SUSTAINABILITY SALON
FOR PERTH AND WESTERN AUSTRALIA
PART I OF A TWO-PART EBOOK ON GREENING THE WEST
It all started with a casual conversation at the opening cocktails for the Green Cities 2013 conference. Nicholas Wolff, chief operating officer of Western Australian land development agency LandCorp, remarked that there was a lot happening in Perth and WA; The Fifth Estate should go and take a closer look.

We already cover WA, but was there much in the sustainability space we were missing? We knew the state government had axed nearly all climate and sustainability programs and resources, so clearly the political messaging was not positive.

Maybe, Wolff said, but in business – property in particular – there was absolutely an interest in ramping up sustainability and there were some very exciting projects on the way that would transform the city and many parts of regional WA.

So began one of the most fascinating, surprising and optimistic projects we’ve undertaken at The Fifth Estate.

Fascinating, because the west itself is such an engaging place, with so many possibilities.

Surprising for the realisation – obvious when you think about it – that Perth and WA have for years set the political, economic and climate agenda. What happens in the west affects us all.

And optimistic because the west is increasingly aware it has a golden future, with any number of opportunities that can be environmentally, economically and socially rational. In other words, sustainable.

To deal with the scale of this project we’ve split it in two.

Part I is focused on the thought leadership Sustainability Salon, an overview of Perth and briefings with the participants of the salon.

Part II will follow early in the New Year with a look at responses to the issues raised in the salon and with some on-the-ground projects in Perth and the regions of WA.

Many thanks to the many people who have helped make this project possible. Especially our sponsors, and especially our lead sponsors Leighton Properties and LandCorp.

And a most heartfelt thanks to our salon participants for their generosity of spirit in sharing their thoughts with each other on the evening, and with us all in this ebook.

Tina Perinotto, managing editor and publisher
Lynne Blundell, associate editor
Our commitment to a sustainable WA runs deep.

We’re working closely with our partners to develop forward-thinking, environmentally conscious initiatives that will ensure a positive future for our State. These initiatives include:

**Design and built form** – we’re exploring new ways to design for climate, affordability and diversity with best practices in urban planning.

**Energy saving** – we’re assessing residential geothermal heating and cooling in metropolitan Perth to find out if geothermal technology reduces energy costs.

**Water recycling** – we’re working with a number of partners to trial the use of Grey Water and recycled wastewater for irrigation in the Pilbara.

**Native landscaping** – we’re encouraging water-wise landscaping using native plant species to reduce garden water use.

To find out more about our initiatives visit landcorp.com.au
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Leighton Properties is Australia's only investment grade pure developer of A Grade office buildings and urban and residential precincts. We believe in delivering profitable investments to clients by developing high quality, sustainably built environments of architectural integrity in which people can work and live. Established in 1972, as the development arm of Leighton Holdings, a global leader in property and construction, Leighton Properties has the financial and operational strength to guarantee delivery and provide investment certainty.
Resource-rich Western Australia has been Australia’s economic powerhouse for the past decade, providing a financial buffer for the nation during the global financial crisis and beyond.

And while the peak of the mining boom may have passed, WA continues to be an important global economic hub with strong growth forecasts. The real task now is for the state to embrace and protect its natural advantages by meeting the sustainability challenges of the future.

And these challenges are myriad. A rapidly growing population, resource constraints and the creeping effects of climate change are placing increasing pressure on the world’s natural and built environment. With vast areas of Western Australia identified as biodiversity hotspots, where large numbers of species are concentrated in an area under threat, the challenges are particularly urgent.

### STRONG CONSTRUCTION GROWTH

According to the Australian Construction Industry Forum all sectors of building and construction in Western Australia are set to enjoy positive growth over the next five years. Despite the resources construction boom having passed its peak, the property sector will continue to experience strong demand, as other sectors such as housing and retail pick up, says ACIF in its latest forecasts.

Certainly, the current WA government is keen to see that growth continue with a big push from Premier Colin Barnett for mining projects. At the same time sustainability has been put on the back burner, according to many sustainability experts who talked to *The Fifth Estate*. So much so, they say, that the word is no longer used by the state government.

Funding for sustainability projects has been cut and state government sustainability staff numbers reduced from 14 to four.

And when it comes to renewable energy projects, some who spoke to *The Fifth Estate* described the Premier as “having an allergy to renewable energy” and said he was actively knocking back proposals for new solar and wind ventures.

### LOCAL GOVERNMENT AT THE COALFACE OF SUSTAINABILITY

Many feel that local government has been left to carry the mantle for sustainability.

Rob Weymouth, sustainability facilitator at Western Australian Local Government Association, says that while the state government’s key focus for sustainability is financial – primarily through plans to amalgamate councils across the state – local councils are grappling with the real effects of climate change and the impacts on communities from mining growth.

Currently the state has 139 local councils with 30 located in the metropolitan area. The state’s plan is to reduce metropolitan councils to 14 through amalgamation. Weymouth says a key impact for councils will be in land use and planning, with those councils with substantial greenfield development affected the most.
Local councils can pick up much of the sustainability load but they are hampered by the “distraction” of amalgamation, not to mention the lack of sufficient resources.

WA Greens Senator Scott Ludlam, who attended the Sustainability Salon for Perth and WA, said that local councils can indeed pick up much of the sustainability load but they are hampered by the “distraction” of amalgamation, not to mention the lack of sufficient resources.

MINING COMMUNITIES TACKLE SOCIAL SUSTAINABILITY

In regional mining communities a big problem has been the fly in, fly out nature of the industry, which has both financial and social consequences.

“Mining predominantly takes place where there are no large regional centres, in areas where mining workers aren’t keen to live so there is little financial benefit to the community. The transient nature of the population in these communities does have costs and cultural impacts,” Weymouth says.

INNOVATION IN FUNDING AT GERALDTON

One innovative project was recently undertaken in Geraldton. The council engaged the community to develop their own land use planning strategy, with 100 people working with a team of leading architects and planners over three days.

At the end of the process selected suburbs were offered $50,000 to spend immediately on a particular type of land use and asked to nominate what they would do with it. In lower socio-economic suburbs, parks were nominated and community members allocated the funding.

“This is called participatory budgeting and it gives community ownership,” Weymouth says.

“That means they are more likely to look after it as well. Sustainability is about more than technical problems. With this type of planning the community is building a world together and it builds social capital.”

CLIMATE CHANGE TOOLKIT

WALGA has developed a climate change management toolkit to help councils adapt to climate change. Available on the WALGA website, the toolkit provides a seven-step process to help local government managers develop a climate change adaptation strategy. WALGA’s climate change policy is that there are major social and environmental benefits in addressing the effects of climate change. It states that local government has an opportunity to show leadership in climate change management at a community level.

“Councils have not forgotten the word ‘sustainability’ and they have put human resources into addressing it through land use planning and community programs,” Weymouth says.

“My feeling is that they get a good bang for their bucks. They are innovative and do very well with the small budgets they have.”

In terms of the major environmental issues facing local government in WA, he points to intensity of land use, biodiversity, water shortages, transport and energy costs.

Different councils deal with the issues in different ways. Some encourage different types of dwellings and the use of renewable energy, others focus on mandating water tanks for dwellings.

WATER IS A CRITICAL ISSUE

Water is a critical issue and growing more so. Rainfall in the south-west has fallen by 10 per cent over the past 20 years and the flow-on effect is that there has been a 30 per cent reduction in stream flows. Where dams used to provide 80 per cent of the community’s water they now only provides 10 per cent.

“The alternative to pumping out aquifers and building desalination plants is to focus on water efficiency, capturing runoff and re-injecting waste water into the system. We need behavioural change,” Weymouth says.

STREET LIGHTING

Another key sustainability area for local government is street lighting.

“It’s a peculiar local government thing,” says Weymouth. “Local government is charged with looking after 85 per cent of roads and the biggest ongoing cost is to light them. But developers install the street lighting and most is energy inefficient, usually halogen globes. We’ve been advocating using compact fluorescents or leapfrogging to LEDs.”

The problem is convincing power utilities to charge differently for different light bulbs rather than based on the number of lights.

“We’re negotiating with power companies to provide an economic incentive to install energy efficient lighting. At the moment the payback period for putting in more expensive efficient bulbs is around 20 years. If the incentives were all aligned we would see much more progress.”
In Perth the state’s growth is apparent in the number of large-scale construction projects underway, including redevelopment of the Perth waterfront and a number of transport infrastructure projects.

The $2.6 billion Elizabeth Quay project, previously known as Perth Waterfront, will reconnect the Perth city centre to the Swan River and create a mixed-use community on the foreshore, similar to Sydney’s Darling Harbour and Circular Quay, and Melbourne’s Southbank.

Delivered by the state government through the Metropolitan Redevelopment Authority and supported by the City of Perth, the project covers nearly 10 hectares of prime riverfront land between Barrack and William streets in the centre of Perth. It will provide new inner-city residential, much-needed hotel and short-stay accommodation, and additional commercial space.

The public spaces around the waterfront are due for completion by mid-2015, with private sector developments to follow. Managing contractor on the project is a partnership between Leighton Contractors and Perth-based Broad Construction Services.

Other major projects include:

- **Waterbank**, a joint venture between the MRA and Lend Lease (See our article Lend Lease, LandCorp and MRA in Perth firsts for Green Star – Communities)

- **Kings Square** by Leighton Properties

Another major project is the Perth City Link project. A regeneration project between local, state and federal governments, Perth City Link involves sinking the Fremantle rail line to connect the city centre with the area to the north, currently cut off by the rail line. It is expected to generate 240,000 square metres of commercial/retail space and to inject new life into the CBD.

The 40 hectare Riverside project is also expected to transform the eastern bank of the Swan River over the next decade into a mix of residential, commercial and public domains. The MRA estimates it will attract $2 billion in investment and bring 7000 new residents into the area, as well as another 6000 workers.
According to City of Perth Lord mayor Lisa Scaffidi, population growth is a key sustainability pressure point for the city. While still a small city, Perth has around 120,000 people commuting to the city each day for work. And with Perth City’s residential population growing from 5000 people in the mid-1990s to 20,000 in 2010 – and forecast to be 40,000 by 2050 – the pressure is mounting.

In an interview with The Fifth Estate, Scaffidi said key issues are population growth, a need for more public transport options, water conservation, shortage of affordable inner city housing and better energy efficiency in buildings.

“We work very closely with our [state] Planning Commission and in its Directions 2031 document the Commission has a strong focus on the aspiration for more infill residential development.

“That concurs very closely with Perth’s view, to create more [transport oriented developments] and creating more transport options within the city and therefore encouraging more people to live closer to those transport nodes.

“Our focus is on more sustainable infill development,” Scaffidi says.

Buildings contribute 65 per cent of our greenhouse gas emissions and commercial buildings in particular make up more than half of that. We are focused on reducing that.

The City has committed to reducing greenhouse gas emissions by a minimum of 20 per cent by 2020 and 80 per cent by 2050 using 2005 as a baseline. It has a number of sustainability projects underway.

These include:

- Using renewable energy to power its Elder Street car park via a rooftop solar array and offsetting remaining emissions from the city’s off-street carparks
- Incorporating sustainability features into all new City development projects,

for example its Goderich Street Affordable Rental Housing Project of 48 energy and water efficient apartments, which will have a 4 Star Green Star target rating.

Water quality management to prevent pollution of the Swan River via constructed wetland treatment of storm water at Point Fraser

“We’re very conscious of our leadership role and so it is important to address the sustainability of our own operations first,” Scaffidi says. “This is a powerful tool to educate the rest of the community about sustainability.”

**WATER SHORTAGES A PRIORITY ISSUE**

Water shortage is a critical issue for Western Australia as a whole, and Perth has made this a priority, being the first council in WA to achieve Waterwise Council status, under the Waterwise Council program.

A joint project of the Water Corporation and the Department of Water, with support from the International Council for Local Environmental Initiatives (ICLEI) – Local Governments for Sustainability, the program aims to improve water use efficiency in local government and their communities.

Carbon emission offsetting through more efficient use of its fleet vehicles and use of renewable energy options wherever possible are other priorities.

The City’s education programs include:

- **CitySwitch Green Office Program** – currently helping 52 signatory business to achieve a 4.5 stars or higher NABERS rating
- **Waterwise Office Towers Program** – educating businesses in water efficiency
- **Sustainable Business Leaders** – sustainability training for small business
- **Smart Blocks Program** – helping strata building residents improve the energy efficiency of common areas
- **EcoHub Perth website** – offers an eco footprint assessment tool that has seen 162 community members register pledges to save greenhouse gas emissions equivalent to taking 479 cars off the road
- **Sustainable living education workshops, events and demonstrations**

**Environment grants and sponsorship** that enable the community to improve the sustainability of their buildings and their behaviour. Examples include vertical green spaces in three buildings, a solar panel array and electric vehicle charging station, and many sustainability education events.
AMALGAMATION – SIZE IS AN ISSUE

Perth City is financially strong, but has been a little “hamstrung” by its size, according to Scaffidi.

