



Australian
Institute of
Architects

Economic Stimulus 2020

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PURPOSE

- This submission is made by the Australian Institute of Architects (the Institute) to provide input to the Federal, State and Territory Governments on economic stimulus measures to assist with the economic recovery of Australia after the COVID-19 pandemic.
- At the time of this submission, the National President of the Institute is Professor Helen Lochhead
- The Chief Executive Officer is Julia Cabbage.

INFORMATION

The Australian Institute of Architects (Institute) is the peak body for the architectural profession in Australia. It is an independent, national member organisation with around 11,000 members across Australia and overseas.

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.

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1. INTRODUCTION

To date, economic support packages have focused on helping business stay solvent and retain core staff while providing a safety net of support for workers who have unexpectedly lost their jobs. We welcome these initiatives. Beyond these immediate initiatives, we know that governments and businesses are using this hiatus productively to identify planning, development and construction programs that will not only stimulate economic recovery but also ensure solid long-term benefits.

The Australian Institute of Architects (the Institute) has canvassed our membership to gauge what processes, programs and policies need to be implemented to support the construction industry.

It will be vital to keep the building and construction industry operating as an essential service as long as activity adheres to government guidelines and health and safety regulations. This industry directly employs nearly 1 in 10 people. Many more are employed in the production of building products such as concrete and steel reinforcement, bricks, wall framing, building boards, windows and doors, roof tiles, metal cladding, domestic electrical and plumbing products, including stainless steel sinks, copper pipes and electrical cables.

2. PRINCIPLES

The Institute believes that some key principles must underlie any stimulus measures and lessons learned from the GFC must be taken on board.

- Governments must not only focus on what can be delivered quickly. There needs to be a focus on what is needed in the long term to sustain communities.
- As well, governments must identify initiatives that deliver a long-lasting public benefit from Commonwealth and State investment such as various forms of infrastructure and housing.
- Measures are needed that assist SMEs that make up 98% of the building and construction industry. One of the key lessons learned from the Building Education Revolution program during the GFC was that projects were placed in the hands of a few large companies, with small and regional businesses missing out on the downstream benefits of this stimulus spending.
- Stimulus efforts should focus on programs and projects of a variety of scales and locations, rather than large or singular projects. This would enable a spread of the dollar value across local, state and federal governments, regions, towns and cities in an equitable manner for small, medium and larger businesses.

3. OPEN FOR BUSINESS

Construction activity relies on all levels of government remaining open for business. This is particularly important at a local government level where many building approvals can be held up due to inadequate resources.

There are existing health, educational, housing and infrastructure projects in the early stages of development that could be fast-tracked through government industry stimulus in readiness for strong recovery.

In addition to major infrastructure projects, there should be a focus on programs and projects of a variety of scales and locations. A broad range of projects such as social and affordable housing, community facilities and public spaces, energy efficiency upgrades and most importantly, projects in the fire ravaged regional communities of Australia, that should be fast tracked as a matter of urgency with a focus on building back better.

Importantly, bringing forward projects and fast-tracking approvals should not impact on the quality of the built outcome provided good design and quality construction methods are utilised. Industry confidence will return more quickly when there is a clearly identified pipeline of future quality work (short and long term).

3.1 Streamlining approvals

Governments must keep regulatory approvals flowing through State agencies and local government. We encourage fast-tracking of the planning process but emphasise the importance of quality outcomes for both the built environment and the public domain.

To kick start the economy:

- Governments, at all levels, should implement a temporary but necessary freeing up of potential planning bottlenecks and fast-track approvals provided they meet acceptable standards of planning compliance and construction regulation. This may mean for example, streamlining design review(s) and introducing tighter timelines for interdepartmental referrals.
- In order to get projects shovel-ready, more effort needs to be placed on ensuring the design, documentation and approvals for such opportunities are underway as soon as possible.

3.2 Procurement processes that supports Australian businesses

Changes to government procurement processes can assist with the economic recovery of the country. Right now, governments need to focus on supporting Australian industry by 'buying local'. There has been a trend in the past few years to award major contracts to international companies. Governments can and should recognise the capacity that exists in Australia by supporting our businesses so that we retain and enhance skills and capabilities in our workforce ensuring a more sustainable, self-reliant economy.

Procurement of architectural services, including through design competitions, often places unreasonable financial burdens on competing firms for the work that goes into them. This practice must change.

