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NEW GOVERNANCE ARRANGEMENTS IN THE AUSTRALIAN BUILDINGS SECTOR: A STORY OF LIMITED SUCCESS

Jeroen van der Heijden

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ABSTRACT

New environmental governance gains momentum in the addressing of environmental risks. It is often expected that new environmental governance arrangements will achieve higher levels of effectiveness than traditional forms of environmental policy. The current research questions this assumption based on a series of 53 interviews with experts in fifteen new environmental governance arrangements in the Australian buildings sector. It finds that these arrangements have, so far, achieved limited success in terms of increased numbers of buildings with high levels of environmental performance. Some lessons are drawn to increase the effectiveness of (future) new environmental governance arrangements.

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New Governance Arrangements in the Australian Buildings Sector: A Story of Limited Success

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Abstract
New environmental governance gains momentum in the addressing of environmental risks. It is often expected that new environmental governance arrangements will achieve higher levels of effectiveness than traditional forms of environmental policy. The current research questions this assumption based on a series of 53 interviews with experts in fifteen new environmental governance arrangements in the Australian buildings sector. It finds that these arrangements have, so far, achieved limited success in terms of increased numbers of buildings with high levels of environmental performance. Some lessons are drawn to increase the effectiveness of (future) new environmental governance arrangements.

Key words: environmental policy, new environmental governance, effectiveness

1 Introduction
The buildings sector is considered an area for quick wins in terms of reduced carbon emissions and addressing environmental risks. This sector presently accounts for roughly 23% of Australia’s carbon emissions (CIE, 2007), but with current technologies reductions of up to 50% of carbon emissions may be achieved in a cost-effective way and without losing the utility of our built environment (Newman, Beatley, & Boyer, 2009). Achieving such reductions through more sustainable construction and use of buildings is addressed in Federal policies and programs. Yet, these policies and programs are critiqued for having a limited reach and move too slowly to take up the challenges faced and exploit the potential the buildings sector holds in significantly reducing Australia’s carbon emissions (Bond, 2011).

In addition to Federal policies and programs, State and Local governments and industry bodies have introduced a wide range of governance arrangements that aim to achieve higher levels of environmental performance in the Australian buildings sector (Beatley, 2009). These arrangements fit what in the literature is being described as a novel trend of ‘new environmental governance’: governance arrangements that are the outcome of a collaborative decision making
process in which governmental and non-governmental actors work together to solve commonly shared environmental problems (e.g. Holley, Gunningham, & Shearing, 2012).

Much is expected from such new environmental governance arrangements. Scholars repeatedly refer to these as providing an opportunity for greater legitimacy and effectiveness than traditional modes of governance – that is, steering through direct regulation (Backstrand, Khan, Kronsell, & Lovbrand, 2010). Yet, the literature is critical as well. With new environmental governance gaining momentum we need to know whether or not new governance arrangements indeed live up to their expectations. In the face of the environmental risks faced, time seems too short at hand to wait with our studies into the effectiveness of new environmental government arrangements until they have fully crystalized. In other words, the sooner we can report on the success or failure of these arrangements, the sooner we can flesh out what design characteristics may add to successful experiences, or change the trajectory of these arrangements for the better (cf. Hoffmann, 2011).

This then is the aim of this article. Based on an intensive study of fifteen new environmental governance arrangements in the Australian buildings sector it questions whether these arrangements are able to achieve significant reductions of carbon. It does so based on a series of in-depth interviews with over 50 representatives of and participants in these arrangements. The article sets out with a short discussion of new environmental governance literature. This to introduce the reader to this novel trend and to assess the fit of the various arrangements studied within this trend. The article continues with the introduction of the fifteen arrangements studied; and continues with an assessment of these. It finds that the overall success of these fifteen arrangements, in terms of the number of buildings with high levels of environmental performance, may be considered low. The article concludes with lessons for the future development and implementation of new environmental governance arrangements.

2 New environmental governance: a brief review of the literature

The literature on new governance stays away from drawing up fixed definitions for the concept (cf. De Búrca & Scott, 2006; Holley et al., 2012), it does however present a range of characteristics that may be considered to typify new environmental governance arrangements. In what follows, these are referred to as characteristics that address the development process of a new governance arrangement; and, the structure of a new governance arrangement. It should be noted that not all characteristics need to be fulfilled in order to refer to an arrangement as fitting new environmental governance (cf. Gunningham, 2009a). Finally, this review section concludes with some concerns about new environmental governance as expressed in the literature.
2.1 Development process of new environmental governance arrangements

A first set of characteristics addresses the development of new environmental governance arrangements. Distinction is often made in processes in which new governance arrangements are developed (i) by state actors taking a leading role (Darnall & Carmin, 2005) – a situation that may be typified as ‘old governance’ (Pierre, 2000, 3); (ii) through collaborative development processes with an equal power-balance between state actors and non-state actors – often resulting in covenants or negotiated agreements (Ansell & Gash, 2008); or, (iii) by non-state actors taking a leading role, leaving state actors largely outside of the process – often resulting in voluntary programs or self-regulation (Auld, Balboa, Bernstein, & Cashore, 2009).

