A National Framework for Residential Ratings: Policy Platform

Summary and Key Recommendations

Since 2012, the Australian Sustainable Built Environment Council (ASBEC) has been calling for a nationally consistent approach to residential ratings\(^1\). ASBEC reaffirms the urgency for taking action on this matter, noting that

> *Australian homeowners value sustainability, but lack a credible and widely accepted rating scheme that allows them to incorporate this into their decision-making.*

ASBEC continues its calls for a nationally consistent framework to assess the sustainability of residential buildings, set minimum standards, benchmark building performance, and communicate value. This is intended to help homeowners to understand and value sustainability elements, and enable industry to deliver better quality, more sustainable products and services to renovators and homebuyers.

A single framework, consistently applied across jurisdictions, will reduce complexity and confusion for industry and consumers alike. This will result in better sustainability outcomes, and it will encourage continuous improvement and innovation.

ASBEC has identified three key elements of an effective framework

- Set minimum *regulatory* performance standards in new buildings for each of building energy, thermal comfort, water and other sustainability issues
- Provide benchmarks for *market* comparison of best practice sustainability performance; and
- Deliver *communication* messages explaining the value of sustainability features to renovators and homebuyers, including at point of sale and lease.

Any move to a nationally consistent framework will require coordination across all levels of government as well as with industry. Key ASBEC recommendations for each of these stakeholders are;

**Key recommendations for Governments**

1. **Recommendation 1.** Governments, in partnership with industry, explore improved minimum performance standards for new buildings covering building energy, thermal comfort, water efficiency, and other sustainability issues

2. **Recommendation 2.** Governments implement nationally consistent requirements for determining the sustainability performance of housing in the National Construction Code to ensure requirements are harmonised across jurisdictions.

3. **Recommendation 3.** Governments to work with industry to act on the findings of the National Energy Efficient Building Project to improve compliance with energy efficiency requirements in the National Construction Code, build skills and industry capacity and lower compliance costs

**Key recommendations for Industry**

1. **Recommendation 1.** Industry, through ASBEC or a similar forum, establish voluntary benchmarks for best practice aligned to existing regulatory requirements

2. **Recommendation 2.** Industry to develop an approach to increasing public awareness and understanding of the framework, and communicating the benefits of sustainable housing

3. **Recommendation 3.** Industry to lead, in agreement with government, development of a pathway towards ratings disclosure at point of sale and lease, including a repository of rating information (compliance and performance) for rating re-use, analysis and communication of value

Further detail substantiating these recommendations is provided in the [National Framework for Residential Ratings Discussion Paper](#).

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\(^1\) ASBEC Net Zero Emission Homes: An Industry Roadmap, November 2012
The Need for a Nationally Consistent Approach

Over the last few years, there has been a proliferation of tools offering ratings and performance metrics for individual elements of the sustainability performance of housing.

This has increased the complexity for industry, particularly where there are differing requirements across (and sometimes within) jurisdictions. It has also done little to educate or inform consumers about the value of sustainability measures in a residential context, or how that is quantified.

As such, ASBEC is calling for a nationally consistent framework for delivering, measuring and reporting on sustainability performance in housing across the continuum from regulatory to voluntary applications. This national consistency should include:

- Uniform application across Australian States and Territories
- Common methodologies and tools
- Flow through from (i) design to construction to operation, and (ii) from new build to renovation to point of sale and lease of existing housing stock

Such a framework should incorporate a holistic perspective on sustainability, rather than focusing solely on greenhouse gas emissions. A broader approach will deliver higher quality homes and provide a single point of reference for addressing triple bottom line sustainability in the housing market.

It is important that any framework include minimum standards, and also facilitate and encourage innovation by industry to improve the sustainability performance of housing beyond those minimums. Similarly, flexibility in the approaches available to meet minimum performance standards will ensure that location specific challenges or attributes can be addressed more appropriately.

The International Partnership for Energy Efficiency Cooperation (IPEEC)\(^2\) notes that

“Building rating programs have the greatest impact when they are integrated into a coordinated energy efficiency policy framework including other key elements such as code enforcement, financial incentives, and a robust outreach and communications effort”

ASBEC has identified the following key drivers for change, and potential sustainable housing policy options:

<table>
<thead>
<tr>
<th>Driver / Barrier</th>
<th>Decision Maker</th>
<th>Policy Options</th>
<th>Rating scheme application</th>
</tr>
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<tbody>
<tr>
<td>Economic/Financial Factors</td>
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</table>
| Investment payback | Owner/ Purchaser | • Rebates  
• Tax incentives  
• Energy/water audits  
• Feed in tariffs  
• White certificates | • Whole of house assessment tool for energy/water saving opportunities |
| Property value/ rental returns | Owner/ Purchaser | • Point of sale/ lease disclosure | • Whole of house sustainability labelling tool |
| Access to finance | Owner/ Purchaser | • Low interest/ preferential loans | • Financial assessment tool |
| Regulatory Factors | | | |
| Development approval | Builder/ Designer | • Construction code  
• Development covenants | • Elemental sustainability rating tools |
| Construction quality | Builder/ Designer | • Technical standards  
• Tradesperson certification  
• Compliance inspection | • Elemental sustainability compliance checklists |
| Social Factors | | | |
| Place satisfaction | Owner/ Purchaser | • Demonstration projects  
• Quality stamp | • Sustainability features checklists  
• Whole of house sustainability labelling tool  
• Co-benefit visualisation |
| Awareness & motivation | Owner/ Purchaser | • Advertising  
• Local leadership programs | • Whole of house sustainability labelling tool  
• Co-benefit visualisation |

