



# Proposed Changes to NABERS Governance

## Consultation Paper

**February 2017**

# Executive Summary

## The NABERS governance review

The NABERS governance arrangements are being reviewed to ensure they provide the appropriate strategic and functional support for the long-term success of the program. This public consultation paper invites NABERS stakeholders to provide feedback and comments on the proposed changes to the program's governance structure.

The current NABERS governance structure consists of a National Steering Committee (NSC) of governments from each jurisdiction, which receives advice and feedback from a Stakeholder Advisory Committee (SAC) of industry representatives. These groups are tasked with advising and making decisions on a range of strategic and technical issues, risks and opportunities relevant to the NABERS program.

## The proposed new governance structure

Under the proposed new structure, the governance arrangements would move from two to three groups, consisting of a Government Forum, an Industry Forum and a smaller Leadership Group. These groups will include a broad range of NABERS stakeholders, and provide access to a number of new and relevant skills needed to inform future decisions and strategic direction for the program.

- **The Leadership Group** will consist of government and industry representatives, and will provide leadership on the program's strategic direction and decisions on major issues. The group would replace the NSC as the program's main decision-making body, and will be accountable to the NSW Minister for the Environment.
- **The Government Forum** will consist of representatives from Local, State and Commonwealth Governments, and will advise the Leadership Group on key government policy and jurisdictional matters. This group will also play a key role in helping the program to fund major development and innovation projects (such as new NABERS tools), and will have decision-making capacity over these investments.
- **The Industry Forum** will consist of key industry representatives from the diverse range of sectors that participate in the NABERS program, and will provide the Leadership Group with advice and insight into relevant industry developments, opportunities and stakeholder perceptions.

The NSW Office of Environment and Heritage, the NABERS National Administrator (NA), will also have greater decision-making capabilities over operational matters, to ensure NABERS can be responsive to the needs of its stakeholders and manage the program efficiently. The work the NA conducts with its Technical Working Groups (TWG) will remain unaffected, and the NA will continue to engage with TWGs to improve existing NABERS tools.

## Feedback sought on the proposed structure

The NA is seeking genuine feedback on the proposed governance arrangements (See Section 2) in writing or via email to the NABERS Program Manager by 5pm (AEDT) Friday 10<sup>th</sup> March 2017. Once the consultation process has closed, the NA will consider stakeholder feedback and use this to inform the level of changes required to the program's governance structure. Major changes to the governance structure will require approval by the NSW Minister for the Environment.

# 1 Introduction and context

## 1.1 NABERS governance review

The review of NABERS governance arrangements was initiated in late 2014 following industry feedback and a focussed discussion about governance at a joint National Steering Committee (NSC) and Stakeholder Advisory Committee (SAC) workshop on future directions for NABERS. An external review found that the current governance arrangements for NABERS have been effective in steering the program to its present position as the leading sustainability rating tool in Australia but concluded that NABERS may have ‘outgrown’ its current governance structure. The review recommended that the formal governance arrangements be updated to ensure the future success of the program and allow NABERS to be more responsive to market needs and opportunities.

Since then, the NABERS National Administrator (NA) has engaged with the NSC and SAC to ensure a balanced and varied perspective on how the new governance arrangements should be designed. The NA has also worked closely with a Governance Working Group (GWG) of SAC and NSC members who provided regular feedback throughout the process. Acknowledgements and a list of SAC and NSC members can be found in Appendix B.

## 1.2 Governance goals and review timeline

### 1.2.1 Governance goals

Over the past two years, stakeholders have identified four key overarching goals for the NABERS governance framework.

#### 1. Focus on strategic objectives

Stakeholders believe that NABERS governing bodies should focus on achieving a national, long term strategic direction for the program, and less on operational issues. The program’s governing bodies should focus on longer-term strategic projects and major matters, leaving most operational issues to be managed by the NA or resolved by Technical Working Groups.

#### 2. Have clear roles, responsibilities and accountabilities

Stakeholders have noted that the governance arrangements should provide clarity on the roles and responsibilities of participants within the governance structure. This includes clear lines of accountability, communication, and responsibility for each group, while also reducing the administrative burden for the NA.

