Nationwide House Energy Rating Scheme

Annual Report 2015-2016

September 2016

Contents

1. Introduction

This Annual Report has been developed in accordance with the NatHERS Strategic Plan 2015-2018, Action 7.5. This item relates to bolstering the Monitoring and Evaluation of the Scheme, and sets the goal to "Publish an annual report on the outcomes of NatHERS against the Key Performance Indicators (KPIs) and include statistics from software providers and Assessor Accrediting Organisations (AAOs)."

As the Scheme's Strategic Priorities are currently being reviewed based on activities undertaken in the last year, and new KPIs are being established, this document reports on the current status and progress made on the Strategic Priorities and the Actions set out in the Strategic Plan in its current form. All future Annual Reports will report on the status and progress made on the revised Strategic Priorities and new KPIs.

This report provides an overview of key activities completed under each of the five Strategic Priorities outlined in the Strategic Plan:

1. Governance and program management

2. Accreditation of rating tools

3. Encouraging research and development

4. Industry skills and capability

5. Monitoring and evaluation.

For each of the Strategic Priorities a table has been included of the Actions outlined in the Strategic Plan and a report on the progress for each activity during 2015-16. Changes to priorities are noted, as are items where activities have been postponed.

NatHERS underwent significant change in the 2015-16 financial year, including the introduction of the Certificate IV requirement for accredited assessors and the protracted accreditation process of BERS Pro. In addition, a Governance Review has triggered a number of new activities and changes to administration. In combination with incremental changes in priority, these have meant that some activities have not progressed as expected during the 2015-16 financial year.

While these changes to administration have presented challenges to some processes, they have refined and brought better definition to others, such as in the updated AAO Protocol and the software update processes, both of which should better strengthen the Scheme's goals in the future. Notable progress was also made in NatHERS communications, with the introduction of new stakeholder engagement activities, production of NatHERS videos and a complete rebuild of the NatHERS website to promote greater awareness and understanding of the Scheme to the general public.

2. Report against the Strategic Priorities

2.1 Governance and program management

Strategic Goal: NatHERS will improve the effectiveness and efficiency of its management and create clear roles and responsibilities and decision-making processes in the areas of governance, operating procedures, protocol setting and administration, risk management, and stakeholder engagement.

Key Achievements

- Governance and Operational Review – An independent review of NatHERS was completed and key actions identified to improve the Scheme. The progress made here in 2016 sets strategic direction for the Scheme as a whole, and identifies substantial opportunities for improving the Scheme.

- Australian Building Codes Board (ABCB) Memorandum of Understanding (MoU) – The use of NatHERS to demonstrate compliance with requirements in the National Construction Code (NCC) gives the Scheme a regulatory support function. Clarifying the terms of the relationship with the ABCB in 2016 through the establishment of a formal MoU, strengthens the Scheme's governance and operational processes.

Action	Deliverable	Participants	Status
a) Review NatHERS governance and decision-making process	**A revised administrative and governance arrangements document published on NatHERS website**	NatHERS Administrator (NA) Energy Efficiency Advisory Team (EEAT)	Independent governance and operations review completed by ACIL Allen Consulting in June 2016. Draft EEAT response published for comment in August 2016. Final response due to be published by October 2016 and actions commenced.
b) Finalise MOU with the Australian Building Codes Board (ABCB) on the working relationship between NatHERS and ABCB in relation to NatHERS software and its referencing in the NCC	**New MOU with ABCB**	NA ABCB	Complete. New MoU established and signed in July 2016.
c) Have annual reviews of this Strategic Plan and update accordingly	**Annual report to EEAT on implementation of Strategic Plan**	NA EEAT	Draft review of 2015-2018 Strategic Plan underway and due to be released by November 2016.
d) Develop a stakeholder engagement and communications plan to promote the benefits of NatHERS and to make all stakeholders and end-users aware of NatHERS developments	**A communications plan**	NA EEAT	Communication Plan 2015-2016 completed November 2015. Most of the planned activities were undertaken in the intervening time. Communication Plan 2016-2017 under development and due to be completed by November 2016. Public NatHERS Admin Service

