

# 2021–22 PRE BUDGET SUBMISSION



**GOVERNMENT OF NEW SOUTH WALES** 



**NSW CHAPTER** 

Submission issued 12 February 2021



# **ABOUT THE INSTITUTE**

The Australian Institute of Architects (the Institute) is the peak body for the Architectural profession in Australia. It is an independent, national member organisation with around 12,500 members across Australia and overseas including 3,000 members in the NSW Chapter.

The Institute exists to advance the interests of members, their professional standards and contemporary practice, and expand and advocate the value of Architects and Architecture to the sustainable growth of our communities, economy and culture.

The Institute actively works to maintain and improve the quality of our built environment by promoting better, responsible and environmental design.

# **PURPOSE**

- This submission is made by the Australian Institute of Architects (the Institute) to provide comment on matters affecting the 2021-22 budget of the NSW Government.
- At the time of this submission the National President is Alice Hampson FRAIA1 and the NSW Chapter President is Laura Cockburn FRAIA
- The Chief Executive Officer is Julia Cambage and the NSW State Manager is Kate Concannon.

# **CONTACT DETAILS**

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# 1 INTRODUCTION

# The Australian Institute of Architects' engagement with the big issues

Architects are a key component of Australia's \$100 billion built environment sector and there are around 13,500 Architectural businesses in Australia with around 40,000 employees. Approximately 25,000 people in the labour force hold Architectural qualifications (Bachelor degree or higher) and Architectural services in Australia in 2017-18 had revenue of \$6.1 billion and generated \$1.1 billion of profit.

The Australian Institute of Architects (the Institute) and its members are dedicated to raising the quality of the built environment for people and to the advancement of architecture. We seek to improve the enduring health and wellbeing of all Australians and our diverse communities. The design of the built environment shapes the places where we live, work and meet. The quality of the design affects how spaces and places function and has the potential to stimulate the economy and enhance the environment.

Good design adds value to all aspects of the built environment and the significant building sector of Australia's economy. Australian architects have a worldwide reputation for innovative design leadership and our profession is well placed to support governments by providing advice on ways to address key challenges in our built environment.

Primary issues include the creation of built environments which are environmentally, socially and economically sustainable. Climate change, housing affordability, equitable access to community services, an ageing demographic, increasing demand for efficient transport systems, and the need for more community and public infrastructure to support a growing population – these are urgent issues, requiring sophisticated solutions.

The planning and design of cities and towns to address these challenges will significantly impact the shape of Australia's built environment, requiring governments' to be committed to delivering a high quality, sustainable legacy for future generations. The buildings and urban solutions we accept today directly impact on our ability to successfully navigate these key issues in the future – most buildings will have a minimum of a 30 year life span taking us past any 2050 commitments – we need to design and build today for the future we hope to have.

The past twelve months has seen the delivery of a Royal Commission into National Natural Disaster Arrangements. The anthropogenic climate change that underpins these 'natural' disasters is truly disconcerting.

To face these challenges and act upon lessons learnt, governments will require built environment expertise and strategic planning to support the development of effective policy and project solutions. It is critical to foster the unique capability of our built environment professionals and their capacity to bring innovation and know-how to the government's work.



# 2 OUTCOME BASED RECOMMENDATIONS

NSW Government Outcome 1: Connecting communities to resilient and sustainable energy and local environments		
Recommendation 1 →	Heritage, Significant Buildings and Adaptive Re-use	
	Establish an expert panel to provide knowledge and expertise similar to the Government Architect's Design Review Panel.	
	The Panel could test design outcomes against the heritage values of the place as well as focus on spaces surrounding the building and linkages to existing and future local environments.	
Recommendation 2 →	Liveable Cities – cycleways	
	Permanently installing the temporary cycleways put in place in response to Covid-19.	
	This will support the desire of many members of the community to safely commute by bicycle.	
Recommendation 3 →	Security of tenure for existing vulnerable communities	
	Ensure funding to NSW Land and Housing Corporation (LAHC) is adequate to repair and maintain existing public housing and redevelop sites where necessary.	
	All efforts must be made to ensure residents can remain in their existing communities if redevelopment occurs.	