Although these actor constellations may be different, the actual development process of new environmental governance arrangements is repeatedly found to be characterized by:

- **Participation, participatory dialogue and deliberation**: new environmental governance arrangements are generally the outcome of a flexible and experimental negotiation process in which a wide range of stakeholders is involved (De Búrca & Scott, 2006; Hoffmann, 2011; Lobel, 2004);
- **Collaboration and consensus-building**: the development of new environmental governance arrangements are repeatedly found characterized by a move away from interest group competition towards collaboration between different actors, and consensus-building rather than full agreement of all actors involved. Ideally such consensus-building highlights what advantages and disadvantages come to the actors involved, and may help to bridge the diverse and sometimes rivalry views of them (Blomgren Bingham, Nabatchi, & O’Leary, 2005; Bulkeley & Mol, 2003; Healy, 1996);
- **Heterarchy**: the development of new environmental governance arrangements is often considered to be less hierarchical than traditional governing mechanisms, and more heterarchical in nature – i.e. a sharing of power between different actors (Scott & Trubek, 2002; Walters, 2004);
- **Devolved decision-making**: new environmental governance arrangements are often developed and tailored to meet local needs; and, decision making responsibilities are moved towards the front lines in agencies and organizations (Cairney, 2009; HMT, 2004);
- **Context based integration**: new environmental governance arrangements are considered to take in account their social, political, and legal history and context (Sarra, 2011);
- **Ongoing learning and readjustment**: new environmental governance arrangements are repeatedly found to be flexible and open to readjustment as a result of mutual learning by
the actors involved (Hertier, 2002; Scott & Sturm, 2006).

2.2 Structure of new environmental governance arrangements
Where the above set of characteristics has a focus on the development of new environmental governance arrangements, the second set of characteristic discussed in the literature has a focus on the actual structure or design of the arrangements. The following characteristics recur throughout the literature:

- **Flexibility**: where traditional governing relied on direct regulation, new environmental governance arrangements come in a wide range of forms to meet local characteristics, actors, and interests – i.e. from information disclosure to self-imposed performance standards, and from grants to administrative or legal support (Hoffmann, 2011; Holley et al., 2012);

- **Transparency**: as a result of the particular development process, and the (assumed) power balance between the actors involved, new environmental governance arrangements are considered to achieve high levels of transparency. Further, where traditional governing relied on state-actors to obtain compliance information from those regulated, many new environmental governance arrangements rely on compliance information supply by their participants (Ansell & Gash, 2008; Carrigan & Coglianese, 2011).

- **Soft law mechanisms**: instead of relying on sanctions for non-compliance, mechanisms such as benchmarking, sharing of best-practices and guidelines, and peer pressure through naming and shaming are used to ensure participants follow the new environmental governance arrangement’s internal rules (Scott & Holder, 2006; Scott & Trubek, 2002).

- **Target and results orientation**: aiming for innovative solutions by their participants, new governance environmental arrangements do not rely on prescriptive regulations, but are characterized by an outline of targets and expected results, and the statement of a deadline to meet these (Carrigan & Coglianese, 2011; Darnall & Carmin, 2005; Jänicke & Jörgens, 2006).

2.3 Critique to new environmental governance: is new environmental governance a panacea for situations where markets or hierarchies fail?
Although much is expected from new environmental governance in terms of successfully addressing environmental risks, the literature is critical to new governance as well. As a practice new environmental governance may be criticized for lacking the political accountability structures of more traditional forms of governing: ‘The heterarchical character of new governance makes it an
uneasy fit with the idea of principal-agent democratic accountability’ (Smismans, 2008, 875). And, to a certain extent, new environmental governance is outside the realms of law, which may strengthen this accountability deficit (Scott & Holder, 2006). Further, in practice new environmental governance generally entails the establishment of elitist rather than democratic networks. As a result of self-selection already powerfully positioned actors gain more power (De Burca, 2010). Then, the ability of businesses’ ability to manage the environmental risks they create may be overstated. Theoretically self-regulation, or self-management may be expected to result in innovative risk reduction solutions, empirical evidence show that businesses have difficulty to deal with the freedom provided (Hutter, 2011). Finally, in practice new environmental governance arrangements appear based on ideological preferences, rather than on a careful assessment of the problems at hand, and the actors and interests involved (Delmas & Young, 2009).