Action	Deliverable	Participants	Status
			Charter also in development and details key communications and engagement deliverables for 2016-17.
e) Develop a six-monthly NatHERS e-newsletter for public distribution	**E-newsletter produced every six months**	NA	Issues released in December 2015 and June 2016. December 2016 issue in early development.
f) Manage and update the NatHERS website	**Up-to-date, accessible and comprehensive website**	NA	Website overhaul completed in May 2016. Maintenance and content updates ongoing, including promotional video content.
g) Identify opportunities to promote NatHERS in relevant publications and forums (details to be put in Communications Plan)	**Articles and references to NatHERS in the public domain**	NA EEAT	Several articles posted in home improvement publications. Further action is underway and focussed on specified stakeholder groups, such as certifiers, architects, and assessors.
h) Hold annual stakeholder workshop to review progress on the Strategic Plan	**Stakeholder workshop**	NA EEAT	Outcomes and progress of Strategic Plan discussed at workshop in May 2016. Next workshop scheduled for May 2017.
i) Revise and implement the Standard Operating Procedures for NatHERS administration tasks undertaken by the NatHERS Administrator.	**Standard Operating Procedures in place and used**	NA	A number of NatHERS Administration Standard Operating Procedures (SOPS) were drafted and updated in 2015-16. Updating and development of new SOPs is ongoing.
j) Register the NatHERS name as a trademark alongside the existing trademark of the NatHERS logo to allow action to be taken against instances of misrepresentations of NatHERS ratings and endorsements	**Name registered with IP Australia**	NA	Complete. Both the full name and NatHERS acronym were registered in June 2016
k) Prepare an awareness program for building certifiers about the role of the NatHERS universal certificate in building compliance	**Communications plan and material**	NA EEAT	Universal Certificate video released in August 2016. Consultation underway to improve resources for certifiers. Fact sheet in development.
l) Revise the terms of reference (TOR) for the	**New TOR for the TAC**	NA EEAT	New TOR set in October 2015. Review underway

Action	Deliverable	Participants	Status
Technical Advisory Committee (TAC)			and due to be completed by end 2016.
m) Appoint new TAC members	**TAC meeting organised**	NA	New TAC members appointed in October 2015. Next round of appointments proposed for October 2017.

2.2 Accreditation of rating tools

Strategic Goal: The consistency of NatHERS accredited tools with the benchmark software will be improved and all updates of software will be managed in a way that provides certainty and sufficient time to adjust for software providers, assessors and the housing industry.

Key Achievements

- Software Updates – To remain current with recent science and respond to the needs of new technology, NatHERS software must maintain a cycle of continuous development. Substantial progress was made during 2015-16 to update the climate files and fix bugs.

Action	Deliverable	Participants	Status
a) Review and update the NatHERS Software Accreditation Protocol to provide certainty to software developers and users about the process for the updating and release of NatHERS accredited tools	**New Protocol published on the NatHERS website**	NA EEAT	Development of the new Software Accreditation Protocol extended into 2016-17 to incorporate new directives arising from the Governance Review.
b) Implement clear consultation times to introduce new versions or changes to the NatHERS tools.	**New Protocol includes agreed consultation timeframes.**	NA EEAT	Timeframes for consultation will be detailed in the updated Software Accreditation Protocol in 2016-17.
c) Release dates for software to align with the NCC dates, with a standard transition period.	**Software timing dates and transition periods stated in the Protocol.**	NA EEAT ABCB	Discussions commenced with stakeholders in 2015-16 on aligning Chenath updates with NCC 2019. These processes will be further defined in 2016-17.
d) Plan next update of software to include: new climate files and other changes as agreed by the Steering Committee.	**New update of NatHERS software implemented.**	NA EEAT TAC ABCB	Climate files update work progressed. New project prioritisation list drafted and due to be approved by October 2016, followed by implementation.

Action	Deliverable	Participants	Status
e) Develop a standard procedure and timetable for review and updating of the Technical Notes, and provide a suitable notice period to assessors of when changes will come into effect.	**Procedure and Timetable developed in alignment with the Software Accreditation Protocol**	NA EEAT TAC	Procedure and Timetable scheduled for development after updated Software Accreditation Protocol established.

2.3 Encouraging research and development

Strategic Goal: The benchmark software and the accredited software tools will have improved functionality and ability to accurately model building thermal performance.