NSW Government Outcome 2: Create a strong and liveable NSW		
Recommendation 4 →	Building Reforms - Professional Indemnity Insurance	
	Architects must be supported to access adequate and affordable insurance products by ensuring joint accountability of building and design practitioners in NSW legislation and regulations.	
	The new <i>Design and Building Practitioner's Act 2020</i> and associated regulations must ensure that no contract or agreement can be made or entered into or amended to exclude the proportionate liability provisions of the <i>Civil Liability Act 2002</i> .	



Recommendation 5 →	National Registration Framework Application of the National Registration Framework for Building Practitioners (NRF) will be essential to ensure that all practitioners have the appropriate qualifications and competence to undertake work in the building sector.  The NRF criteria must be competency based and ensure that knowledge and expertise corresponds with scale and typology of building design.  The NRF must restrict the design of buildings of Construction Type A to registered Architects noting that Construction Type A buildings are the source of the most drastic failures and risks.
Recommendation 6 →	Liveable Cities – noise  Seven-day construction activities and truck movements installed as a temporary measure to boost productivity in response to Covid-19 should be immediately ceased.

NSW Government Outcome 3: Maximise community benefit from government land and property		
Recommendation 7 ->	Housing as infrastructure  Government investment in housing should be treated in the same way as investments in large scale infrastructure. This level of strategic focus and scale of investment will be necessary to address the affordable housing shortfall.	

NSW Government Outcome 4: Sustainable, secure and healthy water resources and services	
Recommendation 8 →	Policy frameworks for a sustainable building sector
	The government should partner with the Institute to achieve greater energy and resource efficiency in the building sector.



# 2.1 NSW Government Outcome 1: Connecting communities to resilient and sustainable energy and local environments

### Recommendation 1: Heritage, Significant Buildings and Adaptive Re-use

Establish an expert panel to provide knowledge and expertise similar to the Government Architect's Design Review Panel. The Panel could test design outcomes against the heritage values of the place as well as focus on spaces surrounding the building and linkages to existing and future local environments.

The architectural profession has a responsibility to contribute to the conservation and understanding of the built environment. The NSW Chapter of the Institute runs a strong program of heritage advocacy and at its heart is the Register of Significant Buildings in NSW<sup>2</sup>, focused on 20th century architecture. The importance of heritage in our built environment is well established and a heritage item may be significant for aesthetic, historic, social, spiritual or technical reasons.

Whilst the <u>Burra Charter 2013</u> describes the guiding principles of places which should be protected from demolition for the enjoyment of future generations, there are times when processes such as the listing of buildings on the State Heritage Register can become fraught with the polarised views of developers, building owners, government agencies and the general public.

In 2021 we all understand that urgent action is needed as we face the challenges presented by climate change. Policy frameworks must be established to encourage the alteration, retrofitting and rebuilding of our current building stock as a first priority to achieve more sustainable outcomes. The Institute believes that at all levels of government, policies and funding are currently inadequately delivering the potential benefits to the broader community of heritage conservation initiatives. It is important that more rigour is applied to the listing of heritage buildings and places and that adequate funding and resources are available to assist owners of important structures.

There are a number of ways this rigour could be further applied with one solution being the establishment of an expert panel similar to the Government Architect's Design Review Panel. This Panel of professionals with skills and expertise from across the built environment industry could test design outcomes against the heritage values of the place as well as focus on spaces surrounding the building and linkages to existing and future local environments, feeding this expertise into the Heritage Council of NSW and providing a balanced and inclusive approach to the process of delivering high quality adaptive reuse outcomes for significant buildings in NSW, now and into the future.

 $<sup>^2 \</sup> https://www.architecture.com.au/wp-content/uploads/Australian-Institute-of-Architects-NSW-Register-of-Significant-Architecture\_April-2020.pdf$ 



### Recommendation 2: Liveable Cities - bikeways

Permanently installing the temporary cycleways put in place in response to Covid-19. This will support the desire of many members of the community to safely commute by bicycle.

The circulation of the recent *Review of temporary COVID-19 planning measures* published by NSW Department of Planning, Industry and Environment (DPIE) states:

On 29 May 2020, a temporary measure was introduced to allow the temporary installation, of six cycleways in the Sydney CBD. These temporary cycleways have provided an additional transport option for commuters returning to the CBD for work and help to relieve pressure on train, bus, ferry and light rail systems, as well as support social distancing on public transport.