#### 3. Secure funding streams for development and innovation

The governance framework should seek to provide funding certainty for major development and innovation projects (such as new NABERS tools), by engaging in agreements with Government Forum members for periods longer than one year.

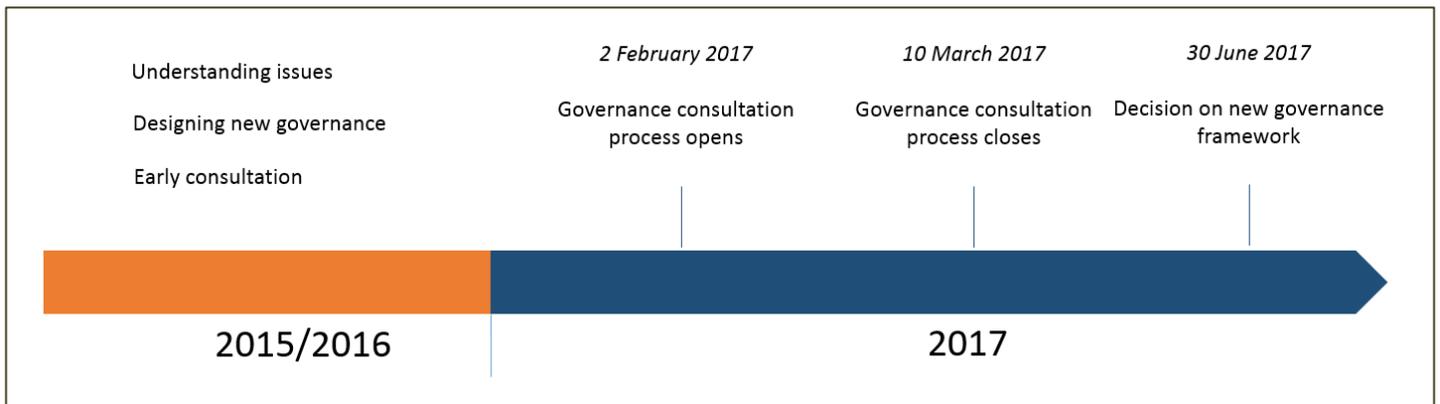
#### 4. Focus on innovation and delivering value

Stakeholders felt that the future of the program could be at risk if NABERS does not continue to innovate and provide high quality tools and services to customers. The governance arrangements should allow NABERS to add greater industry insight to its robust government support, helping the program to make more informed decisions on how to bring increased value to stakeholders.

### 1.2.2 Governance project timeline

As shown in the timeline below, consultation with broader NABERS stakeholders will commence with the release of this paper, to seek wider feedback on the proposed governance changes. A decision on the program’s governance arrangements will be made by or before July 2017.

