensures that the students learn in a friendly and interesting environment. John has a very natural way of relating to students and assisting them through difficult concepts to achieve a greater understanding of some daunting topics.

For over twenty-two years, John worked for the National Australia Bank in roles ranging from lending to commercial banking. During his final seven years with NAB he held the position of Regional Business/Commercial Manager responsible for high level lending.

John has also operated and managed his own financial broking business for a number of years where he has provided management accounting services to a vast range of companies. Many of these companies still utilise John’s accounting and financial services.

Surrounded by a team of almost all women, John has coped by covering the walls of his corner of the office with memorabilia of his beloved Manly Sea Eagles. John’s Facebook account is regularly “hacked” by his wife Rosy, where “he” publicly and regularly promises to purchase Rosy a new car. To date, there has been no new car arrival for Rosy – perhaps he doesn’t read his own status reports!!

To ensure that he has current information in the industry, John is a member of the National Institute of Accountants and the Australian Institute of Bankers. John also holds the honorary position of Treasurer of the Westgate Foundation, which is a children’s charity based in Singapore.

Qualifications:

Bachelor of Business (Accountancy)
Diploma of Financial Services (Financial Planning)
Diploma of Mortgage Broking Management
Certificate IV in Financial Services (Mortgage Broking)
Certificate IV in Training and Assessment
Licensed Business and Real Estate Agent
Justice of the Peace

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