Only 8.1 square kilometres at present, the council is hoping to grow to around 24 sq km through the amalgamation agenda currently underway through state government. This would bring it more in line with the size of a council like Sydney.

Following the state’s proposed boundaries, many of which councils across the state rejected, some councils have presented their own amalgamation proposals.

Perth’s growth plan includes taking parts of inner city suburbs of Victoria Park, Nedlands and Vincent into its boundaries.

“It’s a little bit controversial but we’ve gone for a strategic approach. We expect the university to be in our boundaries, the casino, the new stadium that is being built and also in Vincent we would get the new NAB stadium as well as a lot of existing homes and residences,” Scaffidi says.

Getting rid of silos will help.

Scaffidi would like to see the silo approach of the three levels of government broken down to get a more integrated approach to sustainability.

Perth is still waiting to see where the Abbott government stands on sustainability but, Scaffidi says, despite the air of climate change denial around the new regime, there have been some interesting proposals from the new federal environment minister Greg Hunt.

At state government level, water conservation has been a focus but not enough has been done about reducing greenhouse gas emissions or energy efficiency.

“In a country like Australia where we have so much sun and wind energy and wave power, we don’t seem to be doing as much as other countries,” Scaffidi says.

TRANSPORT AND LIVEABILITY

Perth City has been battling with the state government over the planned light rail project that will link the CBD with suburbs to the north. The state government’s preference wants to run the light rail route through the shopping precinct in Hay and Murray Streets, while the council wants it to run down William Street and into St George’s Terrace.

“Our shopping malls are only 16 metres wide,” Scaffidi says. “This compares to Melbourne’s Bourke Street mall, which is 45 metres wide. “It is just too narrow. We’re still working this through with the Premier and I think he appreciates what we’re saying. The real problem is that these things are planned by transport planners who really only think about traffic and not people.
“We’re working hard with state government to encourage an integrated transport plan and obviously light rail is part of that. We developed an urban design framework document a couple of years ago that was well received by the state planning department and we continue to push for an integrated approach.”

The WA state government’s 2020 target is for public transport to account for 70 per cent of trips to the Perth CBD. Currently it is 30 per cent.

In its 2029 Vision statement, which describes the council’s vision for Perth in 2029 – the year marking the bicentenary of European settlement in the city – Perth City focuses on green networks, more sustainable urban lifestyles, transport options such as cycling and better public transport.

“We have great cycle paths around the city and we have end of trip facilities required for every new high rise building in the city,” Scaffidi says.

When completed, the three major precinct projects of Elizabeth Quay, Perth City Link and Riverside will transform Perth.

“These projects will change the face of our city and when they’re finished we’ll be able to do the wonderful things that cities like Melbourne and Brisbane do – such as night time facilities – that right now we just don’t have the space to do.”

When asked which sustainability initiative she is most proud of, Scaffidi nominates the council’s Goderich Street affordable housing project on a carpark site.

The WA state government’s 2020 target is for public transport to account for 70 per cent of trips to the Perth CBD. Currently it is 30 per cent.

“While it’s not the role of local government to build housing for poorer people we need to have diversity for a functional, healthy city,” she says. “I really am a champion of homelessness issues – we’ve had a lot of these issues with displacement of people due to the bust and boom nature of our economy. The City could afford to do this project and I think it was the right thing to do.”
Following recent amendments to the local town planning scheme that allow for greater density within key strategic locations in the Fremantle CBD, Fremantle is experiencing an unprecedented level of investment and construction.

The current pipeline of public and private development has reached around $1 billion.

Developments currently in the pipeline include the flagship Kings Square Project (similarly named to the Kings Square project in the City of Perth) – more than 22,000 square metres of A-grade office space and more than 11,500 sq m of retail space to be built over the next five years, as well as residential, hotel and short-term accommodation, entertainment and civic spaces.

“It all revolves around bringing more people back into the heart of our city to live, work, shop and to be entertained,” Pettitt says.

“There are the two big things for sustainability this century and they are certainly key in Fremantle and Western Australia, as both are biodiversity hotspots.

“Then from a city point of view, the sustainability of cities relates to how innovatively and effectively they respond to these key issues,” Pettitt says.

A priority is to encourage innovative, high quality and sustainable development that complements Fremantle’s heritage and revitalises the city after a prolonged period of being in the economic doldrums.

The strategy seems to be working.

Following recent amendments to the local town planning scheme that allow for greater density within key strategic locations in the Fremantle CBD, Fremantle is experiencing an unprecedented level of investment and construction.

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“It all revolves around bringing more people back into the heart of our city to live, work, shop and to be entertained,” Pettitt says.

“This has been at the core of all of our planning, but attracting the sort of sustainable development needed to meet our targets has required equal measures of innovation and resolve by the council and City officers.”

The City set about addressing the low levels of investor interest in Fremantle via its economic development strategy, which was finalised in 2011.

The strategy outlined ambitious but achievable targets for the development of new residential dwellings, commercial office and retail floor space within the CBD.

“Our response to protecting the environment and biodiversity as well as fighting climate change has been multi-pronged,” Pettitt says.

Part of that has been to push for higher density to stop urban sprawl that is impacting on habitats of so many threatened species.

“We need a more compact, less carbon intensive city.”

CARROTS AND STICKS

The city used a range of carrots and sticks to encourage developers. First it tried to mandate a minimum 4 Star Green Star rating for new developments but the state government knocked that on the head, although it is still in the Council’s planning policy and developers need to appeal to state government if they don’t agree to a rating.

On the carrot side the council offers height bonuses or an extra two floors above standard height restrictions to developers that build to a 5 Star Green Star rating.

In the City Zone local investor Sirona Capital agreed to build to 6 Star Green Star in one of its buildings, says Pettitt.

Sirona Capital has an MOU with the City of Fremantle to undertake integrated redevelopment of city-owned sites within the Kings Square precinct in Fremantle’s CBD.
A LOW CARBON CITY PLAN

On a broader scale Fremantle is tackling climate change through its Low Carbon City Plan.

“This is based on the premise that we need to do our bit,” Pettitt says. “The level of action needs to be commensurate with what is required to have an effect on climate change.

“So we have quite ambitious targets that match the science – 25 to 40 per cent reductions in Fremantle’s carbon emissions by 2020, and then matching long term targets of 80 per cent reductions by 2050.”

Too much of what we’re seeing globally and here in Australia is that the response from government is not matching the science, says Pettitt.

He points to the book by American political theorist and author Benjamin Barber, If Mayors Ruled the World: Dysfunctional Nations, Rising Cities, as getting to the crux of the issue.

And that is that leadership on the really big challenges of the 21st century is coming locally.

“It’s not about the mayor doing things. It is about community taking seriously the level of action required because it’s not happening at the state, national or global level,” Pettitt says.

Fremantle’s response to the challenges of climate change and biodiversity is largely around mitigation. The council is the first in WA and second in Australia after the City of Sydney to become carbon neutral.

It is also focused on establishing large-scale sustainable infrastructure for the 21st century, says Pettitt. Current and future projects include a large scale solar farm on the old Fremantle tip site, geothermal heating of the municipal swimming pool, a community wind farm and construction of more bike pathways and facilities.

FREMANTLE HAS A LOT TO LOOSE THROUGH RISING SEA LEVELS

According to Pettitt the threats from climate change to the historic west end of Fremantle are very real.

“The historic west end is less than one metre above sea level. Salt incursion will be a huge problem and we are already seeing signs of it. Erosion of our beaches is also a critical issue and modelling of that is a big challenge.”

BRINGING BIODIVERSITY BACK

With biodiversity, behavioural change can make a big difference.
“We’re proactive about things that might seem trivial but that really make an impact,” Pettitt says. “We stopped mowing the verges and put in mulch and native plants to get the ecology back.

“We also are working out how to do green walls in our climate. These are the future of cities and are easy in Singapore but not so easy in Western Australia. It is about choosing the right species for a dry climate.”

Community gardens are also high on the agenda and are springing up around Fremantle, including on the Town Hall’s roof terrace. As part of its Low Carbon Plan, Council plants 1000 new trees every year to sequester carbon, cool the city and bring biodiversity back.

There is a push for smart green parks where water is captured and re-used and eco-zoning so that areas that don’t need grass are replanted with native plants.

**Bicycles Are Go**

And on the issue of transport Fremantle is making sure the focus is on bikes and people. The Council has increased bike parking facilities 10-fold.

Fremantle now has double Perth’s average bike use, where bike riders make up 1.8 per cent of commuter mode share. Fremantle aims to double its figure again by 2017.

“We’ve put together a new bike plan and we’ve achieved a lot but we’ve got a long way to go when you consider Copenhagen’s commuter mode share for bike riders is 37 per cent,” says Pettitt.

“There is no doubt bike transport is the mode of the future.”

**Getting Set for Light Rail Now**

To encourage light rail development the City has set aside corridors for future light rail projects that can’t be used for anything else.

“Planning for light rail is very important,” says Pettitt. “The challenge is to get state governments to fund it but if you don’t set the land aside, when we do get a sympathetic state government there’ll be nowhere to put it.”

He is disappointed by the level of current commitment to sustainability issues at state and federal levels.

“There doesn’t feel to be a great impetus at state and federal level for sustainability at the moment. It is important to show leadership.”

When governments don’t have sustainability at the core of their planning their emphasis is investing in things like roads and other unsustainable infrastructure instead of public transport, he says.

Another disappointment for Fremantle in terms of state government support, or lack of it, was in the City’s push to ban plastic bags. The state opposed the proposed legislation. Fremantle will push ahead, amending the legislation and resubmitting.

“Sustainability needs a holistic approach and you need to be serious about where you want to go, what your target is. The vision has been lost at state and federal levels, and that’s where local government can show leadership.”

Kings Square competition winner, by Kerry Hill Architects
NDY contributed to the achievement of a 6 star Green Star Interiors' rating for the 60,000m² BHP Billiton fitout at Brookfield Place, Perth.
BY TINA PERINOTTO

It took six months to organise but here at last on 7 November 2013, The Fifth Estate, with the help of our sponsors, hosted the Sustainability Salon for Perth and Western Australia.

Our objective was to better understand how Perth and WA could transform the benefits of one of the most extraordinary resources booms in Australia’s history into something truly valuable and enduring – in other words, sustainable.

It’s clear the west has a golden opportunity to achieve whatever it wants.

The state still contains a store of natural resources that is the envy of the world and will contribute to the nation for years to come.

The opportunity is for Perth to become a vibrant global hub. One that could transpose the wealth coming from resources into more complex economic and social fabric. The potential is to carve a great future for its people, including the huge numbers still arriving at the rate of 1000 a week, bringing with them demands for housing, services and a hunger for social and economic rewards.

The challenges, though, are significant.

Perth sits in one of the most fragile environmental areas in Australia. Long-term drying patterns have already forced the city to rely on desalinated water and threaten the rich agricultural lands in the south-west, which also happen to be one of the world’s most valuable biodiversity hot spots.

Regional areas have vast distances between them, with temperatures that in some areas already reach 50 degrees, and may become uninhabitable in the future.

The global backdrop is an increasingly resource-constrained world.

And yet the state government has slashed climate change and sustainability programs and its messaging on these issues is relentlessly negative.

In many ways, though, the west has set the economic and climate agenda for the entire nation.

The political fracas that pits mining, especially for coal, against the urgent need to reduce carbon emissions, is identical in a number of political forums.

Yet so much of business doesn’t buy this message.

Leading corporates – the property sector in particular – are fast-tracking their sustainability strategies because it’s the rational way to do business for long term survival and prosperity. Increasingly it’s an imperative of capital allocation – in line with the need to minimise risk and maximise rewards.

Even the mining sector gets it. Leading miners espouse sustainability in their business strategies and operations; they insist on 6 Star Green Star headquarters and invest in renewable energy for remote locations. Their shareholders and all their stakeholder demand nothing less.

At the same time miners will pay an army of lobbyists to convince governments to advance their short-term interests, and ignore climate change.

Nowhere is the conflict and tension between these two great opposing forces driving our nation – mining and the urgent need to curb our emissions – more apparent than in Perth.

This is the centre of the mining boom. It’s the place that’s been credited with allowing the nation to sail through the GFC, with barely a hiccup. It’s where the Reserve Bank has looked to set its interest rate levers, saying we must “make room for the boom” while the east coast has been urged to tighten its belt.

But what’s the plan? What are the barriers and how can these be overcome?

If the west can carve out a sustainable future for itself, so can the rest of us.

SO WHO CAME TO DINNER?

We needed a group of people who would be highly influential in setting the agenda for the west. Who understood the dynamics and had some way of influencing opinion in business and politics.

Following are the guest introductions, and then on to our salon.
SENATOR SCOTT LUDLAM

Australian Greens Senator Scott Ludlam has been in the Australian Senate since July 2008.

He has worked closely with industry and business to achieve significant policy outcomes and is well regarded for his work, which has included the highly regarded Transforming Perth – Regenerating transport corridors as a network of high street precincts, authored jointly by the Australian Greens, the Property Council of Australia and the Australian Urban Design Research Centre.

He has also contributed strongly to getting the National Rental Affordability scheme back on the table when the last federal government cut it by $264 million, and initiating Australia’s first national inquiry into public transport.