Figure 1: Governance review timeline



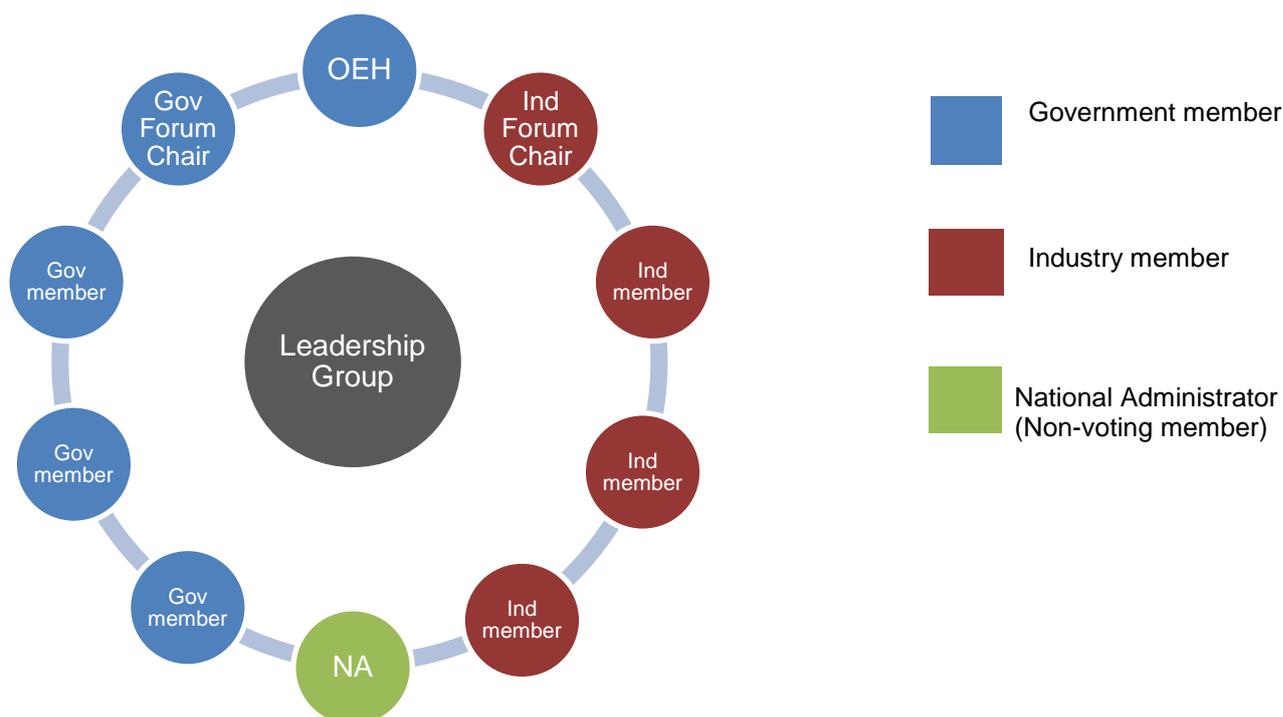
## 2 New Governance Arrangements

Key features of the new governance groups are provided in the following tables. For more detailed information on the proposed governance arrangements see Appendix A.

### 2.1 Proposed function of the Leadership Group

Membership and key attributes	Core function	Appointment process
<p>The Leadership Group will have responsibility for strategic decisions for the NABERS program.</p> <p>It will have 7-9 members including government representatives, as well as industry individuals with skills to help guide the strategic direction of NABERS.</p> <p>Two of these members will be Chair of the Government and Industry Forums.</p>	<p>The Leadership Group will provide decision-making on major issues and the strategic direction of the NABERS program.</p> <p>It will also have an extensive consultative role, seeking feedback and advice from the NA as well as the Government and Industry Forums.</p> <p>Members of this group are expected to vote in the interest of the NABERS program and its objectives, ahead of their background or other roles.</p>	<p>There will be an open expression of interest process for selecting industry and government members on the Leadership Group.</p> <p>Government and industry members of the leadership group will be assessed against set selection criteria, which may include relevance to NABERS, experience and seniority.</p> <p>Applications will be assessed by a panel of individuals appointed by OEH, in consultation with NSC and SAC members.</p>

To summarise, the Leadership Group will be structured as follows:



## 2.2 Proposed function of the Industry Forum

Membership and key attributes	Core function	Appointment process
<p>The Industry Forum will provide insights from business and industry for the benefit of the NABERS program.</p> <p>It will be comprised of members who represent their industry, sector or membership base. There is no limit on numbers for the Forum so it could be a large group, depending on the number and calibre of applicants.</p>	<p>The Industry Forum will provide advice on all major areas of the program for consideration by the Leadership Group and the NA.</p> <p>Forum members are required to be actively involved and participate in meetings and discussions.</p> <p>The National Administrator will track Industry Forum member's attendance and participation to ensure quality discussion and industry input.</p>	<p>Positions on the Industry Forum will be appointed by an open expression of interest process.</p> <p>Organisations will be selected by a panel of individuals appointed by OEH, in consultation with NSC and SAC members.</p>

## 2.3 Proposed function of the Government Forum

Membership and key attributes	Core function	Appointment process
<p>The Government Forum will provide insight and advice on government policy, supporting program and initiatives, and jurisdictional direction for the benefit of the NABERS program.</p> <p>All financially contributing States and Territories will be members of the Government Forum and will have a voting role.</p> <p>Other government agencies may also have a place on the Government Forum as non-voting members (for example, representatives of local government).</p>	<p>The Government Forum will advise on all major areas of the program and provide input for consideration by the Leadership Group.</p> <p>It also provides decision-making for all government-funded development and innovation projects (such as new NABERS tools).</p>	<p>Current NSC agencies will be invited to nominate a representative for the Government Forum.</p> <p>Agencies in the Government Forum are expected to be represented by individuals who have related experience and adequate seniority to represent their agency or jurisdiction.</p>

Further details on the governance groups including roles and responsibilities, appointment processes and tenure can be found in Appendix A.

