

Inside Strata Winter 2020 » Sponsor Article » Managing Risk to Help Create Change

Managing Risk to Help Create Change

By BCB



The last few months have highlighted the fragility of our world. We've realised the direct effect our actions have on our environment and how humanity is the catalyst of change.

Helping the Planet Heal

Amongst stories of people and businesses doing it tough, there are many examples of how the environment has benefited from COVID-19.

Skies are less polluted and waterways are clearer with less travel and fossil fuel emissions.

Buying goods and services locally has encouraged greater selfsufficiency in food production and support for local businesses.

But what happens when COVID-19 no longer dominates our conversations? Will we revert to old habits or is there a new normal?

Behaviour change experts claim habits can take just 21 days to form and become firmly established in two months. Lockdown restrictions have certainly lasted beyond those timeframes, so perhaps our new behaviours will remain and the environment will continue to benefit.

Helping to Leverage the Power of Strata

According to the Property Council of Australia, we have more than 2 million registered strata schemes and over 2.2 million people living in apartments – that's 9% of our population.

A staggering one-third of Australia's carbon footprint is generated by energy consumption (heating, lighting and cooling). And it's estimated strata schemes could account for as much as 10% of Australia's total carbon emissions.

What's more, our carbon footprint has likely increased with more people working at home and could continue if businesses extend this workplace flexibility.

So, how do we respond?

Steadfast Group's Sustainability Advisor, Tim Jarvis, explains "we have an unexpected but unparalleled opportunity to change and do things better".

"We can invest to maintain the status quo and continue towards a warmer, less stable climate. Or we can invest wisely and rebuild what we had, but better, stimulating the economy and accelerating our transition to a low carbon world."

A Positive Evolution

With so many people living in strata communities, even small steps can make a significant difference.

Of the many opportunities out there, Tim Jarvis highlights three that strata schemes should take a closer look at.

1. Waste and Energy Audits

Low cost to implement but with the potential to yield significant cost savings by adding motion sensors to lighting in common areas, changing extractor fans in car parks to only operate during peak times and upgrading to energy efficient pool pumps and led lighting for example.

2. Solar Switch

Solar is a complex area given the need to house panels and the number of decision-makers in an Owner's Committee.

However, using solar energy for common areas (lighting, lifts, gyms/pools etc) where there is a dedicated meter and energy bills are paid using strata levies, can realise benefits for all residents through reduced strata levies.

The setup cost is small compared to the long-term cost savings, particularly in larger or tall buildings where infrastructure can be installed on a roof.

3. Purchasing Power

Large strata buildings or Strata Managers with multiple properties could consider bulk purchasing green (renewable) energy or a Power Purchase Agreement if they have sufficient scale. Signing up to green energy plans doesn't require any material building changes. It's simply about changing the way a building receives its power.

Previously, suppliers scared off potential customers with long lock-in contracts. But as the industry matures, they're offering more attractive deals.

While common areas only generate around 20% of the overall energy consumption, we shouldn't underestimate the value of change. The environment benefits, while strata schemes realise cost savings to reinvest or pass on to owners.

Greener communities appeal to younger generations, keen to understand the environmental and social impact of their money because they'll live long enough to experience the consequences of their actions.

So, imagine if we could also encourage owners to reduce their carbon footprint within their units – tackling the other 80% of energy consumption habits.

Helping the Ecosystem

It's a topical area where there's much conversation. The SCA's latest Strata Leading Change Forum headlined with Sustainability, educating and empowering Strata Managers to better articulate its value in existing properties. By working together, we can realise greater benefits for the environment and build a united community that we actively

protect.

Consider the insurer – do they simply pay out claims to replace what was there before, or could owners be encouraged to repair/build back better? What if they offered premium reductions for greener, more sustainable buildings?

Consider the builder – why use a Merbau hardwood floor when more sustainable alternatives are available? Why just replace old lighting when more efficient LEDs could be installed instead?

While change has cost implications, if we could create sufficient scale by encouraging more suppliers to support change, we could potentially find cost parity.

We've been given a harsh wakeup call from COVID-19 and been gifted a huge opportunity to accelerate Australia's move towards a more sustainable future.

Tim Jarvis is leading the way for us to build a better future together. We're supporting the conversation we started on managing risk to maintain calm.



View as flipbook