His election platform included a housing affordability plan with a suite of nine costed initiatives, and a costed roadmap for 100 per cent renewable energy in WA by 2029.

LORD MAYOR OF PERTH
LISA SCAFFIDI

Lisa Scaffidi has been Lord Mayor of Perth since October 2007 and is also the state director of the Committee for Economic Development of Australia.

As Lord Mayor, Ms Scaffidi has delivered Perth’s 2029 Plus vision statement, which focuses on green networks, more sustainable urban lifestyles, transport options such as cycling and better public transport.

When completed, the three major precinct projects of Elizabeth Quay, Perth City Link and Riverside will change the face of Perth.

Among the achievement of which Ms Scaffidi is most proud is the Goderich Street affordable housing project, which provides below market rental accommodation to low income city workers.

MAYOR OF FREMANTLE
DR BRAD PETTITT

Dr Brad Pettitt was elected Mayor in October 2009, after four years as a councillor.

He was previously Dean of the School of Sustainability and associate professor in Sustainable Development at Murdoch University. His research and teaching have focused on climate change, local sustainability policy, international aid policy and sustainable planning, and he has continued his involvement with Murdoch University.

Sustainable development is key to Dr Pettitt’s focus for Fremantle to protect the environment and biodiversity. Part of this includes pushing for higher density to stop urban sprawl and “bringing more people back into the heart of our city to live, work, shop and to be entertained”.

Fremantle now has $1 billion of public and private development in the pipeline.
ERIC LUMSDEN

Eric Lumsden is chair of the WA Planning Commission, a role he assumed on 5 November 2013, exactly six years after becoming director general for the Department of Planning.

He has also been a chief executive of the City of Swan and the City of Melville.

Mr Lumsden has worked on strategic plan “Directions 2031”, planning approvals reform, planning initiatives including the Metropolitan Redevelopment Authority, master planning for Elizabeth Quay, and implementation for Perth City Link, the Burswood Stadium development and sports precinct, and the state government light rail project.

A key concern for Mr Lumsden is strategic planning, including assessment of objectives, an area he is enthusiastic to pursue in his new role.

MARK GRAY

Mark Gray has been managing director of Leighton Properties since 2007 and has more than 35 years experience in the property industry, starting as an architect working in Sydney, Queensland and in Princeton, USA.

He joined the Leighton Group in 1987 and has worked on a number of major projects including the Star City Casino, Sydney; Westpac Place, Sydney; 80 and 100 Pacific Highway, North Sydney; Eclipse Tower, Parramatta; HQ, Fortitude Valley; King George Central, Brisbane; Hamilton Harbour, Brisbane; and 700 Collins Street, Melbourne.

He has been national director and NSW president of the Property Council of Australia and board director of the Green Building Council of Australia.

NICHOLAS WOLFF

Nicholas Wolff joined LandCorp in August 2012, as chief operating officer, with a key role in delivering more than 150 projects across rural and urban WA – many in partnerships with the private sector.

His background is in major developments such as the $2 billion redevelopment of the former Carlton United Brewery on Sydney’s Broadway, now known as Central Park, and the former site of the Royal Alexandra Hospital for Children at Camperdown, now known as City Quarter.

Mr Wolff is an architect and also holds an Executive MBA from the Australian Graduate School of Management.
BRETT DRAFFEN

Brett Draffen is chief executive officer of Mirvac’s development division, and is also responsible for group strategy and capital allocation.

Prior to this, he held many senior executive positions within the group, including state CEO roles where he was responsible for major development projects across the residential, commercial, retail and industrial sectors.

Brett is the immediate past president of the Property Council of Australia, NSW, and has served as a national board member from 2009 to 2013.

DAMIEN MORAN

Damien Moran is director and co-founder of HFM Asset Management. His expertise is in building efficiency, founded on 18 years in the heating ventilation and air-conditioning industry. He is also a NABERS and Commercial Building Disclosure accredited assessor.

He is a member of the Property Council WA commercial property committee, a judge for the CitySwitch Green Office program with the City of Perth, and was recently a panel member for a federal government pilot study to develop a methodology for commercial building energy use baselines.

Damien’s team is currently working on water efficiency programs for the Water Corporation and a program to audit and benchmark Perth’s commercial building stock. The company is a major auditor of some of Perth’s biggest buildings.

TONY ARNEL

Tony Arnel is global director sustainability for Norman Disney & Young.

He is a founding director and immediate past chair of the Green Building Council of Australia and also immediate past chair of the World Green Building Council, which now comprises almost 100 country councils worldwide. He is a trustee of Sustainable Melbourne Fund, an initiative of the City of Melbourne to accelerate the retrofitting of existing buildings; has been a member of the Australian Building Codes Board; and for more than a decade oversaw the implementation of new energy efficiency standards into the national building code.

In 2012 Mr Arnel was appointed to the Board of the National Occupational Licensing Authority. He is also a Life Fellow of the Australian Institute of Architects and a Victorian Fellow of the Institute of Public Administration Australia. He is the current chairman of the Advisory Board to the School of Architecture and Building at Deakin University and is past chairman and director of the Melbourne International Comedy Festival.

He has won several awards for leadership and sustainability including The Australian Financial Review’s True Leadership Award in 2009 and the Leadership in Sustainability Award from the Australian Institute of Architects in 2010.

JEMMA GREEN

Jemma Green is a former investment banker with JP Morgan based in the UK and is now a senior research fellow and PhD candidate at Curtin University’s Sustainability Policy Institute.

She was recently awarded a Master in Sustainability from Cambridge University, with her work on quantifying environmental risk in corporate credit ratings, resulting in Moody’s publishing its first sustainability research looking at water risk in the mining sector. She also holds a Bachelor of Commerce in Finance from Murdoch University and two postgraduate diplomas from Cambridge University.

Ms Green is a regular commentator on sustainability issues in a range of media including The Conversation, The Age, radio and WA television.
REPORT BY
LYNNE BLUNDELL

NICHOLAS WOLFF, ON
BEHALF OF CO-LEAD
SPONSOR LANDCORP,
OPENED PROCEEDINGS WITH
AN ACKNOWLEDGEMENT
OF COUNTRY.

Perth is a city in transformation. The resources boom will continue to channel investment to the west for many more years to come. And it has huge opportunities for growth and prosperity. But with those opportunities come challenges.

It’s had massive population growth, which together with the mining sector has spawned a range of economies and industries that offer opportunities, but also put pressure on housing, urban sprawl and biodiversity.

It sits in one of the most fragile places in Australia, with long term drying patterns over its city and the rich and fertile agricultural lands in the South-West.

This area is also considered one of the world’s most important biodiversity hot spots, ranking with the Daintree in importance.

What is needed to create a more sustainable city and state? And what are the key barriers to achieving this?

What was needed, said Eric Lumsden, was a strategic plan that was long term in scope and could deliver sustainable outcomes.

And the will of the people, said Lisa Scaffidi.

A huge barrier was the short term thinking of state governments, with short four-year horizons – hard to get effective planning outcomes under this scenario.

Developers were different, Mark Gray and Brett Draffen said. They needed to think long term, according to Mr Draffen, because capital allocation was based on longer term considerations.

The same goes for some planning bureaucrats, Eric Lumsden said.
PERTH’S OLD TREASURY BUILDING – A NEW LONG TERM, COOPERATIVE MODEL

The refurbishment and redevelopment of Perth’s Old Treasury building precinct was a great example of co-operative long term planning in action. There were the private and public sectors working together.

This collection of Treasury buildings, which had been empty for 17 years, would be restored and converted into a mix of hotel, hospitality and retail uses as part of a revitalisation of the whole precinct. A huge boon to Perth.

Mirvac is developing the property and in September 2012 sold a 50 per cent share to the Singapore based K-REIT Asia for $165 million.

Brett Draffen:
We are developing the state government offices. The decision making from our point of view is that we’ve got a long term owner who is asking what should this building be delivering in terms of sustainable initiatives?

In the case of that building 5 Star [Green Star] is Australian best leadership. And there’s obviously other initiatives around the greater precinct that demonstrate leadership. This happened with the contribution of the state government for the Treasury building. I think that’s a very good example where you can get the balance to work.

Eric Lumsden:
And that’s a very good example of government leadership looking at a different model.

I think the government had to be pragmatic to come up with a solution – the building has lain dormant for a long period of time and so they had to come up with an approach and a model which would address that building but looked at the whole precinct.

I was involved in that process and we put up a very strong argument. From a business point of view if you want to energise this precinct, let alone the building, you have to take an integrated approach and that was what was accepted after a long debate in Treasury.

Treasury has the tendency to look at things from the classic view of an in and out perspective – being accountable, not looking at the externalities, which still frustrates me today.

And that’s part of the problem with governance at all levels in terms of looking at the bigger picture but then also how you translate the bigger picture into the real outcomes that you want, not only for that development but for the precinct and of the wider community. That broader thinking is very much lacking – very good policy people but no idea how to put policy into action – a big gap in the middle without a vision of how to make it happen on the ground. I’ve found that this happens all the time and I’ve been doing this work for 30 years.

Scott Ludlam:
How much importance was placed in Treasury on the payback period for the development? We talk about externalities but is there an expectation these things will pay for themselves? It seems to me that is what kills a lot of the sustainable solutions in Australia.

Eric Lumsden:
A good question. That project was thought about in terms of the overall economic analysis… if someone was going to take this up what sort of quality building should it be?

[The lease and returns on investment were analysed not just from the perspective of the state government but in terms of the developer.]

So if you’re going to say we require this to be a 5 Star hotel, can we articulate how that will benefit the proponents and therefore get Treasury to accept that as an assessment characteristic of the business? And we pushed that pretty hard.

Mark Gray:
What did it take to get it through?

Eric Lumsden:
A bloody lot of persuasion.

Mark Gray:
The skills exist – was it the policy? How do you change the mindset?

Eric Lumsden:
First of all you have to be pretty dogmatic in driving those aspects. Then you’ve got to underpin that from a pricing perspective but also I think ensure that the people you’re dealing with have the mindsets to pick up on where you’re going to.

I get very frustrated with people who think very much within the box instead of looking outside the box, and often you’ve got to not only educate them on the project but educate them on the wider benefits.

Often you’ve got to bring in the externalities and so therefore a lot of those things get a tick of approval or fall over depending on who you’re dealing with.

With Treasury people they’re classic bean counters – the in and outs. There are others who can look at the big picture and be facilitators but be aware of the in and outs.

State and Federal governments will always look at the total cost but what does total cost mean?

Everybody accepted the Treasury building was not going to be demolished so there was no short term fix – it was there for the long term. It’s been there a long time and it added quality to the precinct. There’s the added value of retaining that building – the heritage and contribution of that building to the space of the precinct.
So it’s very important to have the right people involved from day one – and not at the end of the process, because then you’re coming from a rear guard action – and try to get the best outcome economically, socially and culturally, in this case.

Brett Draffen:
Going back to the first iteration of the Treasury building project – they were looking at the building as a standalone… it was worked out that the cost of the heritage building as a standalone was no go and so it’s remained dormant.

It was only by taking the wider precinct view that the opportunity was unlocked.

Eric Lumsden:
Under the classic Treasury approach it would be demolished. It’s a problem sitting there – you’ve got to maintain it, it costs money to retain…

Brett Draffen:
It’s the wider view. It takes the City to come in and show leadership and the State to show leadership – a combination of all these things.

Lisa Scaffidi:
It’s the will of the people. You talk about all of the criteria but the will of the people and timeliness can’t be disregarded here.

And – off the record – we’ve gone through the viability so many times and the reality is – back on the record – that we’re there now.

The capacity and demand is there in the City right now and so often you need a project – I call it an alignment of stars in terms of preferred views right now and the evolution of our city.

It’s like we’re jumping off that sort of parochiality and West Coast little sister feel and we’re realising our time is right but at the same time there’s been the timeliness – it is that alignment of stars…

THE WILL OF THE PEOPLE

Tina Perinotto:
I’m interested in what you were saying, Lisa, about the will of the people prevailing – how you can get more sustainable outcomes by working with local government, with the state government and federal government being quite anti-sustainability because of the mining boom. Isn’t that the bottom line?

For example, when it was elected the new federal government told the NSW government to get on with mining but the NSW government told the federal government to back off, that it had a process to go through and was going to respect the environmental rights, and wasn’t going to allow coal seam gas mining willy-nilly. I think it’s doing that not because of its love of the environment but because the people are demanding it…
Lisa Scaffidi:

As a completely parochial Western Australian – homegrown – I say, yes, this is a great opportunity for us as a state. Because of the disparate nature of the state – variations in planning, etcetera, it is very hard for us to have a cohesive conversation so we are very happy to have this opportunity to put the story of Western Australia forward.

Every day I’m in this role I’m asking myself, “How are we going to tell this story?” I don’t think we get enough of a chance to tell the WA story.

The reality is we are very much a driver for the national economy and, yes, because the populace lives predominantly on east coast of the country and in a federal election sense a lot of the promises are made at the expense of WA and we feel let down and hard done by.