Government agencies and institutions in Australia have adopted various methods of quality-based selection (as opposed to cost-based selection) to commission architectural services. The variance and complexity of these methods has increased and over time, the onus on architectural practices to respond with ever more detail and to take on greater risks associated with changing procurement models. Requests for overly detailed practice information, project programming and budgeting significantly burden applicants' time and costs. Implied or explicit requests for unpaid design ideas infringe intellectual property rights.

To address these issues:

- Procurement processes should favour locally based consultants, suppliers and construction firms so more in local communities can benefit from stimulus packages.
- Any proposed design competitions should be fair and equitable providing appropriate remuneration for the work involved. Competitions should clearly define deliverables, prescribing no more than necessary and realistic time frames.
- Design competitions should be preferencing Australian professionals rather than opening competitions up to international consultants when the expertise exists here.
- All government departments, organisations and educational institutions should use an appropriate tendering system that matches submission demands with project complexity and should adopt the Institute's guidelines for EOIs and RFTs for architectural services to concisely deliver relevant, comparable information to clients and ensure a cost effective, resource efficient and fair process for all participants.

4. PROGRAMS AND PROJECTS

The type of building that is targeted in any stimulus package will affect its stimulatory impact. It is estimated that for buildings up to three storeys high, over 50% of their cost is labour on site. Many building materials and components for these buildings are Australian-made. It is therefore important to not only focus on mega-projects, but also programs that deliver projects at a variety of scales across communities across the country to more equitably spread economic stimulus.

The focus should be on projects that have broad public benefits to the community, delivering economic, social and environmental dividends.

4.1 Social and affordable housing

New affordable and social housing needs to be a priority. A commitment to stimulus spending to procure social housing will immediately support confidence in the development sector while addressing a crucial long-term issue and the homelessness crisis exacerbated by COVID-19.

All governments must:

- Introduce programs and incentives to increase social and affordable housing.
- Fast-track social housing programs and projects with a socially responsible housing mix – affordable (key worker) 30%; private 40%; and social 30%.

4.2 Retrofit existing housing to improve comfort and energy efficiency

New homes in Australia have an average energy efficiency rating of 6.1 stars. Australia's existing homes have an average rating of only 1.7 stars, which means that they are cold in winter and too hot in summer.

The Australian Sustainable Built Environment Council (ASBEC) and ClimateWorks Australia research shows that simple measures would cause a dramatic increase in energy efficiency.

These upfront costs would be more than offset by the energy bill savings, reduced spend on heating, cooling and ventilation equipment, and electricity network savings.”¹

Stimulus funding can be applied to improve existing housing stock. A program focussing on upgrading the environmental performance energy efficiency in public, aboriginal and community housing would also have long term benefits and would assist in reducing the power bills of those more vulnerable tenants.

Measures that could be introduced are:

- Incentives for people to upgrade the energy efficiency of their homes. Retrofit programs will also deliver major reductions in household bills and improvements in building comfort and community health.
- Government funding should focus on the following:
 - Improving air tightness;
 - Including double glazed windows;
 - Increasing insulation;
 - Installing adjustable outdoor shading or larger eaves;
 - Including ceiling fans; and
 - Increasing the efficiency of air conditioning, lighting and domestic hot water systems.

4.3 Education

4.3.1 New school buildings

Education infrastructure needs a change in focus from business as usual to deliver the fundamentals of sustainable building design and a carbon neutral future.

ASBEC and ClimateWorks Australia research has shown that baseline energy use can be improved by 56% using energy efficiency measures.²

New school buildings should require:

- Adjustable outdoor shading
- Increased insulation
- Increased thermal mass
- Efficiency improvements in air conditioning equipment and lighting
- Better ventilation control to improve air quality
- Perimeter zone daylight harvesting
- Light-coloured external walls (mostly warmer climates)

¹ Australian Sustainable Built Environment Council (ASBEC) and ClimateWorks Australia 2018, *Build to Perform – Zero Carbon Building Code*, ASBEC, Sydney, p 20

² Australian Sustainable Built Environment Council (ASBEC) and ClimateWorks Australia 2018, *Build to Perform – Zero Carbon Building Code*, ASBEC, Sydney, p 25

- PV solar panels (where practical) with backup battery storage (or at least with capability for future installation of battery storage) as it becomes increasingly economically viable

4.3.2 Retrofit schools to improve comfort and energy efficiency

While schools are under-utilized during the pandemic, there is an opportunity to retrofit schools to make them more energy efficient through double glazing, improving the environment by installing energy efficient heating and cooling and improving air quality.