The Institute understands the DPIE is recommending this planning measure be discontinued and as a result, the cycleways be removed as early as the end of March 2021.

We strongly recommend the cycleways be permanently installed and such measures continue to be an addition to the Sydney CBD to provide a continuous and safe network of linked cycleways across the city. We advocate this not only for the obvious impacts on sustainable outcomes for Sydney, but also given the clear popularity seen in the uptake of bicycle use across the city and the obvious health benefits (and associated long term economic benefits to our health services) for those who utilise them.

# Recommendation 3: Security of tenure for existing vulnerable communities

Ensure funding to NSW Land and Housing Corporation (LAHC) is adequate to repair and maintain existing public housing and redevelop sites where necessary. All efforts must be made to ensure residents can remain in their existing communities if redevelopment occurs.

Single women over 55 are the most typical social housing tenants in Australia today. As our population ages rapidly, and homeownership rates continue to decline it is expected that the growth in the number of single older women relying on social housing will continue to rise exponentially. The Australian Bureau of Statistics projects between 2006 and 2031 the number of older women living alone will jump by 2.8 per cent per year every year, the highest rate of any cohort.

Recent research identifies the housing needs of older women in Australia. Older women value security of tenure more than any other factor. Being required to relocate, particularly in the later years in life can be daunting and a source of great anxiety not only for the occupant but for their families as well. Security of tenure is crucially intertwined with fostering a sense of agency and control in their own lives. Evan states, "Involuntary



relocation negatively affects psychological adjustment among older and middle-aged adults as well."<sup>3</sup>

The Institute strongly recommends the Land and Housing Corporation be adequately funded to maintain and repair existing public housing enabling residents to remain in their communities, and develop new social and affordable housing to meet the alarming dwelling shortfall (currently more than 59,000 on NSW social housing waiting list).

 $<sup>^3\</sup> http://universaldesignaustralia.net.au/wp-content/uploads/2020/05/Future-proofing-Existing-Social-Housing-a-stimulus-project.pdf$ 



# 2.2 NSW Government Outcome 2: Create a strong and liveable NSW

# Recommendation 4: Building Reforms - Professional Indemnity Insurance

Architects must be supported to access adequate and affordable insurance products by ensuring joint accountability of building and design practitioners in NSW legislation and regulations.

The new *Design and Building Practitioner's Act 2020* and associated regulations must ensure that no contract or agreement can be made or entered into or amended to exclude the proportionate liability provisions of the Civil Liability Act 2002.

Architects have long had mandatory registration with mandatory insurance requirements and adherence to a Code of Professional Conduct while the bulk of the building and construction industry has operated in an unregulated environment.

It is imperative that the NSW government delivers reform that ensures that all building and design practitioners are held accountable for their actions in equal part. This means it is essential that the Regulations ensure that no contract or agreement can be made or entered into or amended to exclude the proportionate liability provisions of the *Civil Liability Act 2002*.

The *Design and Building Practitioners Act 2020* makes it clear that it is not permissible to (attempt to) contract out of duty of care provisions and that these obligations and duties are in addition to those otherwise held under the Home Building Act 1989 (NSW) and at common law. The overriding principle is that, where there are multiple wrongdoers, the Court should seek to apportion to those wrongdoers a specific percentage of liability rather than a joint and several liability for the whole of the loss.

While the *Design and Building Practitioners Act 2020* does state 'no contracting out of Part', the Act also refers specifically to the NSW *Civil Liabilities Act 2002* which does allow for this to occur. The Institute is expressly concerned about this issue for the following reasons:

- Contractors will use the provision along with consultants to ensure that there is no proportionate liability rather joint and several liability will apply.
- This will exacerbate the 'deep pocket syndrome', where those holding PI insurance will be potentially responsible for paying ALL costs, regardless of their professional capabilities, risk minimisation, contribution to the situation and quality management processes to ensure appropriate outcomes.
- The insurance industry will either price for this, making insurance unaffordable, or will not make PI insurance available.
- The present situation where the insurance industry has pulled out of PI for Certifiers and insurance to other parts of the construction industry, is therefore likely.
- Legislative harmonisation is not possible when Queensland, for example, does not allow contracting out of their Civil Liabilities Act 2002.



Exempting Building Practitioners from mandatory insurance during a transition period will exacerbate this situation. In a situation where an uninsured Building Practitioner is wholly responsible for costly rectifications, and without access to proportionate liability, the Design Practitioners will be unfairly required to pay through their insurance.