“We’re actually servicing the nation and it’s quite prudent for the country to listen.”

I do believe this is a necessary time for a national dialogue… we’re actually servicing the nation and it’s quite prudent for the country to listen.

ON BUILDINGS AND LONG THEY SHOULD LAST

Damien Moran [addressing Mark Gray and Brett Draffen]:

When you’re thinking of the lifecycle of a building what is the accepted opinion of how long that asset will last – is it 20 years or 50 years?

Mark Gray:

I don’t think we specify an actual time. We always take the long term view. We never think of it as a short term expediency. It’s always about what are we producing in terms of the amenity to the wider place – the city, the people who live in it.

People criticise because they think we have an attitude of short term return.

In my experience over a long time, most professions in the industry take a very long term view of what is the actual value of what we are leaving behind in the long term for the people who use those buildings in cities. It’s never short term.

Brett Draffen:

I think the reality for a new building is we’re talking somewhere north of 40 years, probably 50.

As an owner of those assets, which is part of our model, the trade-off is you’re typically looking at a 10-year return so you’re building the assets in a functional sense to last 50 years.

Lisa Scaffidi:

I don’t buy that because I think when you are trying to get a building approved and you’re relying on finance and all those sort of things you’re not that mindful of the life. The banks hold many developers by the short and curls – the reality is that they’re so desirous to get the project up and running that at that point of time they’re not actually thinking about a 40 year or 50 year lifespan of the building.

[Mark Gray] spoke about Princeton in America [where he studied as an architect] and one of the things I was reflecting on was they built their buildings so solidly back 20 or 40 years ago. You’d go into some of the banks and buildings in the US and you’d be in awe of the grandeur and quality. We can’t achieve that sort of construction now because the cost would blow you out of the water so you tend to go back to cheaper construction. I therefore question the long-term lifespan of the cheaper construction.
Mark Gray:

I think the big challenge is occurring – the buildings that we are constructing today will be much more adaptable. And that’s why it’s very important to look at the totality of these projects and not just the money issues.

Yes, any project is very expensive to get up and the cost constraints are an overriding economic fact that has to be factored in. But the majority of people who work on the projects have the attitude we are delivering something that will be here for a long time and it has to be flexible.

“The buildings that we are constructing today will be much more adaptable.”

The difference today is that we can’t put in the tradesman skills that the buildings of the 1920s and ’30s had. Unfortunately, particularly in Australia, our cost of construction is so high that we cannot do so. In other parts of the world at the moment, yes, we will see some of that because their cost of production allows for those things.

Lynne Blundell:

But are those buildings [made of expensive materials with high embedded carbon] sustainable in this day and age anyway?

Mark Gray:

Some of them are because as Eric’s just explained the heritage value is priceless. If you take the Sydney Opera House as an example – it had a value placed on it the other day of $4.8 billion. Australia will continue to adapt that building to meet the acoustic or performance requirement to maintain the intrinsic heritage and artistic value of that building I think forever.

Eric Lumsden:

And let’s not forget the Opera House went over budget.

**FEDERAL POLITICS AND DIRECT ACTION – IS IT REAL? IS IT A BAD JOKE?**

Tony Arnel:

When you think about Direct Action and what the new federal government might be thinking about, the building sector needs to promote itself much more stridently than it is at the moment in order to be front and centre when ministers make decisions.

They might just go and buy a brown coal power station to meet abatement targets. The reality is the other sectors – in terms of reverse auctions and aggregation schemes that are being talked about – could well be better placed than the building sector. By that I mean other sectors could be portrayed as more cost effective with easier to implement projects.

Senator Scott Ludlam:

Unfortunately Direct Action is not a joke and I’m glad you’re thinking of it as an opportunity.

The biggest problem is that it is being run by people who are fundamentally not interested in the agenda. It’s being put forward as a policy by a government that doesn’t really care much about climate change – it’s not in the top 20 things they care about. Nonetheless, it needs some coverage and [Direct Action] is being put forward to show that they care.

A real problem will be the unclear accounting rules for carbon emissions. Now the second concern will be it is filtered through a political calculus so if you’re in a marginal seat you’re more likely to get funding. We’ll go back to the very bad old days. The ideas with the most merit won’t necessarily be at the front of the queue. I’m not particularly enamoured with the concept, especially as it is happening against the backdrop of the dismantling of a functioning carbon pricing regime.

We’ll shortly be initiating a Senate enquiry into how Direct Action will work. I agree – be strident and be at the front of the queue because when there’s money on the table you need to be heard.

**IN TERMS OF CARBON, IT’S A BANANA REPUBLIC FOLKS, AND IT’S BACK!**

Jemma Green:

[Who before the federal election met with both Greg Hunt, now Environment Minister, and Malcolm Turnbull, former Liberal Leader and now Communications Minister, to advise on global issues around the carbon tax and has been asked to provide briefing notes to the ministers on the substance of this.]

We’ve had a lot of state-based schemes that are controlling carbon, and with establishment of the federal emissions trading scheme and then through the subsequent [Council of Australian Governments] review the states have relinquished their role in policing that.
With the proposed repeal of the Clean Energy Act and without having a replacement piece of legislation for anyone to have a look at, there’s very little awareness around who will be the liable entities, what will be their obligations and their rights. This type of political uncertainty goes back to 2006, when the emissions trading scheme was first proposed by the then Prime Minister John Howard, and it’s very difficult for business to be able to respond in the face of so much uncertainty and to be able to plan. It’s a huge encumbrance and cost on business to be able to respond to this and to be asked to chop and change their policy responses.

**WESTERN AUSTRALIA’S EMISSIONS HAVE BEEN ALLOWED TO GROW UNFETTERED**

I was looking at the fact that because we’ve had this changing landscape, Western Australia’s emissions have been allowed to kind of grow unfettered and between now and 2020 the emissions in the Pilbara, which represents about half of WA’s emissions, will double.

It does beg the question if that sector is allowed to double, which are the sectors that are going to have to make a larger reduction in their emissions?

The other states are going to have to make up for us – we’re eating more than our fair share of the cake. We’re on a binge here and the chopping and changing of the policy framework has allowed this to take place.

Notwithstanding the issue of climate change, there are prudent capitalist rationales for addressing this to make our economy more efficient and make us more competitive.

“We’re relegating ourselves to the likes of a banana republic. Unless we create policy certainty we’re going to be an unappealing proposition for international investors and also domestically it’s going to be very hard for business to grow.”

[In an article recently published in *The Conversation*, I mentioned the World Economic Forum and the Global Competitiveness Index that was published recently, and Australia for the first time has fallen below New Zealand, and we’re only in the top ranking for pharmaceuticals and financial services industries, and we rank 128th out of 148 for red tape and bureaucracy.

So I think we’re relegating ourselves to the likes of a banana republic, and unless we create policy certainty and efficiencies, I think we’re going to be an unappealing proposition for international investors and also domestically it’s going to be very hard for business to be able to continue to grow.
HOW DOES THE GOVERNMENT CONTINUE TO DO THINGS THAT DAMAGE AUSTRALIAN BUSINESS?

Tina Perinotto:

There has been so much untruth in headlines, which attracts the voters who support lack of action on climate change. Yet business knows that being more sustainable makes sense.

The WA state government sacked most of its climate change staff yet wanted a 5 Star building at its Old Treasury Place headquarters over which it’s taken a 25 year lease, because whoever signed the contract knew sustainability was important.

[Brett Draffen says Mirvac’s own requirements for a sustainable building were strong because it typically sells a portion to investors; with overseas investors likely to demand high sustainability standards.]

Damien Moran:

There was a process a couple of years ago where a state government agency was required to produce an energy management plan – that was the Labor government at the time. The Liberals came in and it was one of the reduction items.

We taught ourselves to write an energy management plan. We looked at how they were done in other states and as a result there are about seven buildings that have gone from negative star, to zero star, to five star in that process. But the state government gave it up. It was very unfortunate because they built the plan – the plans were there, the efficiency measures were there for investors.

WHY ARE STATE AND FEDERAL GOVERNMENTS RUNNING SCARED AT THE “S” WORD?

Tony Arnel:

The common notion that brings us all here tonight is the idea of sustainability – environmental, social and financial. Why is it so difficult in Western Australia, and may other states, to have a conversation around the notion of sustainability?

Lisa Scaffidi [says development a tough business for most companies]:

Well with great respect to my colleagues on my left and right’s [Mark and Brett] well financed networks, multinational companies can probably get finance but there are still a lot of developers who are kind of doing their bit that don’t have the wherewithal that those companies do.

CONSTRUCTION COSTS IN WA ARE SO HIGH

Construction cost in WA is inordinately high and of course you’ve got the demands of your client that might be a corporate entity. You’ve hopefully got the cash in the bank – the equity – to go ahead with the development. You’ve got the design potential, etcetera, under control but then it’s the sheer cost of construction.

And I love what you’re all saying but if your butt is on the line in terms of the view of the banks and you’ve got to meet deadlines… I’m bringing back to the fact that not everyone is walking the streets in a pinstriped suit, and for them it’s a different equation.

You’ve got to have a system that works for everybody, not just the network.

Tony Arnel:

Productivity in the building industry is a national issue, and has been for decades. Certainly the situation here in WA is no different to what Brett and Mark talked about.

My concern is that in the political space the whole issue of having a sensible conversation about sustainability is a real problem. If politicians aren’t going to have the courage, then maybe business has to step up. Maybe some of the players around this table – the business leaders – have to fill the gaps that are starting to emerge in the politics around this entire nation.

I start to despair – I look at what the [Intergovernmental Panel on Climate Change] has come out with in the last month – adverse findings in every area – I think Australia is just beyond Belarus and Kazakhstan in terms of our promises of greenhouse gas reduction by 2020.

It seems to be if there is this political backdrop – and the people have voted – we’ve got three years of a government that’s going to go down a certain path. Then my view is business has to step more aggressively into this space and take up some of the leadership role that the politicians won’t deliver. Let’s face it, business and sustainability are mutually entwined.

“Business has to step more aggressively into this space and take up some of the leadership role that the politicians won’t deliver.”

— Tony Arnel
Scott Ludlam:

I think that's the challenge and it's highly perceptive. The political discourse around sustainability... the public has a highly skewed and inaccurate version of where the business community stands on sustainability.

We have one version, which is largely politically driven, that sustainability is predominantly left wing and then people hear business is anti-sustainability and sustainability is anti-business.

It’s a warped interpretation of where the business community stands.

BUT IT ALL COMES BACK TO ECONOMICS AND THE LACK OF LONG TERM PLANNING

Eric Lumsden:

There is another issue there – it gets back to economics. The state government... now requires local government to have long term strategic planning. The state government does not. The typical equation of sustainability, even if you acknowledge the logic behind it, the state government is so far driven primarily by the short term – four year estimates.

Anything within 10 years you’re lucky to get and beyond 10 years is virtually impossible.

The Treasury has strategic management of assets but still in four year terms.

What concerns me is when you talk about sustainability for developing communities and regions, you have to think longer than that. Your basic infrastructure like sewage treatment plants have to last 100 years minimum. And it's not only the provision of that infrastructure, it is the operational management of that asset which is often not put in the total equation.

Tina Perinotto:

Will the thinking be different in the Planning Commission?

Eric Lumsden:

I can’t say it will be, but I’ll be pushing my message.

But to get back to this political paradigm that we’re working with, which is four year terms... these key issues must be addressed for the long term because all you’re doing by not making the decision today is passing the buck to tomorrow’s taxpayers.

And those issues will not go away. There needs to be a more strategic approach and if you need to modify your approach over time, provided you’ve done your homework correctly, you can come back and tweak it, and still come back with a better outcome for the community down the track rather than making a non-decision today.
WHAT'S LONG TERM IS 
Allocation of Capital

Brett Draffen:

The financing issue is a [key] issue in the long term… The reality is that our role is to allocate capital. A one stage project is a minimum of three years but if we’re talking about multiple stage projects we are quite often making decisions around allocating capital for a mid term project for eight to 10 or possibly up to 25 years. You’re making a decision to allocate capital in an environment where there is maybe four years of clarity and beyond that it is very brown.

Mark Gray:

We take very strategic views. Planning is critical to all our business planning processes but we have a short term political framework for long term projects.

“China isn’t thinking 10 years or 20, they’re thinking 100.”

Take the example of China at the moment, China isn’t thinking 10 years or 20, they’re thinking 100. And what they’ve done is put in a supply chain around the world to tap into natural resources and the food chain. They’re investing in port facilities so they can transport it back [from] Africa through to the Middle East. And now they’re putting into position the acquisition of the root source of those materials and that is a very long term view.

Have we got any politicians in Australia that are thinking of those kinds of timeframes? We haven’t got the strategic plan to start to look at that.

Tony Arnel:

That just strengthens my thesis that business needs to take the lead in terms of sustainability because it can take the long term view.

Brett Draffen:

The reality is we’ve got to allocate capital on a state by state basis. And if the picture is murky in some areas it does influence the decisions. NSW is now back on the agenda, having been off the agenda for five years or so.

Nicholas Wolff:

But why wouldn’t you put more money into Western Australia?