Some public schools and kindergartens still rely on low-quality portable buildings or buildings that have exceeded their economic life.

Other retrofits to schools could include improvements to education facilities that increase equitable access for children in vulnerable circumstances. The upgrading of accessibility to schools is currently done on an 'as-needs' basis when a child with a disability enrolls at a school.

Immediate and medium-term measures include:

- Retrofitting schools to become more energy efficient
- Upgrading the accessibility of schools with projected rising populations even if there is not a specific student with a disability.
- Replacing low quality and out of date facilities with new and efficient buildings, which would produce substantial social benefits, cut maintenance costs and improve sustainability.

4.4 Commercial and public buildings

Currently, global and Australian construction industries account for around 39% of all Co2 emissions. Any projects that form part of a COVID-19 stimulus, whether architectural design, building or engineering construction, should be mandated to comply with net zero emissions. This can be achieved through the appropriate choice of complying building materials and construction processes.

Many commercial buildings already have energy efficiency ratings. Retrofitting to achieve better energy efficiency would cut businesses' energy bills; strengthen the electricity grid and reduce the risk of power shortages; and would dramatically reduce Australia's greenhouse gas emissions. ASBEC and ClimateWorks Australia estimate that upgrading the energy efficiency of Australia's commercial buildings would deliver \$12 billion in energy savings between 2016 and 2030.³

Australian governments occupy about 30 per cent of the commercial building space in Australia, including schools, offices and public buildings, and are involved in energy intensive sectors such as water supply and treatment. These can also be part of an energy efficiency upgrade program.

Economic stimulus measures could include

- Incentives to retrofit privately owned commercial buildings to improve energy efficiency.

³ Australian Sustainable Built Environment Council (ASBEC) and ClimateWorks Australia 2016, *Low Carbon High Performance Report*, ASBEC, Sydney

- An upgrade program for government buildings.
- A program to remove combustible cladding from residential and community buildings in all states.

4.5 Community projects/local government

Additional funding for local governments for community infrastructure projects in 2020/2021 and beyond from federal and state governments is critical.

Infrastructure and building projects delivered by local government result in much needed community benefits, and provide many jobs across industry, particularly for SMEs. The large infrastructure projects play an important role. So do the small ones, and often result in better outcomes for communities and SME's.

Restarting projects that have paused is important. Many community projects have had a level of design input and need a funding boost to get them off the ground

Programs that could be supported in this sector include:

- Projects for which grant applications have been prepared and either put on hold or rejected due to lack of funding in previous rounds. These would include many local government upgrades and initiatives to public amenities or regional tourist initiatives.
- Improving existing ailing local government assets. Local governments are generally underfunded and as such cannot keep their assets at acceptable levels. Many assets are also ageing and need replacement.
- Investing in green spaces and blue/green infrastructure, for instance, urban places, parks, landscape and cycling corridors, waterways and catchments that support the environment, biodiversity and human health and wellbeing.
- Other public programs could include design-led urban planning projects to support amenable, inclusive and walkable neighbourhoods. This could include active transport projects, such as cycle and pedestrian linkages and hubs, bike paths to connect residences to major public transport hubs and providing ample bike storage at each transport hub.
- Fixing basic problems with existing community buildings, which will have a lasting benefit such as condition upgrades, disability access and energy efficiency.
- Smaller town centre upgrades could be undertaken, especially in regional and developing density suburban areas. Many areas have poor amenity in terms of problematic paving, public domain and landscape infrastructure.
- Projects for consideration could include regional galleries, arts centres or community access programs offered through local governments. These centres allow the provision of key services, social cohesion.
- Woman's refuges are also needed given that current funding is limited, and domestic violence is predicted to escalate with COVID-19

4.6 Heritage

Heritage is an area where there is a need for more work to be done. In terms of heritage building projects, there are many government departments and local councils that have portfolios of heritage assets but generally have other priorities for spending apart from basic maintenance. There are heritage buildings sitting empty and unused because of lack of funding.

Measures in this area could include:

- Updating out of date Conservation Management Plans.
- Condition upgrades of ailing heritage assets.
- Adaptive reuse of heritage building to contribute to the local cultural and social fabric of communities