Allowing parties who have a duty of care under the Design and Building Practitioners legislation to contract out of proportionate liability may seem to be in the interests of the end-user as it would allow them to recover all of their losses from any one party found to bear any (small) measure of liability.

However, the opposite is actually the case as insurers would be reluctant to provide cover as proportionate liability legislation means that defendants with deep pockets – typically, insured professionals – bear the entirety of a plaintiff's loss despite being responsible for only a small part of that loss.

Registration and licensing schemes require proof of PI insurance. Although practitioners must be insured, this insurance is becoming increasingly unavailable and insurers are, simply, withdrawing from the space. The department is assuming that practitioners can find insurers willing to provide insurance on reasonable commercial terms.

In these circumstances, the Institute believes that liability for practitioners should be limited as contemplated by the Civil Liability Act 2002 (NSW). A failure to provide for this may well see the application of the Design and Building Practitioners legislation and regulations fail, as well as the building and construction reform agenda for want of insured practitioners.

The Design and Building Practitioner's Act and Regulations must ensure that no contract or agreement can be made or entered into or amended to exclude the proportionate liability provisions of the Civil Liability Act 2002.

#### **Recommendation 5: National Registration Framework**

Application of the National Registration Framework for Building Practitioners (NRF) will be essential to ensure that all practitioners have the appropriate qualifications and competence to undertake work in the building sector.

The NRF criteria must be competency based and ensure that knowledge and expertise corresponds with scale and typology of building design.

The NRF must restrict the design of buildings of Construction Type A to registered Architects noting that Construction Type A buildings are the source of the most drastic failures and risks.

The National Registration Framework for Building Practitioners (NRF) has been developed by the Australian Building Codes Board and will be considered by the Building Ministers Meeting for adoption by all States and Territories.

The Institute welcomes this as a necessary enabler to ensure that all practitioners have the appropriate qualifications and competence to undertake work in the building sector.



However, we believe the proposed NRF will have unintended consequences and will result in poorer quality and a less safe outcome for the public.

There are increasing professional registration, mandatory training and experience requirements for registered Architects. In broad terms, a person in Australia seeking to become a registered Architect is required to complete a three-year Architecture undergraduate bachelor's degree and undertake a further two-year Architecture Master's degree<sup>4</sup>.

Moving from university graduate to registered Architect involves demonstrating application of knowledge in skills in Architectural practice as specified in the National Standard of Competency for Architects (NSCA) which are governed by the Architects Accreditation Council of Australia (AACA). Part of this process requires the completion of a minimum of 2 years practice experience (giving rise to 3,300 logbook recorded hours) across a range of Architectural practice areas while working for a practice under the supervision of a Registered Architect. After this, the graduate is also required to sit oral and written exams conducted by the Architects Registration Board of the relevant State/ Territory. In addition, Architects requirements of Architectural registration include holding professional indemnity insurance and abiding by a code of conduct<sup>5</sup>.

In major contrast, the NRF allows building designers with a diploma in building design (a 1 to 2-year course) with 3 years post qualification work experience to be able to undertake a good proportion of services for building types that currently require the professional services of a registered Architect. Experience does not equal competence and the 3-year experience requirement is not sufficient to address the shortfall in education and experience required of a registered architect having undergone a rigorous examination process.

Registration requirements for Architects relate to education, experience and demonstration of competency through an examination and interview against national competency standards that are recognised internationally. Yet, the proposed NRF is not based on assessment of competency and without a comparable robust assessment process for building designers there is no basis for comparing designers to Architects and, therefore, neither for proposing that both groups should be able to undertake the same complexity of work across all building classes.

#### Designer registration and general building scale

The NRF has proposed that a building designer, registered at the relevant level, is permitted to design and document building design work using Performance or Deemed-to-Satisfy Solutions. The three levels of registered building designer in the NRF are:

- 1. Registered building designer level 1 All buildings
- 2. Registered building designer level 2 Medium rise buildings
- 3. Registered building designer level 3 Low rise buildings

<sup>&</sup>lt;sup>4</sup> Level 9 in the Australian Qualifications Framework or 'AQF Level 9'

<sup>&</sup>lt;sup>5</sup> In the Victorian Architects Act 1991, Part 2 deals with prohibited conduct.