As a theory new environmental governance is criticized for being too totalizing, too open, and setting too high expectations. This may partially be due to a scholarly tendency to focus on success stories, leaving aside the opportunity to learn from failures. New environmental governance may run the risk of being considered a panacea for complex societal problems where markets or hierarchies have failed (De Burca, 2010). As empirical research shows, new environmental governance is not a one size fits all solution. A particular new governance arrangement may be a success in one context but not in the other, or be a success for a certain set of actors in a context but not for other actors in that context (e.g. Holley & Gunningham, 2011; Hutter, 2011). Further, as empirical research often lacks to support theoretical claims made (De Burca, 2010; Delmas & Young, 2009; Gunningham, 2009a, 2009b; Holley & Gunningham, 2011), new environmental governance theories may, like its practice, be critiqued for being highly normative (Backstrand et al., 2010; Hoffmann, 2011).

3 New environmental governance arrangements in the Australian buildings sector
New environmental governance arrangements in the Australian buildings sector appear to have emerged to fill up gaps in Federal policies and programs in the buildings sector. That is not to say that there are no Federal policies and programs that to improve the environmental performance of the buildings sector. On the contrary, from 2003 onwards energy efficiency standards were introduced in the Building Codes of Australia (BCA, regulating the construction of new buildings in Australia) aiming to reduce carbon emissions attributable to the operation of buildings (ABCB, 2010). Over the years these energy efficiency standards have been increased in stringency. Further, in 2004 the National Framework for Energy Efficiency was introduced (Australian Government, 2004). This National Framework has a strong focus on the construction sector and aims to improve levels of
minimum energy efficient design standards; to bring energy efficiency measures to the attention of key-decision makers; and, to demonstrate the benefits of energy efficient technology. Also, in 2009 a National Partnership Agreement on Energy Efficiency was signed by the States and the Federal Government, which, again, introduces more stringent standards to the energy efficiency of buildings (COAG, 2009). Finally, in 2010 the Building Energy Disclosure Act was introduced. This Act mandates the disclosure of the energy performance of commercial office spaces larger than 2000m2. The Act follows on from, and formalizes an earlier voluntary energy disclosure tool, the National Australian Built Environment Rating, or NABERS (NSW Government, 2011).

Nevertheless, various studies on the Australian buildings sector question whether these Federal policies and programs are sufficient in meeting the complex problems faced (for an overview, see Bond, 2011). Two conclusions recur in these studies (AGO, 2006; Johanson, 2011; Maller & Horne, 2011): existing policies, legislative requirements and regulations in the Australian buildings sector pay too limited attention to potential improvements of environmental performance of the residential sector; and, they pay too limited attention to the existing building stock.

The various new environmental governance arrangements studied and data-collection

Various authors have discussed the implementation of governance arrangements, which add to the above discussed Federal policies and programs, and which aim to improve the environmental performance of the Australian buildings sector (e.g. Beatley, 2009; Kubler, 2007; Newman et al., 2009). The current research builds on a stratified sample of fifteen of such policies and programs in the Australian buildings sector that show a number of characteristics of new environmental governance arrangements.

These fifteen arrangements were selected based on an extensive internet-search using key words such as “sustainable development AND Australia”, “sustainable building AND Australia”, “green building AND Australia”, “sustainable construction AND Australia”, and “green construction AND Australia”. Appendix A provides a brief description of the individual arrangements studied; table 1 provides a summary.

In order to understand the development process of the new governance arrangements, their particular form, and their success/failure a series of in-depth face-to-face interviews was carried out (McCracken, 1988; Richards, 1996). Interviewees were selected using snowball sampling (Longhurst, 2003). This sampling resulted in a pool of 53 interviewees from various backgrounds – i.e. policy makers, administrators, investors, developers, architects, engineers, and property owners. These interviewees were selected for their expert knowledge on and experience with the one or more of the arrangements studied.
Interviews were based on a semi-structured questionnaire which provided a structure of checks and balances to assess the validity of findings (cf. Silverman, 2001). Further, interviews were recorded and transcribed into a report that was sent back to interviewees for validation (Fielding & Fielding, 1986). Note that interviewees were often aware of, and involved in more than one arrangement. The data were processed by means of a systematic coding scheme (Seale, Gobo, Gubrium, & Silverman, 2004) and qualitative date analysis software. By using this approach the data were systematically explored and insight was gained into the ‘repetitiveness’ and ‘rarity’ of experiences shared by the interviewees. Finally, a document study of existing information on these fifteen arrangements and existing research on new governance was carried out to cross-check the validity of the data and findings.