Table 1: The relationship between drivers for change and requirements of a rating framework

A nationally consistent framework will provide a quantitative basis for applying these policy options as well as provide a communication tool for overcoming information asymmetries in the market, and providing a means for demonstrating the value of sustainability to consumers.

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Getting to a Nationally Consistent Approach

ASBEC calls on governments, industry and research organisations to:

- collaborate on the development of a nationally harmonised rating framework that follows a three-layered approach of setting minimum standards, benchmarking building performance, and communicating value; and
- work towards an implementation strategy that ensures rating integrity, accessibility to market information, and low cost delivery.

A number of strategies for achieving this are listed below. The highest priority strategies have been selected, and are provide in the Summary and Key Recommendations section above.

Build Awareness and Trust

- Develop an industry agreed single rating framework with a suite of tools, that is owned and branded by a trusted source, is integrated with relevant standards, and is consistently applied across all jurisdictions
- Strengthen inspection, auditing and enforcement mechanisms to ensure buildings are constructed in compliance with industry agreed mandatory requirements.
- Ensure consumer rating information is simple and consistent (but compliance assessment approaches are flexible)
- Phase in an industry agreed approach for mandatory disclosure at point of sale and leasee
- Develop and deliver consumer marketing to communicate benefits through social media and mainstream media and support the real estate sector to adopt a features-based property value framework
- Publish annual valuation studies

Motivate Compliance

- Develop standardised inspection checklist documentation and procedures to simplify the task of building inspection
- Work with industry to identify preferred mechanisms for increasing the independence of building inspectors
- Work with finance and insurance industry stakeholders and government to develop market incentives for motivating voluntary compliance

Build Industry Capacity

- Assist with the development of new training and accreditation programs for builders and assessors to support the implementation of the new framework.
- Support training of real estate agents in a features based valuation approach and the 3-layer rating framework
- Adopt a national requirement for accreditation and continuous professional development for all building professions
- Consider the establishment or expansion of an awards program or design competitions to recognise best practice or innovation in the delivery of sustainable housing.

Minimise Cost

- Facilitate and encourage design flexibility in meeting regulatory requirements
- Avoid duplication and ensure transferability by developing an ‘electronic building passport’/document management system
- Develop standardised inspection checklist documentation and procedures to simplify the task of building inspection
- Facilitate the integration of sustainability assessment with other building inspection services

Figure 1: High priority strategies for developing this nationally consistent rating framework

The proposed strategies will save cost through flexible compliance and efficient operating systems. They will also deliver superior quality houses that better match the expectations of home owners. Achieving these outcomes will require allocation of resources for co-ordinating the activities of government and industry stakeholders. It is proposed that industry provide this coordination function, funded by a user pays levy.

As a next step, ASBEC welcomes the opportunity to work with relevant stakeholders to further develop these strategies into an industry roadmap for smooth transition to a sustainable housing industry.
About ASBEC

ASBEC is the peak body of key organisations committed to a sustainable built environment in Australia. ASBEC’s membership consists of industry and professional associations, non-government organisations and government observers who are involved in the planning, design, delivery and operation of our built environment, and are concerned with the social and environmental impacts of this sector.

ASBEC provides a forum for diverse groups involved in the built environment to gather, find common ground and intelligently discuss contentious issues as well as advocate their own sustainability products, policies and initiatives.

ASBEC is a non-profit volunteer organisation. Members commit their time, resources and energy to developing practical opportunities for a more sustainable built environment.

Members

| Air Conditioning & Mechanical Contractors’ Association | Green Building Council of Australia |
| Australian Institute of Architects                | Heart Foundation                   |
| Australian Institute of Landscape Architects     | Infrastructure Sustainability Council of Australia |
| Australian Institute of Quantity Surveyors        | Insulation Australasia              |
| Australian Institute of Refrigeration, Airconditioning and Heating | Insulation Council of Australia and New Zealand |
| Building Designers Australia                      | Planning Institute of Australia    |
| Building Products Innovation Council              | Property Council of Australia      |
| Chartered Institute of Building Australasia       | Royal Institution of Chartered Surveyors (RICS) Oceania |
| Consult Australia                                  | Standards Australia                |
| Energy Efficiency Council                          | Steel Stewardship Forum            |
| Engineers Australia                                | Water Services Association of Australia |
| Facility Management Association of Australia       | WWF                               |
| Good Environmental Choice Australia                |                                   |

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