## 2.4 The National Administrator

Reviewing the governance arrangements for NABERS has also identified efficiencies for National Administrator (NA) going forward.

Under the proposed new arrangements, the NA will have a greater role in managing operational components of the program, including:

- Approving the content of the annual report, and the program's annual action plan and budget;
- Approving enhancements to training and compliance activities; and
- Approving the final release of new tools or major revisions to existing tools, once the development process has been completed.

Prior to approving or finalising any of these items, the NA will seek advice and input from the governance groups, however the timing and finalisation will be the responsibility of the NA.

## 3 Consultation and Feedback

### 3.1.1 Governance consultation process

The open consultation process will involve:

- A one hour teleconference from 2-3pm (AEDT) on Friday 10 February 2017 to discuss the proposed changes, answer questions and seek early feedback from NABERS stakeholders;
- Meetings and briefings will be organised between NABERS, industry bodies and other interested parties following the teleconference. Please contact NABERS if you would like to schedule a meeting or follow up briefing session;
- Written submissions on the proposed changes to the governance framework are invited from all NABERS stakeholders including Assessors, customers, Stakeholder Advisory Committee and National Steering Committee members, technical working group members, NABERS tool users and the broader industry; and
- Submissions are due in writing by 5pm (AEDT) Friday 10 March 2017 when the consultation period closes.

### 3.1.2 Feedback on the proposed arrangements

Respondents are asked to provide comments on any aspect of the proposed governance framework and changes outlined in this paper, and may also wish to consider the following questions when providing feedback:

- To what extent do you think changes to the governance structure of the NABERS program are needed?
- What is your opinion on the proposed changes outlined in the paper? Are there any particular risks or benefits you believe should be considered?
- Do you have you any additional ideas that could help inform the new governance structure?

Feedback is sought in writing or via email to NABERS by 5pm (AEDT) Friday 10 March 2017. Once the consultation process has closed, the NA will consider the feedback and submit the final governance model for approval.

Please address all written submissions to:

Carlos Flores

NABERS Program Manager

Office of Environment and Heritage

59 Goulburn Street Sydney NSW 2000

Please send all email submissions to [nabers@environment.nsw.gov.au](mailto:nabers@environment.nsw.gov.au)

We would like to thank you for your genuine feedback and involvement in this important process.

# Appendix A: Detail of Proposed Governance Arrangements

## Leadership Group

The Leadership Group will provide overall strategic guidance for the NABERS program. It will be the overarching body with which the National Administrator consults, and will be a key decision making body for the NABERS program. The table below outlines the structure, roles, appointment and function of the Leadership Group.

**Roles and responsibilities:** The Leadership Group approves all major decisions and changes to the program. Also has an extensive consultative role with the NA, and government and industry forums.

**Details:**

- Approves annual updates to the five year Strategic Plan, changes to fees as well as strategic policy and projects that affect the scale and reach of NABERS into the market.
- Approves new major policies that provide long-term frameworks for the program operation in specific areas (e.g. consultation or auditing policies).
- Approves major changes to the program, including major rulings.
- Approves future changes to the governance structure.
- Approves major Development and Innovation projects that are not funded by the Government Forum's annual contributions.
- Provides decision making on the direction of the NABERS International Strategy.
- Receives regular feedback and advice from the Government and Industry Forums.

**Group composition:** The Leadership Group will be comprised of both government and industry members with a variety of skills and experience.

**Details:**

- Will have 7 to 9 members including the Chair role. This allows the group to be effective and have a spread of skills and experience without being too large or unmanageable.
- Membership will include a representative from the NSW Office of Environment and Heritage, the Government Forum Chair, and the Industry Forum Chair, plus equal numbers of representatives from government and industry.
- The NA will participate as a non-voting member.