Table 1 – Overview of arrangements studied and their new governance characteristics

<table>
<thead>
<tr>
<th>Arrangement (implementation year*, jurisdiction)</th>
<th>Characteristics** (see section 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Development process</td>
</tr>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Green Star (2002, Australia wide)</td>
<td>x</td>
</tr>
<tr>
<td>Green Port Guidelines (2006, Sydney Ports)</td>
<td>x</td>
</tr>
<tr>
<td>Sustainable Development Grant (2007, Brisbane)</td>
<td>x</td>
</tr>
<tr>
<td>Lord Major Sustainability Grant (2007, Brisbane)</td>
<td>x</td>
</tr>
<tr>
<td>Resource Smart (2008, Victoria)</td>
<td>x</td>
</tr>
<tr>
<td>Building Innovation Fund (2008, South Australia)</td>
<td>x</td>
</tr>
<tr>
<td>EnviroDevelopment (2009, Australia wide)</td>
<td>x</td>
</tr>
<tr>
<td>Climate Smart Home Service (2009, Queensland)</td>
<td>x</td>
</tr>
<tr>
<td>1200 Buildings (2010, Melbourne)</td>
<td>x</td>
</tr>
<tr>
<td>City Switch Green Office (2010, Australia wide)</td>
<td>x</td>
</tr>
<tr>
<td>Environmental Upgrade Agreements (2011, Sydney)</td>
<td>x</td>
</tr>
<tr>
<td>Green Door (Queensland, 2011)</td>
<td>x</td>
</tr>
<tr>
<td>Better Buildings Partnership (2011, Sydney)</td>
<td>x</td>
</tr>
<tr>
<td>Smart Green Apartments (2012, Sydney)</td>
<td>x</td>
</tr>
<tr>
<td>Energy Efficiency Program (Adelaide, 2012)</td>
<td>x</td>
</tr>
</tbody>
</table>

* The year of implementation often does not correspond with the year when the development process of the arrangement started; the year of implementation is the year when the arrangement was formally announced as being open to participation.

** 1=Participation, participatory dialogue and deliberation; 2=Collaboration and consensus-building; 3=Heterarchy; 4=Devolved decision-making; 5=Context based integration; 6=Ongoing learning and readjustment; 7=Flexibility; 8=Transparency; 9=Soft law mechanisms; 10=Target and results orientation

Note: an ‘x’ implies the characteristic is present in the arrangement studied.
Assessing success and failure of new environmental governance arrangements

Much of the existing literature on new governance arrangements studies the development process of new environmental governance arrangements and questions the success of these processes in terms of the level of participation or collaboration (e.g. Backstrand et al., 2010; Gunningham, 2009a). Successful development processes then are those with high levels of participation or collaboration, or process that are highly inclusive. Most of the arrangements studied in the current research do show high levels of participation and collaboration in their development process, as indicated in table 1 (page 7).

Yet, a successful development process is no guarantee for an arrangement that will achieve success in terms of high environmental performance of those to which it applies. Assessing new environmental arrangements’ success in terms of high environmental performance as an outcome is however complicated. Given the newness of these arrangements data often lacks in terms of actual results – that is, in the buildings sector it takes years and sometimes a decade between the design and the construction of a building, and then it often takes a year of occupation to be able to gain insight in a building’s environmental performance. As many of the programs studied were implemented less than five years ago, currently limited data on the environmental performance of buildings within the program is available. As such, the risk of a research as the one presented here is that it cannot live up to its aim to make a priori statements on the success of the arrangements studied (cf. Dunn, 2003). Further, a number of ontological and methodological problems limited our possibilities to do so (e.g. Delmas & Young, 2009; Khanna & Brouhle, 2009). For instance, what would have happened without the new environmental governance arrangement? Or, how is the outcome affected by other factors than the new arrangement, and how do these factors interact with the arrangement?

To address this problem the current research studies expert judgments, as expressed by the interviewees, on the experienced success or failure of the arrangements studied. Success here was defined as the impact of an arrangement in terms of take up by participants (i.e. market coverage), the actions participants take and are willing to take and the environmental impact these may have (i.e. installing a solar panel, or fully retrofitting a building), and the speed of an arrangement’s growth (i.e. exponential). It is expected that these well-informed experts are most capable of discussing and understanding the potential impact and success or failure of the arrangements studied (cf. Dunn, 2003). In order to validate these expert opinions, data were cross-checked with existing documentation – triangulation; causal narratives for each arrangement studied were build based on a range of interviews with different experts involved in the arrangement and secondary documentation – process tracing; and, findings and inferences were shared with interviewees –
member checking (following on from, Creswell & Miller, 2000; Payne & Williams, 2005; Venesson, 2008).

4 Experts judgements on the effectiveness of new environmental governance arrangements in the Australian buildings sector

4.1 Limited success in terms of numbers, but a perceived new norm in the buildings sector

Interviewees were critical regarding the impact of the new environmental governance arrangements in terms of numbers of buildings built or retrofitted. To give some examples, in its ten years of existence roughly 400 projects have been certified under the Green Star arrangement, representing 18% of Australia’s central business district (CBD) office space (GBCA, 2012); since its initiation in 2009 roughly 40 projects have been certified under the EnviroDevelopment arrangement1; roughly 350 tenants, representing about 400 office buildings, have entered into agreements with local councils under CitySwitch; and, less than 10 Environmental Upgrade Agreements have been signed in Sydney, and less than 50 buildings currently participate in the 1200 buildings arrangements in Melbourne.2 These numbers are bleak in contrast with the vast size of the Australian buildings sector. For instance, only in the state of Victoria yearly about 45,000 residential buildings are built; and, currently Australia holds about 4,500 office buildings.3

Thus, in terms of actual buildings built or retrofitted under the various arrangements it may be argued that new environmental governance in the Australian buildings sector does not live up to its expectations. However, so explained interviewees, the new arrangements have created a noteworthy change in the top-end of the commercial buildings sector where property owners see the advantage of attracting clients that are willing to pay for the extra costs of buildings with high levels of environmental performance. In other areas of the buildings sector, and especially in the residential sector, interviewee accounts do report limited success as the owners of this property do not see the economic value of high environmental performance of their buildings. Table 2 provides a number of typical quotes from the interviews.