Mark Gray:

We are. At the moment with our business I think it is 60 per cent of our capital allocations is in Western Australia.
The City of Perth is engaged in a push for more sustainable outcomes within the built environment and as part of this has commissioned HFM Asset Management to undertake a major research and analysis project. The project will review the efficiency performance of commercial building stock to better understand each building category’s capacity for retrofit in terms of infrastructure, energy efficiency, water efficiency, façade treatment and even renewable opportunities such as solar.

**Damien Moran:**
Our role within the City of Perth LGA is to investigate and analyse commercial building categories from an efficiency perspective. The outcomes will help the council better understand efficiency benchmarks within each category and efficiency improvement opportunities from which property owners might build a business case when seeking funding via options such as [Environmental Upgrade Agreements] or other financial mechanisms, and opportunities to inject funding back into [upgrading] the building.

We’ve been capturing a lot of data over the years and utilising it for all kinds of benchmarking analysis; this is simply an extension of that process.

This project is an opportunity to broaden the data spectrum and make it more accessible. Within our client base we deal with a lot of B and C grade buildings in the commercial sector and also with other sectors not considered so much, such as hotels and residential stratas. Building owners can benchmark against others and see whether they are average, better than average or have work to do.

The project will table certain age, size and end use categories. The list of potential initiatives will be quite similar to that of the Green Building Fund work [that we’ve previously done] – that is, meters, mechanical services, lighting... then renewables and other things will be a broader opportunity – power factor correction, voltage optimisation, solar – those sort of opportunities.

“There’s a groundswell of recognition now where building owners are recognising power cost is increasing and the cost of solar has decreased.”

There’s a groundswell of recognition now where building owners are recognising power cost is increasing and the cost of solar has decreased. There’s a viability there now to compete with energy retailers out there in the market...

**Can Environmental Upgrade Agreements, or EUAs, help with existing stock upgrades?**

**Damien Moran:**
We’ve spent lot of time on the east coast investigating EUAs. The legal side of things seems to be a barrier – there are a lot of inhibitors.

**Tony Arnel:**
We have been struggling to get EUA traction in Melbourne and Sydney. I hope Perth takes on an EUA program. One of the big issues in Melbourne, Sydney, Parramatta and Adelaide where there are schemes in place, is that take up has been slow. The knowledge in the market is quite solid in terms of what the benefits are but the tipping point is not there yet. Getting building owners to buy into these low interest loans has been difficult.

We need more market information. People kind of don’t get it.

EUAs have been around for a while – five years in Melbourne, a couple of years in Sydney and Parramatta. So what is it going to take to get building owners to buy into this very attractive financial proposition for B and C grade buildings?

These are the big challenges. The buildings built in the ’80s or earlier – many are terrible performing buildings. Lighting and mechanical systems that need serious upgrading. New technologies can deliver serious results. The building sector still is the most fertile area to get abatement outcomes but existing buildings are 90 per cent of the equation. Ten years of Green Building Council and NABERS push – that’s really been new buildings. The elephant in the room is the existing building space. We haven’t really cracked that nut at all yet. That’s the big challenge.
Investing in transport infrastructure – is it too little too late? The loss of WA’s triple A credit rating was raised – how does this factor into planning and investment decisions, particularly for major infrastructure?

Eric Lumsden:
Really what’s happening is that both major parties have locked themselves into the mindset that if you haven’t got a triple A rating you’re a failure at financial management. That is a lot of crock – in a place like WA, and also assuming you have a proper strategic financial plan which articulates your vision, you’ll go up and down.

Nicholas Wolff:
Both sides of government in WA have been far more aggressive in terms of infrastructure than any other government. The Mandurah railway is one of the best pieces of infrastructure ever done in the country. It is a model for the eastern states.

URBAN SPRAWL – LOTS OF IT

Brad Pettitt:
Infrastructure investment and planning isn’t meeting future needs. Problematic transport spending priorities are at the heart of it. We’ve got over 1000 people a week coming into Perth, we’ve got runaway urban sprawl. No solid urban growth boundary and weak density targets are enabling this urban sprawl.

“You need to understand the differences [in Perth]. You can’t just compare it to the east coast or the international models.”

Eric Lumsden disagreed with this, and said there was a growth boundary built into planning document. He said some academics were saying growth into rural land was open slather and this was untrue.

Brad Pettitt:
By the government’s own reporting it has failed on every element of its Direction 2031 targets except for meeting its land release targets, which are directly leading to sprawl on Perth’s urban fringe.

DEMOGRAPHIC CHANGE IS COMING THROUGH

Eric Lumsden:
Demographic change is coming through. People debate the issue today from a rear view perspective – they’re not looking at the fact that there is change. I’m now 65 – I’ve got different views today than when I was 25. My son has different views today than when I was his age. The stuff you’re doing Brad you could not do eight years ago.

Lisa Scaffidi:
I agree with what you’re saying Eric, but the desire of the government and the will of the people are still two different things. We do have sprawl that is likened to [Los Angeles] and cities like that, and we talk about the desire to create urban infill and mitigate this urban sprawl but the reality is we’ve still got people who are subsidising blocks and selling them at attractive prices and people are attracted to them because they can’t really afford what’s available in the inner city locales at the moment. And the other thing is there’s still this desire to be near the coast.

Brett Draffen:
The other thing about Perth is you need to understand the differences here. You can’t just compare it to the east coast or the international models. You need to understand what sort of base it’s coming from.

Nicholas Wolff:
I think it needs to change faster than it is.

Brett Draffen:
Perth needs to acknowledge the base it’s coming from. Perth’s playing catch-up very quickly.

Lisa Scaffidi:
Playing catch-up because governments have allowed public transport to fall off their agenda. Public transport should never have fallen off any state government agenda. It should have been uppermost all the time and it wasn’t, and we allowed the car to be king and we’re planning that way. I think there’s a realisation now that we need to alter our thinking.

Brett Draffen:
If you think where Perth has come from, if you think back 10 years to where were the mainstream high density products, there wasn’t a lot of it. I think we just need to acknowledge that Perth is on a different scale and so there’s a lot of catch-up.

Jemma Green:
I think Western Australia has come from a different place but that almost gives us permission to not be innovative and to not design properly. We aren’t as isolated as we used to be.

Brett Draffen:
I think that allows you to accelerate.

Nicholas Wolff:
The development sector has to be creating good quality models. It’s like Tony’s argument – the development sector has to create models so that people say, “Gee, that’s a bloody good solution.” We’re starting to see that a lot on the east coast.
“Both major parties have locked themselves into the mindset that if you haven’t got a triple A rating you’re a failure at financial management. That is a lot of crock.”

— Eric Lumsden
CAPITAL ALLOCATION IS A POLICY ISSUE

Brett Draffen:
That’s my point around capital. Capital only gets allocated if there’s a risk proposition. So if there’s not a framework that encourages capital allocation then you won’t see it allocated. And the reality of Mark’s business and my business – we’re allocating capital in a national sense. If the policy framework doesn’t encourage it then the capital goes elsewhere.

Nicholas Wolff:
What would need to change in the policy settings in WA to encourage a greater allocation into residential mixed use development?

Brett Draffen:
I think it’s there now.

Eric Lumsden:
There are three elements driving that. Younger people today want to be time rich and they’re making decisions about what sort of places they want to live in. You’ve also got ageing and you’ve got a lot of the people migrating who don’t want to go into greenfields. They don’t want to go to the margins of urban development.

When [federal Labor member for Perth] Alannah McTiernan brought in networked cities we had mayors in certain areas saying you’re going to build flats on our public space. It was a total scare campaign that planning is going to create density right across the urban area – total lies and misinformation to the public.

Tina Perinotto:
What about the Transforming Perth document that canvasses building occurring along transport lines, which was undertaken by The Property Council of Australia, Senator Scott Ludlam and the Australian Urban Design Research Centre?

Tony Arnell:
Back in the ‘90s when we were working on the Melbourne Postcode 3000 strategy it took time for it to happen. When you’re putting together your planning policies as you are now, and trying to encourage Mirvac and Leighton to build more apartments in downtown areas, it does take a good decade. These are not quick fix solutions. There’s a lot of patience involved in infill development.

Lots of things are changing in Perth and they’re changing for the good, but in terms of getting the densification and apartment living and the 24-hour city idea that you need to actually activate the city – it takes a decade.

A GROUNDSWELL OF IDEAS

Damien Moran:
[Referring to Transforming Perth and the Planning Department’s Direction’s 2031 document.]

What I’m seeing are really good planning activities that haven’t been pulled together holistically because of political interests. But there’s a significant groundswell of good ideas, that are really close to being taken up, and as soon as the public understand what is being proscribed they’ll adopt it and put pressure on state governments to enact it.

Jemma Green:
There was that notion there that there was going to be a lot of job decentralisation to mitigate against commuting. But we have a lot of job sprawl in Perth, we have very low job density compared to other Australian cities, or other resilient cities around the world. This is a problem for Perth. We need less employment sprawl and to fix the congestion if we want to be able to remain prosperous in a city double its current size. We can’t keep just building out. We need city limits.

A MORE SUSTAINABLE MODEL FOR PERTH – A REGIONAL HUB...

Mark Gray:
In all of the sustainable cities around the world there are strategies to attract industry. What are the industries that are being supported/promoted in WA and Perth to generate that sort of city at the moment?

Lisa Scaffidi:
We are focusing on encouraging different industries. There’s a big drive to attract the creative industry sectors with projects co-founded by Stockland and City of Perth.

Also medical research – Kerry Stokes and the work he’s done with the Telethon Institute of Child Health Research and the great work they’re doing.

Let’s not disregard the flow on benefit of the resources industries and the resources sector with all the financial services, the legal services and the construction that’s come out of that.

That then in turn encourages the small bars, the restaurants and all of the coffee shops as well. But if you’re talking big industry sectors, there’s a lot being done in film, digital technology and IT as well.
PERTH AS THE REGIONAL HUB FOR SOUTH EAST ASIA

Eric Lumsden:

Perth could be the hub of the South East Asian region, similar to the Singapore approach – a very small island that worked out a very strategic approach to help it survive as a hub. Dubai’s doing the same thing...

Mark Gray:

Perth has a great opportunity to supply to Asia and other parts of the world. It needs to encourage other industries to supplement the raw materials sector.

Australia is fantastically positioned strategically for food production – with the same time zone as South East Asia. If we do not invest in that industry and do it, then someone else will come in and do it for us, and Australians will not benefit.

FOOD SECURITY, A HUGE POPULATION AND GREAT CHALLENGES

Lisa Scaffidi:

Professor Richard Weller talks about the fact that Australia’s population will be 60 to 62 million by 2100 and we really need to be focusing on our food security now.

I’m worried about that. Think of our population now of 25 million but we’re actually in reality probably producing food for about 45 million because we’ve got a strong export market.

But whether it’s right or not we’re starting to sell off a lot of the farms and dairies to offshore buyers. Are those offshore buyers going to be there for us when they need to feed their own people in the long term? It’s a very political question I don’t have the ability to answer but these are the sorts of dialogues we’re not having. Meanwhile we’re selling off the farms and not thinking long term.

ENERGY – TIME TO INVEST SERIOUSLY IN ALTERNATIVES

Scott Ludlam:

I would add the energy sector. If you come back in 10 years time we’ll be doing zero emissions. We’re going to be a primary producer of mineral commodities for the foreseeable future. Nickel and gold miners we’ve spoken to are the ones most interested in doing solar. [They’re] doing really interesting work in this area.

Nicholas Wolff:

Miners are developing solar and wind power to compensate for the cost of diesel. I think that’s going to grow enormously too.

Scott Ludlam:

Governments are blown around by the winds of fortune. They’re influenced by some of the most powerful lobbyists in the country. Thus the need to dismantle the carbon price, which had nothing to do with some social conspiracy of the Left.

Lynne Blundell:

So for the mining sector it’s a business decision, the cost of producing energy out in those areas – they see that it is a necessary thing?

Scott Ludlam:

They don’t have the luxury of worrying about where coastlines are going to be in 10 years time but they’re terrified of those prices. It’s a different conversation going on out there.

Jemma Green:

I think in the Pilbara particularly, [natural resource companies] would like to have the area designated purely for their use when in fact that region has a much greater potential than just that. For example, for food production, renewable energy and diversified industrial activity.

The Pilbara has massive potential for dealing with mine water, energy and food export to other regions. When you start to talk about 50 year horizons things like energy super grids become a viable proposition also.

Because we have such high quality solar radiation we can produce energy from solar thermal projects very efficiently and then export that power to regions that need it... Also special economic zones, which in Australia we haven’t embraced yet, but countries like South Korea have created these industrial hubs targeted at industries they want to encourage. They’ve been a huge success.

In Australia, we don’t have a long term economic strategy that looks at which sectors we’d like to attract in Australia and what are the policy levers that we’d like to put in place to do that. I think that special economic zones in places like the Pilbara, where you’ve got a lot of logistical infrastructure in place – whether it be trains and ports – you could export very easily and move to other parts of Australia.