- Government members of the Leadership Group would represent their department or jurisdiction, in order to maximise the program's national representativeness and impact in public policy.
- Industry members (other than the Industry Forum Chair) will be individuals selected on merit to bring specific skills and knowledge to the governance of NABERS. They will participate in the Leadership Group as individuals and not representing specific organisations.
- The Government Forum Chair and Industry Forum Chair will be voting members of the Leadership Group. This will ensure there are voices representing both Forums on the Leadership Group.
- The Chair will be selected by the Leadership Group members.

**Application and selection process:** Prospective Leadership Group members will need to apply for a position through an application process.

**Details:**

- Positions for the Leadership Group will be open to any government body or individual to apply for, and members will be selected according to the selection criteria.
- There will be an open expression of interest process which will utilise the NABERS networks and stakeholders to identify and encourage relevant government agencies and industry individuals to apply.
- Applications will be assessed by a panel of individuals appointed by OEH, in consultation with NSC and SAC members.
- It is expected that selected government jurisdictions will nominate the individual who will ultimately be on the Leadership Group.
- Industry individuals will be merit-selected based on their experience and areas of expertise.
- The selection process for industry members of the Leadership Group will seek candidates from a variety of backgrounds, such as property, finance, sustainability, communication and strategy, among others.

**Accountability and tenure:** The Leadership Group will be accountable for its decisions and requires members to be committed and informed.

**Details:**

- A position on the Leadership Group will be for three years, after which membership will be renewed.
- Members will be expected to vote in the interest of the NABERS program and its objectives ahead of their background or other roles. A clear conflict of interest policy and declaration process will apply.
- The Leadership Group will be accountable to the NSW Minister for the Environment, who has overall responsibility for the NABERS program.
- Leadership Group members will undergo performance reviews and feedback.
- A simple member review process will take place once a term (i.e. every three years), focussing on areas such as participation and attendance to ensure a high level of commitment to contributing in the Leadership Group.

## Industry Forum

The Industry Forum will consist of key business and private sector representatives, as well as industry groups and peak bodies in the sustainable built environment. This group will support the Leadership Group and provide insight into industry development such as changes in business, markets, technological developments and stakeholder perceptions. It will operate in a manner similar to the current Stakeholder Advisory Committee.

**Roles and responsibilities:** The Industry Forum will provide insights from business and industry for the benefit of the NABERS program.

**Details:**

- Advises on the impact to industry of new major policies that provide long-term frameworks for the program operation in specific areas (e.g. consultation or auditing policies).
- Advises on changes to the program, such as major rulings, international strategy and licencing.
- Advises on implementation and operation of the governance structure.
- Provides input into development and innovation projects each year.
- Receives regular updates from the National Administrator.
- Receives feedback and advice from the Leadership Group.

**Group composition:** The Industry Forum will be comprised of industry members with a variety of skills and experience.

**Details:**

- Will be comprised of members who represent their industry, sector or membership base.
- There will not be a specific limit on numbers for the Industry Forum. However, to keep meetings effective and manageable, relevant members would be invited to meetings depending on the agenda or topic, or encouraged to only attend sessions that are relevant.
- The Industry Forum Chair will be selected by a vote from Industry Forum members.
- The Forum Chair will represent industry on the Leadership Group as a voting member.

**Application and selection process:** Prospective Industry Forum members will apply for a position through an application process.

**Details:**

- Positions for the Industry Forum will be open to industry to apply.
- An open invitation will be sent to industry and, if needed, targeted invitations will be sent to recruit any specific skills needed.
- Forum members will be selected on a variety of criteria.

- The Industry Forum will consist of members from diverse backgrounds and sectors. Organisations will be selected based on their relevance to NABERS.
- The Leadership Group will assess applications and appoint members to the Industry Forum.

**Accountability and tenure:** Membership of the Industry Forum is will be given for three years and participation will be monitored.

**Details:**

- Forum members will be required to be actively involved and participate in Forum discussions.
- The National Administrator will track Industry Forum member's attendance and participation to ensure quality discussion and industry input.
- Industry Forum members will serve a three year term to be consistent with the Leadership Group.
- Forum members (and their organisations) may choose to re-apply for another term, at the end of each three-year term.