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1 Note: a project may consist of more than one building – even up to 300 homes in one of the EnviroDevelopment projects.
2 Data from: administrators in Sydney, 15/2/2012 #39; Brisbane, 2/2/2012 #30; Sydney 15/2/2012 #41; Sydney 16/2/2012 #42; Melbourne 17/1/2012 #26.
Table 2 – Interviewees’ insights on the effectiveness of the new environmental governance arrangements in terms of buildings built or retrofitted

<table>
<thead>
<tr>
<th>Interview</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Building Council of Australia, 15/2/2012 #39</td>
<td>[Q: To what extent do you perceive a change towards more sustainable construction?] For the office market, yes, but other building types have a long way to go.</td>
</tr>
<tr>
<td>Sydney City Council, 16/2/2012 #42</td>
<td>If you are not [in a new environmental governance arrangement], if you not have significant environmental [performance] then there is a very significant risk of actually not being able to attract the premium tenants, and not having the actual capital returns of your buildings that you could have if you were green.</td>
</tr>
<tr>
<td>Lend Lease (major developer), 17/2/2012 #47</td>
<td>However, I should note that we are talking about the top-end of town here [where the new arrangements are taken up] e.g. government, blue-chip companies, financial institutions, lawyers, and accounting firms. But there is another level where the consumer does not currently see the benefit of green [sustainable buildings] and they don’t want to pay for it. And even if they do see the benefit, they probably are not willing to pay a premium for it. This is the next major challenge.</td>
</tr>
<tr>
<td>Mirvac (major developer), 17/2/2012 #45</td>
<td>In the top-end of the office market you have large tenants, major public companies or large private companies, who take multiple floors. They have made a public commitment to be a sustainable business. That’s driving it in terms of the outcomes of [the new environmental governance arrangement], or energy savings. But in residential, the mums and dads, you don’t have groups of people who come in and say: ‘We all want to buy this.’</td>
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</table>

However, although interviewees were critical to the success of the arrangements in terms of actual number of buildings built or retrofitted, they were positive about the existence of these new governance arrangements. Their positive views often related to earlier reported normative claims and expectations about new environmental governance (see section 2, this article).

In general, interviewees experienced that the new environmental governance arrangements have changed the awareness about environmental performance in the Australian buildings sector. The new arrangements were considered to have changed, and continue to change the perceptions of those involved in the buildings industry (i.e. developers, constructors, financers, property owners, home-owners, etc.) and ensure a “mainstreaming” of buildings with a high environmental performance in this sector. Interviewees stressed that high environmental performance was now considered to be the norm in the top-end of the commercial buildings sector, and expect that the various arrangements studied will achieve a similar change throughout other areas in the buildings sector. Table 3 provides a number of typical quotes from the interviews.
Table 3 – Interview insights on the effectiveness of the new environmental governance arrangements not in terms of buildings built or retrofitted

<table>
<thead>
<tr>
<th>Interview</th>
<th>Quote</th>
</tr>
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<tbody>
<tr>
<td>Sydney Ports, 15/11/2011 #19</td>
<td>The main aim of the [arrangements is] to initiate thought. To make companies start thinking about the sort of things that can be done, instead of saying to them ‘you have to do this’. And then to provide them with a range of options as examples. Then hopefully they can then sit down and say ‘we have never thought of this, but that is a good idea’</td>
</tr>
<tr>
<td>Sydney City Council, 15/02/2012 #34</td>
<td>The strength of [an arrangement] like this is that it creates a culture and a sense of this [high environmental performance in the buildings sector] is the normal way to do it.</td>
</tr>
<tr>
<td>Brisbane City Council, 31/1/2012 #27</td>
<td>You get to a tipping point where it becomes the norm. So we don’t have to actually intervene into what will happen naturally. It is about chipping away, and it is about finding our niches - where can we value add or facilitate [through new environmental governance arrangements].</td>
</tr>
<tr>
<td>Urban Development Institute of Australia (industry interest group), 2/2/2012 #31</td>
<td>The cycle is very long, but the [commercial] projects that you see in the last two or three years... I would say it is almost the norm of any project that you see, that it has on its very first page of the brochure that it has these features [as stipulated under a new environmental governance agreement].</td>
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</table>

4.2 A need for governmental regulation as a backdrop for new environmental governance arrangements

Although interviewees expressed high expectations for the potential of the new environmental governance arrangements to change perceptions in the buildings industry, they are concerned that the new arrangements will not be able to timely fulfil their potential. In other words, a changed perception about the importance of higher levels of environmental performance is one thing, but achieving actual results is something different. Interviewees questioned the value of the new environmental governance arrangements in the Australian buildings industry as these are, commonly, not compulsory. That is, participation in most new arrangements is voluntary.