CALIFORNIA COULD BE A MODEL

If you look at places that have done diversification well – California for example, during the goldrush days and at the turn of the century putting in port and rail infrastructure, and as a result of that infrastructure California is now a huge food exporter all over the world. In around 1920 the airline industry in the US developed, along with research and development with universities, and there was a huge push to encourage industry.

There was some real strategic vision and placement of infrastructure that led to it being a very diverse economy. I think we’re at a similar juncture. We’ve developed some of the infrastructure and we need to decide what we’re going to do with it in the bigger and longer term sense of the word.

WATER – TOO CHEAP AND NO POLICY TO ENCOURAGE CONSERVATION

Tina Perinotto:

We hear that 70 per cent of the water in Perth is used in residential and 30 per cent in industry and commercial, which is the reverse of the rest of the country. Tim Flannery has said Perth will be Australia’s first ghost metropolis...
Brad Pettitt:

Tim Flannery was wrong because of [desalination]. In terms of a city of 2-3 million people you can desal your way through it. In Perth runoff into dams has declined 70 per cent over the last 20 years. But we can still get a tonne of water delivered to your house for $1.30 – price depends on how much you use. But basically water is so cheap.

Damien Moran:

You’ll pay $5 for 500mL at the BP and $2.50 for a 1000 litres.

Jemma Green:

The cost of electricity has gone up 72 per cent in five years in Perth. Gas has gone up 88 per cent. This is going to happen again over the next five years.

Eric Lumsden:

It is an issue, there’s no question of that, but an increasing number of people have taken out their gardens and their lawns – they’ve put in synthetic turf or are planting native gardens. The community is becoming more aware. You can’t wake up tomorrow and say everyone is going to reduce their water use on Monday or Tuesday.

Tina Perinotto:

They did it in eastern states. And it did change behaviour.

Damien Moran:

The Water Corporation sent out a lot of marketing information. On the residential side there are plenty of improvements but politically they’re scared of pushing it too hard and allowing people’s lawns to dry up.

On the commercial side the cost of water has increased significantly over the last few years. It is now fundamentally a user pays model. Business has to nominate the number of fixtures and pay rates on those fixtures and also pay as you use per volume.

The government is happy to spend billions on desal plants but only millions on an abatement strategy. The obvious savings are in spending tens of millions on an abatement strategy, then you don’t have to build as many high energy consuming desal plants.

Tony Arnel:

[Reducing water use] can be done. It’s not just about regulation, not just about pricing. It’s also about education. It’s about a whole range of policy instruments that have to come together to paint the entire picture to get the result. The point is you can get the result.

Eric Lumsden:

Talking about all these policy drivers, but it gets back to quality of life and productivity. We have an ageing society, the tax base for local and state government is decreasing.

Now we’ve got one retiree for 4.5 persons working. Projections for 2050 are that we’ll have one retiree for every two people working. There’s been no planning on that basis. If you’re going to talk about sustainability and improving the quality of life or retaining it, that has not been factored into the equation.
Mark Gray:
The conversation has been very stimulating. It is great to have a forum where people are coming from different sectors of our industry but with a common objective and that is to not only improve the current liveability and sustainability of our cities, but more importantly for future generations.

One thought I’d like to add – we need to have a better education system for our children so that when they mature from a phase of their life from absorbing energy in the form of knowledge into the phase of utilising energy by being productive, they have the embedded knowledge of how to use resources and to have a better way of doing things. We don’t do that today and I think that’s one of the great challenges we face if we’re going to maintain a sustainable way of life.
Mark Gray, managing director of Leighton Properties, is one of the major players shaping the future of Perth. He brings a bigger-picture perspective than many might expect in a developer.

For instance, he’s an architect by profession, with years of major development experience to his belt. And as someone who’s attended the World Economic Forum talks in Dalian, China, in September, Gray is attuned to the global pressures on carbon reduction between developing and developed nations.

It’s an interesting mix. The company currently has under way the $1 billion Kings Square development that is part of an even bigger project, City Link, which it is undertaking with Mirvac, worth a total of around $5.2 billion.

It’s already sold Kings Square Tower, KS4, for $97.8 million to health insurer HBF and DEXUS’ Property Group, and Wholesale Fund has paid $434.8 million to pre-purchase three of the towers on this massive site, KS1, KS2 and KS3.

There’s no doubt the project will transform Perth. Gray wants it to be in a sustainable way.

For Leighton Properties, Gray says, sustainability is “pretty high” on his company’s agenda.

“We take it pretty seriously today, it’s important that it’s a concept that’s embedded in our business,” Gray says.

“We’ve moved a long way in the last 10 years to that position.

“And more than ever we’re developing and building 5 and 6 Star buildings. But you’ve got to try to embed that in the culture, to move to a more sustainable future.”

To do this properly, he says, you’ve got to be enthusiastic and your staff has to be the same “in the way you go about doing your projects and those that form the core nucleus of your business”.

“It takes time. We’re very quiet about this. But we’re doing it, whether it’s in demolishing or building, and it runs through from cradle to grave.”

ENThusiASm, gen y AND gen x are key

The enthusiasm word in interesting and Gray explains that you can see it in staff and younger people who are becoming increasingly educated in the field.

“If we’re going to address the world issues in sustainability you’ve got to educate young people in schools with what the objectives are of good sustainable practices in life skills and of what we produce,” he says.

“It’s coming through.

“You start to see it in Gen Y and Gen X. They embrace it and want to do it. But one of the big challenges is how do we get it embedded early enough?”

Generational change will be part of the answer, Gray says.

THE PRECINCTS CHALLENGE

In the Perth City Link project Leighton Properties is looking at the economies of scale that can generate greater sustainability benefits, “from looking at things from a precinct rather than a one-off building point of view”, Gray says.

“That will be the next target for us on Perth.”

It will mean striving for a Green Star – Communities rating tool, he says.

“We’ve been very much at the forefront of assisting [the Green Building Council of Australia] in developing that tool.”

THE BARRIERS

So what does Gray see as the greatest barriers to reaching a higher level of sustainability for most developments?

“Legislation is central to a lot of these things,” Gray says, and he nominates in particular services that were “set up 100 years ago and are not able to cater for modern technologies”.

For instance, energy supply authorities look at maximum demand and supply.

“You size everything you produce on a worst-case scenario situation and
develop everything for peak load on Water electricity”.

The idea of producing electricity on a precinct wide basis is often deemed simply too hard. If you want to supply electricity, legislation “inevitably gets in the way”.

**THE IDEA OF PRODUCING ELECTRICITY**

“Water supply is a big problem worldwide, including storage,” Gray says. “We stopped building dams many years ago and we don’t have long-term storage capability to cater for an expanding population.

“These are big questions that cities are looking at.”

This is particularly critical in a dry continent such as Australia, and especially for Perth, which now depends on desalination.

“In a precinct solution, we need to look at better retention with on-site storage of water,” says Gray, “but the best thing we can do is to reduce usage and certainly waste.”

A big advance would be a change in the strata and owners corporation law.

Embedded laws make it difficult to create a business case for distributed generation and water management, Gray says. A change in the laws governing the ability of a developer or eventual owner to charge for these services would be a huge step.

Then there are the issues around pricing policies and constraints on recouping a fair return on investment.

“You can supply energy trigeneration cheaply but if major energy companies can supply cheaper, it’s difficult to put the capital investment into competing against energy suppliers.”

**POLITICS**

Sadly, there’s no incentive at the moment to move away from carbon-based technology, Gray says.

“We’re still arguing about it.”

Certainly right now the politics are challenging. The platform is to scrap the carbon tax but, he says, “we need some form of incentive to move away from carbon”.

At the World Economic Forum on 11-13 September in Dalian, China, Gray says the need to act was becoming increasingly apparent.

“There was a lot of debate and discussion but the feeling is that we have to do something, particularly in the developing countries because they’re the ones suffering the greatest at the levels of this inaction. And they’re great advocates, but it’s the mature and developed players who are much more circumspect.”

So how does Gray view the sustainability challenges for Perth and WA?

“An issue for Perth is it’s been a very expansive city, following the coastline, and hasn’t had the inner urban development that Sydney, Melbourne and Brisbane have had, which means that from a sustainability point of view it’s not ideal,” he said in a pre-Sustainability Salon briefing.

“The developments we’re doing are inner urban and we’re trying to increase densities so both public and private infrastructure can be better utilised.”

According to Gray, Perth and WA are an interesting part of Australia. On the one hand there are “the large international companies moving the world’s natural resources” and on the other hand these same companies are focused on producing strong green profiles in their buildings and operations from a public perception point of view.

Despite the frequent criticism from sustainability observers that much of the latter is a public relations-led exercise, Gray says it’s still “a very encouraging sign”.

Another encouraging sign is that the large resource companies are also investing in renewable energy.

“The revenues being generated today from natural resources should in part be put back into research and development in renewable energy for the future,” he says.

“Companies are certainly talking about these issues and taking steps on this path.”

In Western Australia there is still a “lot of encouragement to activate further economic development through resources and mining – no question of that”, Gray says.

The big question is whether companies will employ best sustainable practices.

“You have to do this,” Gray says.

And in general “governments are desiring of leading best practices design and embedding it in the built form arising from that”.

“**The developments we’re doing are inner urban and we’re trying to increase densities so both public and private infrastructure can be better utilised.”**
As a relative newcomer to Perth, chief operating officer for LandCorp Nicholas Wolff notices things that locals might take for granted.

For instance, a common practice in the west is to level the landform in residential subdivisions, then use sand and limestone fill for retaining walls before building. It was a trend started many years ago by one developer to make things easier for his builders, and then picked up by much of the industry.

The trouble is, Wolff says, that limestone and sand are resources which have limited supply and are increasing in cost — not such good sustainability outcomes.

Part of Wolff’s job, which he’s had since August 2012, is to try to influence the industry towards improved design and enhanced sustainability outcomes, he says.

So in its new projects LandCorp has been trialling subdivisions that in part follow the natural landform. “This has raised considerable discussions within industry,” he says.

The land agency also has design guidelines that it includes with the sale of land to developers.

“All our design guidelines include a sustainability component, but we do get a lot of pushback, particularly from builders.

“Some dislike the design guidelines and say it’s green tape and red tape, which will drive up costs. Others embrace them and make them work very effectively.”

Wolff, whose background is as an architect and who has had lead roles with major projects in Sydney such as the massive One Central Park precinct at Broadway and the former Children’s Hospital site in Camperdown, understands the reasons.

In WA, he says, the development industry has been under immense pressure to deliver housing driven by the resources boom and it’s responded very well indeed.

“Construction of housing is not necessarily cheaper in WA but the industry is very efficient.

“That’s one reason why there is resistance to change; there is an affordability argument.

“The dominant trend in WA, as elsewhere, is for lot sizes to become smaller and houses larger, with bigger coverage of the site,” Wolff says.

“And we’re still a long way short of getting all the orientations right.”

He admits that often means big heating and cooling bills.

Observers point to change – in the west through boutique developers such as Right Homes; in Sydney by Landcom with its Eco-Living; Rosewood Homes with designs by architect Tone Wheeler; and in Melbourne by Stockland with some of its boutique smaller home offerings such as in Craigieburn, north of Melbourne.

See our articles:

• Perth’s Right Homes on leading with better houses
• Landcom and Clarendon Homes hope to make waves with eco-living range
MINIMUM MANDATORY STANDARDS WOULD GO A LONG WAY

Wolff can see that mandatory minimum standards could go a long way in WA. Perhaps similar to NSW’s Building Sustainability Index, or “SEPP 65”, which controls the amenity of apartment design.

WATER – A MAJOR ISSUE

Water is another major issue. “Perth is built on aquifers,” Wolff says. “The main source of water is bore holes, and there are strong controls on this. “But still aquifers are not being replenished fast enough.”

For visitors from the eastern states who have lived through very tough mandatory water controls, Perth’s profligate attitude to water can be alarming. There are limited restrictions and water savings programs and 70 per cent of water is used by households, about 40 per cent on gardens.

Wolff says searching for a more sustainable approach to water is a key consideration for major developers, and LandCorp has joined with Australian Universities in support of a Co-operative Research Centre focused on solutions for “Water Sensitive Cities”.

LandCorp has also entered into a similar relationship with the CRC for Low Carbon Living.

The Property Council too is working with government agencies and authorities on water savings measures for commercial buildings, the council’s WA executive director Joe Lenzo told The Fifth Estate.

Wolff says the mining industry is also experimenting with agricultural uses for the water detained from mines during “dewatering processes”.

AND THEN THERE IS THE HEAT

Wolff says WA needs airconditioning in many places to survive.

“Frankly in WA, especially to the north of Perth, no amount of good design can remove the need for some degree of airconditioning,” he says.

“Summers here are particularly hot, especially when you get away from the coast and go inland for a couple of kilometres.”

LandCorp is trying to encourage more responsive, sustainable design to deal with these issues.

“We’re doing a lot of work in vernacular housing in the Pilbara and The Kimberley, particularly on our own estates and also with our work with local government, to see how you can use eaves and orientation and breezeways,” says Wolff. Housing design in the north is quite different due to the more hostile climate.

