

Articles

Sustainability –the win/win opportunity

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The future of Sustainability is, rather unfortunately, already here.

These last weeks have seen the front page of the Sydney Morning Herald highlighting the issues of climate change. The release of the Stern Report in London, the ravaging effects of the drought around Australia, the Murray river running out of water within 6 months, the rate of melting ice caps drastically increasing. This is not sensationalism. This is actually happening! Right in front of us.

So in many ways the climatic impact of climate change has begun.

But there are many other areas that climate change is going to affect all of us and the Aged Care industry is no exception.

The government has already shown its hand by the enshrining of basic energy efficiency legislation, Australia wide, through the BCA and the Section J requirements which are applicable to all classes of buildings.

In NSW, any construction project that receives a CC (Construction Certificate) after November the 1st 2006, must comply with the section J Energy Efficiency requirements or in the case of residential projects the BASIX requirements. In the overall scheme though these are really minimal requirements that will surely become more prescriptive and demanding as the consequences of our greenhouse gas emissions and rampant energy waste becomes more apparent.

In addition, the Section J requirements don't even consider water controls yet so it is inevitable that water use and its control will become the next issue enshrined in nationwide building regulations through the BCA. The BCAB (Building Codes of Australia Board) is suggesting that water control will be part of the BCA by 2008.

While digesting this information remember that these requirements are based on the current, very cheap cost structure of our limited Natural Capital.

The capital economy will ensure that the cost of power and water will only increase significantly in the shorter term as the supply runs out. That is the basis of our capital based economy –supply and demand.

Therefore the business that understands and acts on the fact that the scope of these restrictions and the related legislation are only going to increase and that the costs of these Natural Capital items will also increase at a rapid rate over the next few years is the smart business.

Why? Because their running costs will decrease and their operational profit will increase. Their 'net rate of return' will benefit.

While we are examining legislative requirements one has to ask the question about how long it will be before the Commonwealth Government, in an effort to enforce sustainable practice on all recipients of government funding, ties their Aged Care funding support to prescribed sustainable outcomes for Aged Care projects?

The legislative side is not the only aspect of the future of sustainability though.

The recent polls carried out over these last few weeks by the Lowy Institute and assorted newspapers etc indicate that over 78% of the community is very concerned about the effects of climate change. These polls have also shown that the community will be prepared to pay more in order to assist with reducing the effects of climate change. If you run your business on a sustainable basis, then the smart business will have the opportunity to charge less for what people are willing to pay more for!

Surely the company that addresses these community concerns by ensuring their business is implementing sustainable practice into their facilities and operations, is going to be more in demand than their competitor who isn't.?

Surely the 'competitive advantage', the 'point of difference', is what will assist your business in their marketing and promotion and will increase demand for your sustainable facility. This will in turn increase efficiencies of scale and reduce non productive vacancies and the impact that has on cost per bed.

As we discussed in our earlier articles, a sustainably designed, built and operated

facility is documented to be significantly more comfortable and healthier to live and work in than a building that has minimum or no sustainable attributes. At this stage we must remember that by defining sustainability as a desired outcome your building will by definition, include improved comfortability and internal environment quality for all occupants as a design prerequisite. These are two major components of sustainability. Another marketing advantage?

This improvement in sustainable outcomes will also promote innovation in design in Aged Care. As the resident demographic in Aged Care changes to cater for 'baby boomers' and future generations, their expectations are going to be different to what the current generation requires from an Aged Care facility. The sustainable facility will be much more attractive to this new demographic (and their children who actually organise the care path of their parents).

Already we are seeing the design basis for Aged Care changing from a health care /hospital style basis to a community/resort care basis to cater for this changing demographic.

As we look to the future in the way we design, build and operate our facilities, it is important to keep in mind the following in relation to a sustainable approach.

- Increased energy and water costs
- Reduced availability of water
- Reduced availability of staff
- Will Green Star ratings be introduced for Aged Care?
- BCA Requirements will only become stricter
- Residents and staff demand improved comfortability
- Residents ,OH and S requirements as well as staff demand improved Internal Environment Quality
- Corporate social responsibility benefits
- Will reduced finance rates be linked to sustainable outcomes?
- Will Commonwealth funding legislation require it?
- Improved marketability of facility
- Remember the competitive advantage
- Will Social justice demand it?
- Will you be the market innovator?
- Remember the point of difference
- Will our resident's children demand it?
- Decreased green house emissions
- Greatly improved environmental footprint
- Improved social conscience
- Improved profitability
- The win/win situation

As we are all becoming more aware and as this series of articles has shown ,the sustainable approach ,of doing more for less, makes smart business sense. It can only benefit your residents, your staff, your business, your profit.

And these benefits can only increase their rate of return to your investment the more the embedded costs of running your business increase.

Environment + Profit = Sustainability.

Can you afford to be left behind?