## Government Forum

The Government Forum consists of Federal, State and Territory government representatives from all participating jurisdictions in Australia. This group will support the Leadership Group and provide input based on government policy and jurisdictional direction.

**Roles and responsibilities:** The Government Forum will provide input based on government policy and jurisdictional direction.

**Details:**

- Approves and provides input into government-funded Development & Innovation projects, such as new NABERS tools or major changes to existing ones.
- Advises on new major policies that provide long-term frameworks for the program operation in specific areas (e.g. consultation or auditing policies).
- Advises on changes to the program, such as major rulings, international strategy and licencing.
- Advises on implementation and operation of the governance structure.
- Receives regular updates from the National Administrator.
- Receives feedback and advice from the Leadership Group.
- Actively promotes NABERS and positive NABERS policies in their jurisdictions.

**Group composition:** The Government Forum will be comprised of representatives from jurisdictions across Australia.

**Details:**

- All States and Territories contributing financially to NABERS will be members of the Government Forum and will have a voting role.
- Government agencies in the Government Forum will be expected to be represented by individuals who have related experience and adequate seniority to represent their government agency or jurisdiction.
- On a case by case basis, other government agencies could have a place on the Government Forum as non-voting members, for example local government.
- Alternatively, other government agencies could be invited as observers or provide input for relevant meeting topics (e.g. the EPA when discussing the NABERS Waste tool or health departments when discussing the NABERS Hospitals tool).

**Application and selection process:** Government agencies will be able to nominate a representative to the Government Forum.

**Details:**

- Government agencies on the current NSC will be invited to renominate a representative for the Forum.

**Accountability and tenure:** Membership of the Government Forum is for three years and participation will be monitored.

**Details:**

- Forum members will be required to be actively involved and participate in Forum discussions.
- The National Administrator will track Government Forum member's attendance and participation to ensure quality discussion and industry input.
- Government Forum members will serve a three year term to be consistent with the Leadership Group.
- Government members (and their jurisdictions) may choose to re-apply for another term, at the end of each three-year term.

# Appendix B – Acknowledgments

NABERS would like to acknowledge the invaluable contributions made by NSC and SAC members throughout the governance project, and would especially like to thank the Governance Working Group (GWG) members.

## Current National Steering Committee Members

Organisation	Organisation
NABERS National Administrator (NSW Office of Environment and Heritage)	Department of Housing and Public Works (QLD)
Office of Environment and Heritage (NSW)	Planning and Land Authority (ACT)
Sustainability Victoria (VIC)	Department of Finance (WA)
Department of State Development (SA)	Department of the Environment and Energy (Cth)
Department of Premier and Cabinet (TAS)	Energy Efficiency and Conservation Authority (NZ)

## Current Stakeholder Advisory Committee Members

Organisation	Organisation
Australian Sustainable Built Environment Council (ASBEC)	Australian Institute of Architects (AIA)
Australian Institute of Refrigeration Air-conditioning and Heating (AIRAH)	Energy Efficiency Council (EEC)
Shopping Centre Council of Australia (SCCA)	Air Conditioning and Mechanical Contractors Association (AMCA)
Property Council of Australia (PCA)	NZ Energy Efficiency Conservation Authority
Chartered Institute of Building Services Engineers (CIBSE)	Royal Institute of Chartered Surveyors (RICS)
Green Building Council of Australia (GBCA)	Real Estate Institute of Australia (REIA)
Australian Property Institute (API)	Facility Management Association of Australia (FMA)

## Governance Working Group

Name	Organisation
Phil Wilkinson	Australian Sustainable Built Environment Council (ASBEC)
Kristin Pryce	Shopping Centre Council of Australia (SCCA)
Tom Grosskopf	(formerly) Office of Environment and Heritage
Stefan Preuss	(formerly) Sustainability Victoria
Stanford Harrison	Department of the Environment and Energy
Nic Burt	Facilities Management Australia (FMA)
Carlos Flores Claire Berecny	NABERS, Office of Environment and Heritage