MINING

Perth struggles with perceptions prevalent in the eastern states that it’s a “boom-bust” state, “and historically it has been”, Wolff says. Perhaps now it is time for that perception to change as the resources industry shifts from its construction phase to operating phase underpinned by so many forward contracts to supply iron ore and gas that they underpin the state’s growth. Last year some 80,000 people – 1500 a week – moved to WA. That may have declined a bit but it’s still 50,000 a year now, or around 1000 people a week.

“You see it in car registration and congestion on the roads; in school enrolments and demand on medical services.”

All of this puts pressure on the state coffers and has resulted in some serious budgetary constraints in recent times. However, the population increase also brings with it a more diverse population which helps making Perth a more interesting and dynamic city.
PILBARA VERNACULAR

In 2012 LandCorp created the Pilbara Vernacular Handbook to better inform future Pilbara projects and guide development in the region.

It seeks to influence outcomes in:

• Responding to climate
• Incorporating the natural landscape
• Building on the Pilbara character and identity
• Mobilising for change and innovation

Madigan Estate will be the first to demonstrate the Pilbara Vernacular.

A panel of experts including the Australian Institute of Architects, the Office of the Government Architect and LandCorp selected Gresley Abas Architects as the winning design. The home is due for completion in April 2014 and will be built by local Karratha builder Eaton Homes.

The house will demonstrate ways to build homes that are cheaper to run and add to the local character of towns in the region, with a view to creating an “archetypal” Pilbara house.

ALKIMOS

Alkimos is a major new development by LandCorp and Lend Lease, 42 kilometres north of Perth, which will act as a pilot project for the GBCA Green Star — Communities rating tool.

It has objectives to meet high performance targets for environmental, social, economic and governance indicators, the developers say.

Initiatives that will be included as part of the package in 2013 lots include:

• LED lights
• Energy monitors
• Appliances efficiency upgrade
• The project will also pay for gas boosted, solar hot water in first precinct of 498 lots and one kilowatt photovoltaic arrays in an estimated 2218 lots

LandCorp Design Guidelines for housing address sustainability through:

• Site planning, orientation and solar access
• Overhangs and shading
• Ventilation
• Materials
• Energy efficiency
• Water efficiency
• Waste
• Landscaping
• Streetscape
• Minimum Standards for Sustainability in WA
DARREL WILLIAMS: ON WA, CHANGING AND NEEDING TO CHANGE MORE

BY TINA PERINOTTO

Darrel Williams, a director in the Perth office of Norman Disney & Young, says the west is on the move.

“Three years ago when I came back to the west I think there was a gap with the Eastern states and Europe on how the west approached sustainability and the built environment,” Williams says.

“But that gap is closing at an enormous rate.

“WA has two inherent issues as a culture. It can be fairly parochial and it tends to be fairly self-depreciating. Both are changing rapidly.

“Now because of the mining boom and the influx of people there’s all these new ideas percolating into WA.”

Three years ago the sentiment went from “I can’t be bothered with that green stuff; why do we want to do it? It’s okay for Melbourne and Sydney etcetera, but not for Perth...” to “Okay, let’s build a sustainable building and see how we’ll do”.

“And now there are more and more people who want to use Green Star as a rating benchmarking tool, not a design tool.”

Williams would like to see better leadership in this area. He says Lord Mayor Lisa Scaffidi is “very passionate about where Perth is moving to on liveability and where it sits as a community”, as is Brad Pettitt, Mayor of Fremantle.

WHAT WOULD MAKE THIS STATE GOVERNMENT CHANGE ITS MIND?

“I’m not sure. I can put my head inside most people’s but I don’t understand why this is not being driven more at state and federal level,” Williams says.

“To put it bluntly, the state government does not come across as pro-sustainability, which is at odds with the discussions I have with passionate individuals who work for the state, which is unfortunate.”

At the property specific level he says building owners ignore this and are getting on with improving their buildings wherever they can.

A big issue that’s continuing to grow is in energy efficiency, with metering just one of the issues that’s creating attention.

“Everything old is new again,” he says. “Metering and monitoring energy and trying to understand how buildings use energy.”

It happened first in the OPEC oil crisis. “Partly the drivers are economic. New is the awareness of the need to reduce carbon emissions,” Williams says.

The whole business is getting easier. “You can do it on smart phones now. It’s helping a bit.”

Williams sits on the Property Council of Australia sustainability committee, which looks at sustainability in a property and construction sense.

“We talk about what enables take up of new measures and what are some of the current barriers.”

Among these, he says, are issues with water recycling. In Melbourne, where he also worked, the state government signed off on water recycling at Digital Harbour in Docklands 10 years ago.

“A decade ago, Melbourne was effectively sewer mining. And in Perth we’re struggling to get grey water recycling on projects.”

The approval process is challenging and lengthy and quite frankly people give up.

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The approval process is challenging and lengthy and quite frankly people give up.
Another challenge is that water is so cheap, it makes it harder for water harvesting to stack up financially.

There’s not a lot of change on the horizon Williams can see, but he continues to be optimistic.

“The view is that if we provide certainty for business then that makes business easier. We need to flesh out those issues.

“The Department of Planning is key.”

There are concerns that the grid is not able to cope with bigger PV or more numerous connections. But where’s the will to change this?

“There doesn’t seem to be much transparency around a plan to make that infrastructure more resilient. And there doesn’t seem to be a leadership to say, ‘This is how we can fix it.’”

All of it adds up to harder work to get advances on the business-as-usual case and to work through to better solutions with clients.

Williams suspects this could be a generational issue and that much of this will change in time.

Remote WA comes with its own unique challenges.

His team has designed a 50-kilowatt PV system to be installed in Broome that will be grid connected.

The project is the new head office for the Kimberley Land Council that he says is “really quite special”.

It is a 4 Star Green Star Office Design v3 in the North West.

“People said you couldn’t do it.

“I hate to use the word ‘transformative’, but this actually is a job that demonstrates you can make it work.”

What Williams is referring to with his swipe at the cynics is that there is a set of beliefs that Green Star isn’t designed for the tropics.

This building shows it can work just as well there as elsewhere.

One excellent idea that works in some remote locations for instance is the use of evaporative cooling.

“Water is so cheap, it makes it harder for water harvesting to stack up financially.”

Essentially it’s the concept of air blowing over wet fabric to cool the air: an idea that works well in many areas.

“It means you can achieve comfort without refrigerative airconditioning,” he says.

“Evaporative cooling is cheaper to run, cheaper to install and has huge carbon savings.”

Again, another old idea that’s new again.

All Williams would like is for more people to “get” this.
For Mirvac, there’s no question that buildings need to be of the highest possible environmental standards, says Brett Draffen, chief executive officer of Mirvac’s development division, group strategy and capital allocation.

These days the investors are increasingly an overseas cohort made up of pension funds and other institutional investors who have a growing set of green criteria for anything that attracts their substantial investment allocations.

Draffen said in our pre-salon briefing, “Prior to the GFC, overseas investors made up about 10 per cent of the company’s total pool of investors. Today it’s 50 per cent.”

He says there is an increasing expectation around sustainability and one of the key roles of recent hire Paul Edwards is to review Mirvac’s sustainability strategy, which includes communication with investors.

Edwards, who started a new position as group general manager sustainability at Mirvac Group earlier this year was appointed to spearhead a new thrust into sustainability for this diversified property company with $6.8 billion in assets.

The attraction for Mirvac was Edwards’ several years of experience in the European sustainability space, principally with the giant UK developer and investor Hammerson.

See our extended interview, Paul Edwards: On the “sustainability universe” and how to get in it.

In Perth Mirvac is developing new headquarters for the state government in the Old Treasury Office Tower, under construction in the city.

Despite the government’s downplay of sustainability and anti-climate stance including the axing of nearly all related programs, what’s interesting is that it will be moving into a building with a 5 Star Green Star rating.

With a lease term of 25 years – massive in terms of most commercial leases in this country – a high sustainability rating makes sense. And you imagine the government executives negotiating the lease would be well aware of the benefits, regardless of the short term political messaging from above.

But Draffen says with anything Mirvac builds, it typically wants to hold long term, at least in part.

“Typically we hold 50 per cent of the asset on completion so we’re interested in creating investment grade assets that stand the test of time,” he says.

In this case 50 per cent co-owner is now Singapore’s K-REIT (Keppel Real Estate Investment Trust).

The Old Treasury building will have 30,800 square metres of lettable space, and is scheduled for completion in 2015.

Mirvac has plenty of other work on the go in Perth. There’s its joint venture with Leighton Properties and the Metropolitan Redevelopment Authority on part of the massive $5.2 billion City Link project just announced by the premier Colin Barnett.

The new urban precinct will link the Perth CBD to Northbridge. It will include the sinking of the railway connection, relocation of a bus depot and a mixed use office, residential, retail and hotel building along the corridor.

Mirvac also has the Peninsula towers project next to the Burswood Casino and land subdivision at Mandurah and Jane Brook in the northern corridor.
SO WHAT DOES DRAFFEN THINK ARE THE BARRIERS TO GREATER SUSTAINABILITY?

"On the commercial side I don’t see there’s great barriers. From a value proposition it’s quite clear and there’s the users’ willingness to pay… the feasibility can work,” he says.

“The challenge is always getting comfortable with a leadership position in a political environment that is continually short term.

“And on the resi side we’ve undertaken some developments that are leading in terms of sustainability.

“But it is a fine balance. Most people will tick a box in terms of sustainability and if it’s seen as impacting on price people will trade it off very quickly, so it’s very difficult to have one size fits all for residential.

“It’s really project by project, and it depends on how far the builder can push the sustainability angle.”

DOES HE THINK MORE MANDATED MINIMUM STANDARDS WOULD HELP IN THE RESIDENTIAL MARKET?

“It’s hard to mandate this in an overarching way because it means introducing a cost that doesn’t match the market. It’s an affordability issue.”

Does Draffen think it’s got something to do with the financial and ownership structure?

With residential, property is built and then sold on to the individual buyers. There’s not the long-term ownership model of commercial for instance, that includes a relationship with a tenant. that links value with sustainability.

Maybe, Draffen says.

“The challenge is always getting comfortable with a leadership position in a political environment that is continually short term.”

“Unfortunately in Australia there is no investment grade residential product like with the US multi family product because the rental yields aren’t strong enough. It comes back to the position that no one is developing to hold and it’s all about developing to sell.”

WHAT WOULD MAKE DRAFFEN CHANGE HIS MIND?

“It’s not realistic that we will get investment grade resi… maybe if the tax system was turned on its ear…?

“Realistically it’s about incremental change over time. It’s hard to see one catalyst bring the change to push the envelope to the degree we need.

“We need state governments that want to take a leadership position and work with the industry to unlock the opportunities.

“It would be more to the point – if you want a ‘Lighthouse-type’ project – to help with specific initiatives to help justify the extra costs in the short term.”

“We need state governments that want to take a leadership position and work with industry to unlock the opportunities.”

— Brett Draffen
Eric Lumsden likes to tackle the hard questions in planning.

But then as Western Australia Planning Commission chairman, a role he took up in November 2013 after six years as director general of Planning in WA, he has far more clout that most planning bureaucrats.

In a briefing ahead of the Sustainability Salon for Perth and WA, Lumsden doesn’t hold back.


“Do the tourists enjoy it? Absolutely.”

But the net benefit, and whether there is sufficient use from other sources to make it pay off is not clear.

For all infrastructure planning, he says, “Work out what your objectives are first. Get the planning framework done first.

“Is it the right move? Any form of infrastructure, you can make it work as a whole or in a piecemeal manner.”

The problem, says Lumsden, is the conflict between the needs of the state in the long term compared to the short horizon of parliamentary terms of all governments.

“Governments tend to think primarily in short four year terms.

“What they need to be thinking is infrastructure provision and funding – who it’s funded by, how and why? And the issue is not just current demand but ongoing asset maintenance – but how do you maintain it and pay for it?

“The same goes for water. Conservation is critical and in line with that, what’s the cost of providing desalination or other sources of water?”

The issue of energy supply is in the same category too, he says.

In a state with beaming sun-power, says Lumsden, “We should be leading with solar… it should be part of the long term strategic plan.

“You need a long term strategic plan not just for the state but for the regions.”

And they need to complement each other not compete.

“We are moving towards that space in state planning considerations.”

Power in WA governments (as in most other jurisdictions) can reside in silos, Lumsden explains.

“You need to have integration of various aspects of planning, otherwise either occur in a disjointed manner. But you’ve got to make sure from a planning perspective we remove those silos where possible and come out with a whole of government approach.”

More than anything Lumsden wants to connect the dots.

In his new full time role as chairman of the commission, Lumsden will have a greater opportunity than ever before to influence the direction of planning for the state.

The Commission’s powers, he explains, are “not just persuasive powers but legislative”.

“It virtually administers or makes decisions and it can recommend changes to the Act and has wide powers.”

It’s also an independent body from any government agency and is required to influence a long term broad integrated land use planning approach, as well as short term planning decisions.

The board of management comprises agencies and the private sector, but the support is from the Department of Planning.

The need is for integrated strategic long term planning that includes a sustainability agenda.

The need is for integrated strategic long term planning that includes a sustainability agenda.