Time and again interviewees stressed that the success of the new governance arrangements in terms of actual building built or retrofitted would gain from a less voluntary and more compulsory approach. Voluntary or quasi voluntary arrangements were considered to work only if those involved in it see an economical benefit for doing so. As highlighted above, in the top-end of the commercial buildings sector property owners may see a clear financial advantage as buildings with high levels of environmental performance may attract a clientele that is willing to pay a premium; yet, in the lower-end of the commercial buildings sector and in the residential buildings sector this financial gain is often less clear to building owners, who then were considered to be less willing to
voluntarily participate in a new environmental governance arrangement. Because of this low and slow uptake of new environmental governance arrangements, interviewees were particularly critical to the ability of new governance arrangements to timely meet the environmental risks faced.

As a solution to these issues and expecting to achieve the promise of the buildings sector to reduce its carbon emissions with about 50% (see the introduction to this article) interviewees, both representing governments and the buildings industry, expect more from government interventions, mandatory requirements and direct regulation. Table 4 provides a number of typical quotes from the interviews.

Table 4 – Interview insights on the role of government in the new environmental governance arrangements

<table>
<thead>
<tr>
<th>Interview</th>
<th>Quote</th>
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</thead>
<tbody>
<tr>
<td>Australian Sustainable Built Environment Council (industry lobby group), 16/11/2012 #21</td>
<td>There was a recognition that we as an organization could only go so far, that industry could only go so far, and that we needed government buy in to that. (…) We operate in an environment where the market drives a lot of things, but in certain areas there needs to be government intervention, or government regulation, or government participation in order to push or progress the agenda to the point where it needs to move to.</td>
</tr>
<tr>
<td>Australian Green Development Forum, (industry interest group), 3/2/2012 #33</td>
<td>The speed in which we react is out of sync with the problems we face. Although a lot of voluntary programs make sense, they are not fast enough in addressing problems. Regulation is needed. Yes, there is much change to be seen over the last ten years, but change has only occurred in the top-end of the construction market. The change in the lower end of the market is well behind to what we actually need.</td>
</tr>
<tr>
<td>Sydney City Council, 15/2/2012 #41</td>
<td>Mandatory is the way to go. And that probably is a funny answer from somebody who runs a voluntary program. Well, there probably is room for both. But if we make the changes in the timeline we need to make them, then we've got to toughen up here.</td>
</tr>
<tr>
<td>Adelaide City Council, 21/3/2012 #50</td>
<td>Mandatory has got far more rigor. It has far more capability for industry to commit to it. It removes the uncertainty for parties. Parties go into something knowing that there is less flexibility and that there are less tradeoffs. … While with [the new environmental governance arrangement] it comes down to the negotiating capabilities of the parties involved.</td>
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</tbody>
</table>
use a label, or other sign indicating participation for marketing purposes. With this, participants can distinguish themselves from non-participating competitors in the market. As such the new arrangements were considered to provide a market pull for leaders. Yet, interviewees noted that laggards or less ambitious players in the market may need a government push to move into higher levels of environmental performance. Further, new environmental governance arrangements allow for experimentation beyond the minimal regulatory requirements as laid down in the building codes of Australia, yet these building codes were generally considered to be needed to guarantee, or at least stipulate, a minimal level of environmental performance for the buildings sector. The new arrangements were considered to set new benchmarks, which ultimately may increase the requirements as laid down in the building codes of Australia. Finally, interviewees expect an increase in the uptake of the new arrangements with the recent introduction of carbon pricing in Australia – the ‘carbon tax’. This as the arrangements provide participants with solutions to reduce their carbon emissions and hence help them to save costs. Table 5 provides a number of typical quotes from the interviews.

Table 5 – Interview insights on a combination of direct regulation and new environmental governance arrangements

<table>
<thead>
<tr>
<th>Interview</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne City Council, 17/1/2012 #26</td>
<td>[Governmental] regulation is very hard to change. The building code is a five-year process to change. So you can say: all these things should be in regulation, but then it forces leadership into something traditional. You won’t help businesses to build something that is leading, or on the edge and a good investment at the same time.</td>
</tr>
<tr>
<td>South Australian Department of the Environment and Natural Resources, 22/3/2012 #51</td>
<td>You always need a pull and a push. Voluntary measures create a pull in the market, and then we come along with a push from minimum standards to get rid of the worst-performers. But you still want to pull the people more at the [front end of the market], than having them just sitting above the minimum standards.</td>
</tr>
<tr>
<td>Sydney City Council, 15/2/2012 #41</td>
<td>Obviously, being involved in the program isn’t mandatory but with carbon pricing, it’s becoming more important for businesses to prioritize energy efficiency.</td>
</tr>
</tbody>
</table>