The Institute believes there needs to be a focus on the competency of practitioners rather than solely on education level and years of experience. Levels of education and assessment of experience set out in the NRF are inappropriate with regard to the skills required to deliver safe buildings and buildings that comply with the National Construction Code (NCC) in all of its aspects.

It is vital that the NRF does not introduce a "lowest common denominator" approach. Yet, it appears that the NRF is reducing the level of education, experience and skill required to design and document buildings in the building designer category of the NRF, at level 1 in particular, but also in level 2.

# **Project Management**

Architects frequently act as Superintendents and lead and coordinate Project Consultants in delivering projects of various complexities. As such, it is important that this continues to be recognised. Project Managers' responsibilities include managing the program, its scope, the inclusions of all the consultants, as well as managing the cost of the project and keeping the client well informed throughout the project.

Without a deep understanding and knowledge of the specific expertise of all consultants, the emerging complexity of construction, and the importance of the building to the public/urban design and other social impacts, the Project Manager can be driven purely by short term time benefits and immediate costs, without due consideration to real cost impacts of decision and actual long term return on investment implications. An architect is trained to be an independent advisor who considers a holistic outcome in relation to design decisions that can drive true value, best-for-project outcomes.

An example of elements that contribute to holistic outcomes is given evidence in current research that reveals buildings have a direct impact on our health. Wellness is now a key consideration in creating appropriate environments – an area that many architects are trained in and which allow them to provide appropriate advice. The benefit to society and the economy in creating healthy and positive environments is significant and needs to be a focus.

As the proposed NRF encourages utilisation of existing regulatory frameworks, the Institute recommends that architects should be automatically endorsed as meeting the criteria as Project Manager within the National Registration Framework's Project Co-ordination category.

#### Our recommendations

The Institute strongly recommends that if the NSW Government adopts the National Registration Framework, that it:

- adopts as the three levels of registered building designer:
  - o Level 1. Registered Architect All Buildings
  - Level 2. Registered building designer level 2 Medium rise buildings (with medium rise being defined as two storeys and conditional on the number of consultants that are required to deliver the building)
  - Level 3. Registered building designer level 3 Low rise buildings



- restricts the design of buildings of Construction Type A to registered Architects as Construction Type A are the source of the most drastic failures and risks,
- recognises that architects are already registered to practice and therefore exempt the requirement to simultaneously register as building designers,
- requires that registration category of Project Manager should be AQF Level 9 qualified and minimum 2 years post graduate experience, have a code of conduct and be required to hold PI insurance and undertake annual Continuing Professional Development (CPD), and
- automatically registers architects in the new registration category of Project Manager as proposed by the National Registration Framework.

We additionally note that our proposed three levels of registration, if adopted universally across Australia, will also reduce risks to international trade in Architectural services which are currently covered by mutual recognition agreements with other countries as well as the risk of each state and territory implementing the NRF in a different way and assigning different responsibilities and accountabilities to practitioners within building approval systems.

#### Recommendation 6: Liveable Cities - noise

Seven-day construction activities and truck movements installed as a temporary measure to boost productivity in response to Covid-19 should be immediately ceased.

The circulation of the recent *Review of temporary COVID-19 planning measures* published by NSW Department of Planning, Industry and Environment states:

On 9 April 2020, a temporary measure was introduced to allow for the extension of construction hours to weekends and public holidays for infrastructure developments approved as State Significant Infrastructure (SSI), development under Division 5.1 of the EP&A Act or development under Part 3 of the Water Supply (Critical Needs) Act 2019, subject to conditions.

In addition,

On 20 March 2020, a temporary measure was introduced through an amendment to the Codes SEPP to allow the retail supply chain to receive deliveries 24 hours a day as exempt development, subject to restrictions. The policy overrides local planning restrictions that limit the timing and frequency of truck deliveries to ensure consistent supply of essential goods to communities right across the State.

Whilst these temporary measures enjoyed a level of acceptance during the peak of the Covid-19 pandemic, the Institute strongly recommends that these measures return to pre-Covid hours of operation to ensure the basic amenity of residents in these areas.



# 2.3 NSW Government Outcome 3: Maximise community benefit from government land and property

## Recommendation 7: Housing as infrastructure

Government investment in housing should be treated in the same way as investments in large scale infrastructure. This level of strategic focus and scale of investment will be necessary to address the affordable housing shortfall.