That means a “whole of government” approach that includes working with the private sector wherever possible and the wider community.

Agencies may not be working together, Lumsden says.
Connected thinking is critical in the regions, Lumsden says.

Just because there is a mining boom in the area does not automatically mean this is the right place to encourage a long term development, he says, compared to other possible scenarios.

“You can grow a regional city to x thousand people but if you haven’t got adequate infrastructure, for example water supply, then there’s not much point. You have to have an adequate long term plan.”

There’s also the tendency for regions to compete with each other – ports for instance – but is this the best approach in the longer term, or should they complement each other?

“So if you’re looking at Geraldton and Broome, what is the role of ports in developing the regions?

“You need to make sure they are complementary rather than competitive."

And work out what the implications are for environmental and marine infrastructure and maintenance, he adds.

In the Pilbara, if you want to develop a new city, then ask what the catchment is and what it can be in the future.

“I think of how remote it is, and what is its current and future opportunities and role in terms of economic development? If there is no economic driver it might not be such a good idea.”

Broome is another area that needs some strategic thinking, he says.

Its development was focused on tourism, especially local. But then when petrol prices rose local tourism dropped, so there was then a pitch to get Asian tourism. This may also be subject to the vagaries of tourism trends.

So why do people want to go to Broome, other than holidays? It’s hard for many people to want to stay there during the hot or “troppo” season, he says.

The same can apply to Darwin but Darwin is making itself a strategic base for defence and for oil and gas, he points out.

“You need to be more focused on what realistically you can and can’t do.”

On growth boundaries, there are some who say there are not enough controls in place.

“I think people want both, they want certainty and they also want flexibility,” Lumsden argues.

Migration will vary over time, he says, but there are still currently 1000 people moving to Perth each week.

On what projected growth for Perth is, Lumsden says specific numbers may mean little in the longer term.

“It doesn’t matter whether the projected growth is 3.5 million or four million because the population numbers will hit that; it’s a matter of when and how we plan for it.”

Density is already increasing in Perth, renowned for its low density car dependent urban layout.

“Especially with baby boomers who want to stay in place, especially as their health may start to suffer in their later years.”

The question of ageing baby boomers is already heading to the forefront of attention.

“How do you deal with the ageing population as people get frail. It may not be just by increasing the size and number of hospitals,” Lumsden says. There must be other proactive solutions.

For instance, there might be more disaggregated care solutions, supported by technology and the local community.
Senator Scott Ludlam is one member of the Greens who proves that collaboration between the party and business is not only possible but can yield fruitful results.

Most recently has been the highly regarded Transforming Perth – Regenerating transport corridors as a network of high street precincts, a collaboration by The Property Council of Australia, the Greens and the Australian Urban Design Research Centre, which looks at how densities can be increased by focusing development on Perth’s transport corridors.

The Property Council also cites his work on housing, the cities agenda, energy efficiency, public transport and the National Broadband Network as important contributions.

• See a recent article in The Fifth Estate, Caryn Kakas on housing, optimism and The Greens

His recent election platform included a plan for housing affordability with a suite of nine costed initiatives, and a costed roadmap for 100 per cent renewable energy in WA by 2029.

In a pre-salon briefing with The Fifth Estate, Ludlam says that in environmental terms, “we’re further behind than we were in the mid ’90s”.

“The Barnett government in its first term dismantled the bureaucratic infrastructure such as it was and we’ve now got only two people tasked with working on climate change.

“There is no-one working on renewable energy. The push is in the other direction.

“The federal government says there won’t be any funding for public transport and that kills projects that people had high hopes for.

“If anything, public awareness is less strong or less certain around this stuff than it was 15 years or 20 years ago.

“But there are also strong signs of hope.”

ON DEVELOPMENT AND LOCAL GOVERNMENT

On the Property Council, he says, “We disagree with them on some things but they are quite progressive and help put us in touch with developer allies who are not hostile.

“I think the most interesting stuff is being led from the city level,” Ludlam says.

“There is Fremantle Mayor Brad Pettitt, for instance, who is a very green mayor.

“[Perth Lord Mayor] Lisa Scaffidi brings a spirit of innovation to the office.

“Local government can do a lot but they don’t have the resources and amalgamations are highly distracting.”

MINING RULES, OKAY

“The mining industry is extremely powerful and always has been.

“What’s new and what’s happened in the last five years is the degree that power in state parliament has been concentrated in the premier’s office.

“There is no-one working on renewable energy. The push is in the other direction.”

“So the premier’s office is the government within the government.

“It’s an immensely powerful lobby.

“And what we will see nationally will be what’s happening here.”

There’s an interesting contradiction with mining, Ludlam says.

“The big solar developers, for instance, are getting a “very willing ear in Kalgoorlie”.

“This is “when it suits” however, and “only if the economic case backs up”.

“But in some cases they are more progressive than the government.”
LOOKING BACKWARDS

Certainly the government is anything but progressive on energy, he says.

“The state government’s funding of $330 million to reactivate an obsolete coal fired power station in the Collie basin failed and put a big hole in the budget.

“And that’s impacted seriously on the state government’s bottom line and there’s been a full-scale backlash on solar, not because it can’t do the job but because it looks like doing it very well.

“There is a very strong undercurrent trying to deliberately defuse and confuse climate change and environmental issues.”

“And the response from the Barnett government is to pretend it’s not happening and avoid making the final decisions,” he says.

ON THE GREENS AND THE BACKLASH

Ludlam says the Greens were caught up in the federal election backlash that threw out the Labor Party, but says a number of “complex things happened at the same time”.

“At time of crisis people are more likely to vote for something that reminds them of the comforts of home,” he says.

“And there is also a very strong undercurrent trying to deliberately defuse and confuse climate change and environmental issues.

“And if you let that run for a couple of years, you will get the backlash. There’s been a sustained attack on the Greens.

“Slightly more than half the electorate voted for a climate change denier.

“And climate change has been shunted down the top list of 10 things to care about.”
AFFORDABLE AND SUSTAINABLE HOUSING IN PERTH: WHY IT MATTERS TO OUR ECONOMY

BY JEMMA GREEN

In November, the World Economic Forum published its global competitiveness index. Out of the 148 countries assessed, Australia ranked 128th poorest for bureaucracy. We are up there with the likes of the third world countries. Western Australia needs urgent reform to address this, or we will be crippled by ourselves.

There are structural issues in Perth and Australia’s economy. Our productivity is going down. On November 26th, the deputy governor general for the Reserve Bank of Australia, Philip Lowe, explained decisively that Australia’s productivity has been seemingly rising in the past two decades but it has actually had little to do with Australia being more productive. Rather it is because the value of our mining exports rose greater than the value of our imports. Lowe finds that this situation won’t remain. Australia’s productivity and our standard of living is now on the decline and, left unaddressed, will continue downward.

One of these inefficiencies is the challenge of getting across town. Countries that have grasped this have improved their competitive standing. Some have invested heavily in transport infrastructure. Others have put in place congestion charges. Either way, both result in greater efficiency.

We may not have money for one, or the will for the other. But one or both needs to be done if we want to remain competitive domestically and on the global stage.

POPULATION GROWTH

Perth is the fastest growing city in Australia. In late November the Australian Bureau of Statistics published data that showed Perth’s population will outgrow Brisbane’s by 2028 when it will reach three million people.

“The way Perth is currently being planned is setting the scene for lower and lower productivity.”

The Western Australian government has infill plans to increase the population density of Perth. Direction 2031 & Beyond is a planning strategy intended to achieve this. While it does promote infill, it doesn’t decisively constrain the city limits. Perth’s sprawl is already double the size of Tokyo and triple the size of Los Angeles, stretching 120 kilometres long and covering more than 5300 square kilometres.

The way Perth is currently being planned is setting the scene for lower and lower productivity.

HOUSING, JOBS AND TRANSPORT ARE INTIMATELY CONNECTED

In November, The Committee for Perth released the findings from a study called The Rising Cost of Living in Perth. Since the millennium Perth has another dubious title of being the most expensive place in Australia to live and do business in, and the 11th most expensive city in the world.

Often affordability is thought about through the narrow lens of the cost of a house. But this study looks at an important aspect of the operating costs of households and businesses: transport costs.

One might think that everyone in Perth is equally impacted by these costs. But that’s not the case from a social equality point of view. Those on a lower income are doubly impacted. This is because they earn less and tend to live further out, so they need more cars and use more petrol to get around.

You might think also that these people would instead use public transport, but these suburbs typically have the least amount of access to good quality transport. Therefore, these households need to own more cars, creating more congestion on Perth’s roads. Fifty three per cent of the survey respondents who use a car said they do so because of a lack of public transport alternatives.

Household energy bills have also been skyrocketing. Gas has risen 88 per cent in the last five years and electricity prices have risen 72 per...
The current average price of $963 is set to more than double to $1998 by 2016.

Household energy data is critical to reducing energy consumption and pricing housing accurately.

The ACT now requires energy efficiency ratings on houses so would-be-buyers really know the total cost of buying into a house. It’s a long established system in other parts of the world such as Germany, which is allowing house prices to better reflect the life cost of the house.

But its not the social point of view that I would like to argue here. It’s the argument by nobel laureate Paul Krugman and Michael Porter: that the resilience of a city is determined by how efficiently goods and people are moved around. Employment and housing sprawl create greater overheads for households and businesses, making them less efficient, less competitive and therefore less resilient.

In October, the RAC and Chamber of Commerce and Industry published their annual congestion survey. Almost all respondents (97.3 per cent) reported traffic congestion had increased the time their workers spent on the roads, up from 90 per cent in 2012. Businesses are facing higher fuel costs, lower productivity and the inability to take on more work.

The Economic Regulation Authority has called for a “mature discussion” on congestion charging in Perth. In other parts of the world, such as London, congestion charges have all been used to improve public transport. I believe that this is essential to meet the needs of Perth’s growing city and keep us competitive.

**WHAT DOES ALL OF THIS MEAN FOR PERTH?**

Clearly the bureaucracy inefficiencies need to be urgently addressed. City limits need to be put in place and we need to plan for higher density. A three mode transport plan developed by Curtin University outlines how to cope with growth and turn it into an advantage by connecting heavy rail, light rail and bus with urban development.

This and building energy efficiency ratings will also trigger innovation in the way houses are built in Perth – away from mainly double brick and embracing alternative building materials and techniques that allow for faster construction and better thermal performance, meaning lower energy bills.

**PRODUCTIVITY OVERHAUL REQUIRED**

If we are going to truly compete in a global economy, Perth needs to cut the time it takes for someone to deliver a package from one side of town to the other. We need to focus on prioritising efficiencies, and in doing so, actually improve our competitiveness and the resilience of our economy, delivering a more equitable situation for all.


> If we are going to truly compete in a global economy, Perth needs to cut the time it takes for someone to deliver a package from one side of town to the other.
> — Jemma Green
Because it understands intimately the efficiency profile of many buildings, HFM had an advantage in being selected for the City of Perth’s work. The requirement is to perform an analysis of all buildings in the LGA, which includes the CBD, so it can develop energy and water intensity benchmarks.

The analysis will categorise the different types of buildings in the area, including commercial office, retail, hotels, hospitals, community centres and government buildings.

“It’s a process of categorising building types, then basically providing benchmarks based on available information,” Moran says.

From preliminary data, Moran says the Premium and A grade office buildings are “well down the path of significant refurbishment and are performing well”.

It’s the B, C and D grade buildings that are in need of assistance, he says, though significant auditing work still needs to be done to find which refurbishment opportunities are there.

The second stage of the project will be “mapping out available opportunities and efficiency initiatives based on functional use, age and size”.

While there aren’t significant differences between the east and west coast regarding the challenges of getting assets upgraded, Moran says Perth does have one advantage.

In WA, the supply of electricity to the building is through one account holder – the owner. It is therefore much easier, Moran says, to get detailed information on tenant energy use versus the base building energy use, which, on the east coast can be in the hands of multiple tenants as well as the building operator.

HFM works with around 60 per cent of Perth’s buildings over 5000 square, and a significant proportion of those between 2000 and 5000 sq m.

“When we do our review process of efficiency [in Perth], we have intrinsic information on tenant use and base building use,” says Moran, whereas predominately on the east coast only access to base building data would be possible.

Around 70 per cent of HFM Asset Management’s work is based in Western Australia, though there are a number of auditors “roaming” the east coast, Moran says.

The company is in a strong position, and continues to experience consistent growth. It started in 2005 with three staff, but has now grown to 25.
HFM's innovative range of efficiency focused, performance based consulting services have a proven track record for driving, delivering and in many cases, exceeding targeted performance outcomes. Our holistic approach to building efficiency has enabled us to become WA market leaders in electricity & gas procurement, BEEC (NABERS) Compliance and Utility Performance Management consulting. Our services are available Australia wide.

Much of our advice is derived from analysis of actual building performance data accumulated from thousands of audits over more than 10 years across all sectors of the property market, i.e. universities, commercial offices, retail, hotel, strata residential, aged care and health.

We have the data, the practical commercial acumen and the technical strength to help you to set and achieve your goals.

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