5 Discussion and conclusion: lessons for the design and implementation of new environmental governance arrangements

This article addressed a contemporary trend of new environmental governance arrangements. Existing scholarships speak highly of these arrangements in their potential to achieve higher levels of effectiveness than traditional direct regulation. This hypothesis is however difficult to assess as
many new governance arrangements are too novel to provide us with results that can be contrasted with results from traditional direct regulation or ‘old’ governance. However, given the imminence of the environmental risks these arrangements aim to tackle, and the attention they currently gain in both scholarship and policy practice we need to know whether first experiences with these new environmental governance arrangements point towards the direction of success, or not.

This then was the aim of the current article: gaining an early insight into the effectiveness of a range of new environmental governance arrangements in the Australian buildings sector. A stratified sample of fifteen arrangements, that met a number of new environmental governance characteristics, was comparatively studied based on a series of interviews with over 50 experts within these arrangements. Understanding the care with which the, mostly qualitative and anecdotal, data collected need to be treated, three findings stand out that are relevant to our future thinking of new environmental governance.

First, overall, the fifteen arrangements studied here do not live up to their theoretical expectations in terms of effectiveness. Partly this has to do with the infancy of the arrangements studied. Over half of these were less than three years in force. That said, even the success of the most prosperous, and most mature arrangement studied, Green Star, may be considered moderate. Over its ten-year life span, roughly 400 projects have been certified as meeting criteria, which indicate higher levels of environmental performance – with a highest take up in the office market (18%). In short, the early-day evidence presented in this article does not point toward the direction of clear success of new environmental governance arrangements in terms of effectiveness – both in terms of actual numbers and swiftness.

Second, although the limited success in effectiveness, interviewees discussed a transformative function of new governance arrangements. According to the interviewees the strengths of the new arrangements lies in their potential to achieve a change in perception of and attitude towards buildings with high levels of environmental performance in the buildings industry. Such change of attitude may be an outcome of the deliberative and collaborative development process of the arrangements. Actors in the buildings industry may learn valuable lessons by thinking about solutions to a commonly shared problem – that is, carbon emissions and their impact. Such reasoning echoes the discussed highly normative expectations on the capabilities of new environmental governance discussed in the literature, but does, however, not provide irrefutable evidence that these normative expectations actually materialize.

Third and final, environmental governance arrangements in the Australian buildings sector are commonly voluntary in terms of participation. Interviewees stressed the importance of backing up these new arrangements with mandatory requirements if significant reductions in carbon
emissions are to be reached timely. This finding stresses other critical assessments of new environmental governance that new arrangements may perform best in the shadow of hierarchy (cf. Backstrand et al., 2010; Gunningham, 2009a; Hertier & Lehmkuhl, 2008).

To round up, in one of the interviews (Sydney City Council, 16/2/12 #42) an administrator of a new environmental governance arrangement questioned

Is this [new environmental governance] the silver-bullet? Probably not. But it is just another angle I think we have to try out and we will see the results over the next years.

Based on the above discussed research it may be concluded that such a ‘wait and see attitude’ towards new environmental governance arrangements is not in place. Policy makers, practitioners and scholars continuously need to monitor these arrangements’ performance. Normative expectations of these arrangements may very well be too blinding to accept that this new experimental form of environmental governance will not bring the expected results.
Appendix A – overview of the voluntary governance arrangements studied

1. **Green Star** (2002, Australia wide)

   Green Star is a *best-of-class benchmarking* tool that provides developers to distinguish buildings with high levels of environmental performance from buildings with lower levels of environmental performance. The tool was developed by the Australian Green Building Council – a public company limited, whose board members represent industries and governments. The tool aims to help the property industry to ‘reduce the environmental impact of buildings, improve occupant health and productivity and achieve real cost savings while showcasing innovation in sustainable building practices’. Participants may use the promotional ‘Green Star’ logo.

2. **Sustainable Port Guidelines** (2006, Sydney Ports)

   The Guidelines provide information and assistance to sustainable development in a port environment. In order to meet the arrangement’s requirements, developers on Sydney Port lands have to show the environmental performance of their development. A checklist is used as measurement tool. Sydney Port does not require its tenants to achieve a certain level environmental performance. Through the Guidelines and the checklist it aims to raise its tenants’ awareness, and provides them with helpful and workable approaches to improve their environmental performance.