Housing is a basic human need and universal human right, and in the rapidly expanding cities and towns of the twenty-first century, there is a critical need for more flexible and diverse housing solutions. Housing should be considered part of basic infrastructure and given the same priority when it comes to government priority and funding. New housing stock needs to be integrated with transport and social infrastructure and much greater diversity beyond simple models of homogenous suburban boxes or regimented apartments.

In the face of social and demographic change, growing economic inequality and global issues such as climate change, the architectural profession offers the design and problem-solving skills to deliver more affordable, dignified and accessible housing, reducing both upfront and ongoing costs. All financial levers to make housing more affordable for owners and renters need to be regularly examined for their effectiveness.

The Institute was recently concerned with two new legislative decisions made by the DPIE which, rather than support the need to meet demand for affordable housing, make it more difficult:

# Housing Diversity SEPP - R2 Low Density Residential Zone

These changes include amending the boarding house provisions in the Affordable Rental Housing SEPP to remove the requirement for boarding houses to be mandated within the R2 –Low Density Residential zone.

The Institute strongly disagrees with the proposal to not mandate boarding house development in the R2 Low Density Residential Zone. Without this mandate we believe this much-needed housing type will disappear from many areas in Sydney. We understand the boarding house typology has been used by private developers in a way contrary to its intent with the result being large-scale buildings which do not consider their context and this has been a negative outcome which has agitated councils and communities. We do feel, however, that with the size of boarding houses now limited to 12 rooms, and the requirement they provide affordable housing only, this typology will now have a meaningful place within R2 zones.

The boarding house is a crucial form of housing which both enables older residents to remain in their established communities with strong economic benefits to health and also provides desperately needed key-worker housing in areas close to the densest parts of Sydney. A 12 room boarding house has the equivalent footprint and scale of a large project home, and we urge the DPIE to show leadership on this issue as, we believe, if left to the local councils the political pressure from parts of the community will ensure boarding houses are no longer built. Whilst we encourage communities to have input into their local



areas, we believe it is important to remember there are voices in the community which are not heard in these processes and the government has a responsibility to also act on behalf of those community members.

## **Build-to-rent housing**

The Institute understands the desire for a build-to-rent model in the market in order to attract institutional investors, supporting both the supply of housing and employment in the construction sector. However, we felt this was an ideal opportunity to create an affordable housing product which would offer assistance to residents through the provision of both security in tenure and affordable rental housing. The Build-to-rent model which has now been put forward achieves neither of these outcomes.

Any policy that provides a tax subsidy must achieve important public benefits to be in the public interest. In the absence of these public benefits being mandated in the proposed SEPP, the Build-to-rent Housing Policy merely provides discounts to those who are already operating in this market, in a housing typology which may not be affordable for tenants across the socio-economic spectrum.

The type of spending required in the area of social and affordable housing to begin to address the issues currently faced in NSW is at least in the order of the \$5.3 billion recently announced by the Victorian government. The Institute strongly encourages the NSW government to lead by example in this area and dedicate the funding needed to bring about the change desperately required.

# 2.4 NSW Government Outcome 4: Sustainable, secure and healthy water resources and services

# Recommendation 8: Policy frameworks for a sustainable building sector

The government should partner with the Institute to achieve greater energy and resource efficiency in the building sector.

Urgent action is needed as we face the challenges presented by climate change. The commercial and residential building sectors offer significant potential for achieving deep cuts in greenhouse gas emissions by 2050. This potential can be realised by reducing energy demand and increasing the energy efficiency of buildings. An investment in the vicinity of the \$797 million recently announced by the Victorian government for their home energy efficiency initiative would be an ideal priority for the NSW government.

Policy frameworks must be established to achieve greater energy and resource efficiency in the building sector and to facilitate innovation in building design and procurement. Incentives to encourage the alteration, retrofitting and rebuilding of our current building stock to achieve more sustainable outcomes are needed now.

The Institute advocates a range of actions for government, its members, the design and construction industry and the broader community that it believes will drive the necessary changes. The architectural profession, as a key player in the development of the built environment, will continue to show leadership and is ready and willing to work with the government in developing initiatives which will provide immediate and lasting responses to these challenging times.