3. **Sustainable Development Grant** (2007, Brisbane)

   The Sustainable Development Grant may be characterized as a competitive *best-performance grant* that aims to take away the first-mover disadvantages faced by developers in designing innovative solutions that may result in an improved environmental performance of commercial buildings. A system of criteria was introduced to ‘score’ the sustainability performance of grant applicants’ developments. The criteria moved above and beyond the criteria in the Building Codes of Australia. If a threshold score was reached, the applicant would receive a grant. Higher scores correspond with greater levels of sustainability and would attract greater financial grants. This Grant program was terminated in 2011 after the Queensland floods.

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4 Information from interviews and: [www.gbca.org.au](http://www.gbca.org.au)
6 Information from interviews and: [www.brisbane.qld.gov.au](http://www.brisbane.qld.gov.au)
4. **Lord Major Sustainability Grant (2007, Brisbane)**

The Lord Major Sustainability Grant follows the Sustainable Development Grant discussed above, but had a focus on non-commercial and residential buildings.⁷


Under the caption of ‘ResourceSmart’ the Victorian Government runs a number of programs. Besides encouraging people to be more considerate in using resources through informational and educational material, ResourceSmart provides a range of financial incentives. Among others, households and businesses can get rebates on energy and water efficiency improvements.⁸


The Building Innovation Fund is a competitive best-performance grant and follows the structure of the Sustainable Development Grant discussed above.⁹

7. **EnviroDevelopment (2009, Australia wide)**

EnviroDevelopment is a best-of-class benchmarking tool, following the structure of Green Star discussed above. The arrangement is developed and administrated by the Urban Development Institute of Australia (UDIA) – a not-for-profit industry body.¹⁰

8. **ClimateSmart Home Service (2009, Queensland)**

Under the ClimateSmart Living program the Queensland Government provides competitive best-performance grants, rebates and funding to households and businesses, aiming at a voluntary improvement of their buildings’ environmental performance. In addition, the Council provides voluntary house-to-house inspections under the Climate Smart Home Service.¹¹


1200 Buildings addresses a particular problem for owners of commercial property: the difficulty to obtain funding for retrofitting their buildings. Banks are often risk averse to provide such funding as currently there is no business case that the cost of the retrofit will represented in an increase in the buildings’ market value (cf. Pivo, 2010). Under the arrangement the City of

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⁷ Information from interviews and: [www.brisbane.qld.gov.au](http://www.brisbane.qld.gov.au)
⁹ Information from interviews and: [www.sa.gov.au](http://www.sa.gov.au)
¹¹ Information from interviews and: [www.climatesmart.qld.gov.au](http://www.climatesmart.qld.gov.au)
Melbourne enters into agreements with commercial property owners and finance providers to overcome this financial barrier. Under the arrangement, the finance provider lends funds to a building owner for environmental upgrades to its buildings, and this loan is repaid through a local council charge on the land – i.e. the local council charges a fee, which is then used to pay off the loan. The agreement states the future environmental performance that is to be achieved, and stipulates a time frame for achieving this result.  

10. **City Switch Green Office** (2010, Australia wide)

CitySwitch Green Office is a national program aiming to improve the energy efficiency of Australia’s office space. The program is administered by local Councils and State governments and serves as a platform for office tenants to learn about energy efficiency, share information, network, and showcase good practices. Some local Councils (e.g. the City of Sydney, the City of Perth, and the Willoughby City Council) provide financial incentives to CitySwitch participants, whilst in other Councils no financial incentives are provided. Participants may use the promotional ‘CitySwitch Green Office’ logo.  

11. **Environmental Upgrade Agreements** (2011, Sydney)

This arrangement mirrors 1200 Buildings as discussed above.  

12. **Green Door** (Queensland, 2011)

Green Doors aims to take away legal barriers that may stand in the way of implementing innovative solutions in the buildings sector. The Queensland Government works collaboratively with the development industry, local governments and referral agencies to identify the most sustainable development proposals in Queensland and helps these to overcome regulatory barriers, and fast-tracks these through the development application process.  


The Better Buildings Partnership is an alliance of the City of Sydney and 13 major commercial landlords representing approximately 60 per cent of the office floor space across Sydney’s CBD. Through the Partnership these organisations aim to overcome existing barriers landlords face in

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13 Information from interviews and: [www.cityswitch.net.au](http://www.cityswitch.net.au)
improving the sustainability performance of their buildings, and to achieve substantial improvements of the environmental performance of their buildings.\textsuperscript{16}


Through the Smart Green Apartments program the City of Sydney provides competitive \textit{best-performance grants} to owner corporations to improve their buildings’ environmental performance. The subsidy covers the auditing of a building’s energy and water efficiency, and the costs of obtaining advice on how to improve the building’s environmental performance.\textsuperscript{17}


This arrangement mirrors the Climate Smart Home Service as discussed above.\textsuperscript{18}

\textsuperscript{16} Information from interviews and: www.sydneybetterbuildings.com.au
\textsuperscript{17} Information from interviews and: http://www.cityofsydney.nsw.gov.au
\textsuperscript{18} Information from interviews and: http://www.climatechange.gov.au/government/initiatives/lieep.aspx
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