Key Achievements:

- Research Collaboration – Maintaining the currency of the NatHERS software with new science and materials, and ensuring existing assumptions are robust, is essential to maintaining its efficacy as a modelling tool. Through 2015-16 the NatHERS Administrator worked on activities that improved the efficacy of the software tools, and engaged through the TAC and in collaboration with the CRCLCL to ensure the latest information has been included.

- The Technical Advisory Committee developed and prioritised a list of NatHERS software updates in 2015-16. This list is being used as a basis for the forward work plan and the 2019 National Construction Code updates.

Action	Deliverable	Participants	Status
a) Review the universal assessment certificate in response to the experience of assessors and certifiers and the results of NEEBP phase 2 projects.	**Amendments to the assessment certificate format if required.**	NA EEAT AAOs Software providers	NEEBP Phase 2 commenced and paper released. Additional work on NEEBP during 2016-17 will be used to inform a review of the certificate.
b) Encourage consistency in use of software tools by all assessors through investigating how internal rule and logic checks and help information from the Technical Notes can be incorporated into the software.	**Work with software providers to see what is viable. Incorporate any changes in the next version of NatHERS tools.**	NA TAC Software providers	Due to a change in priorities this activity was not progressed in 2015-16. It remains on the forward work plan.
c) Obtain agreement with CSIRO regarding the maintenance and further development of the Chenath engine.	**New MOU between the NatHERS Administrator and CSIRO**	NA CSIRO	Significant progress was made in 2015-16 on the CSIRO/NatHERS agreement. This will be finalised in 2016-17.

Action	Deliverable	Participants	Status
d) Research on the impacts to ratings from proposed expansion of the number of climate zones and update of climate files (and inform if a formal RIS is necessary)	**Preliminary Impact Analysis undertaken and presented to EEAT.**	NA EEAT EWG CSIRO	Preliminary analysis performed in 2015 and reported to EEAT in March 2016, but inconclusive results led to a call for an extension of research which now continues.
e) Look at design features and software settings for apartments as a growing sector of residential building	**Incorporated in the work program of the TAC**	NA TAC	Included in list of priorities for TAC during 2016-17.
f) Set priorities for technical improvements to software tools, incorporation of new products and associated research requirements	**List of prioritised software development projects**	TAC NA	New project prioritisation list drafted and due to be agreed by October 2016. Implementation of updates to follow after Committee endorsement.
g) Collaboration with other interested institutions to review the assumptions of the NatHERS benchmark software and the validity of its outputs.	**Incorporated in the work program of the TAC**	NA TAC CSIRO	This is an ongoing activity. Discussions with stakeholders on benchmark software assumptions continue through the NatHERS TAC. The CRCLCL is also progressing work in this area.
h) Liaise with the CRC for Low Carbon Living and leverage off relevant projects.	**Working relationship established and developed**	NA TAC EEAT CRC LCL	This is an ongoing activity. Engagement continues through meetings and events.

2.4 Industry skills and capability

Strategic Goal: The skill levels, competency and consistency of assessors will be improved, and designers, certifiers and builders will be informed about the appropriate use of rating tools.

Key Achievements:

- AAO Protocol – The AAO Protocol is a critical document that outlines the requirements that AAO's have to meet to be a NatHERS AAO. An update to the AAO Protocol was completed and published through the NatHERS website in March 2016.

- Certificate IV in NatHERS Assessment – The Certificate IV training for assessors in NatHERS software became a requirement for assessor accreditation in 2016.

Action	Deliverable	Participants	Status
a) Investigate impact and potential solutions if necessary to address take-up of Certificate IV by assessors	**Paper presented to the EEAT**	NA EEAT AAOs RTOs	The Certificate IV became a requirement for accredited assessors in 2016. Various stakeholders, notably the AAOs, have made submissions regarding the Certificate IV, and a formal review is scheduled to take place in early 2017.
b) Evaluate the effectiveness of the Certificate IV in association with relevant qualification bodies and including active engagement from the assessor industry	**Reform of the Certificate IV where necessary to better match competency requirements with industry needs.**	NA EEAT AAOs TAC RTOs	A review of Certificate IV is scheduled to take place in early 2017. Affected stakeholders will be consulted to inform the terms of the review.
c) Review the findings and develop strategies to address issues related to NatHERS that were raised in the National Energy Efficient Building Project phase one report and the phase two projects.	**Paper presented to the EEAT**	NA South Australia EEAT ABCB AAOs	Complete. NEEBP phase one recommendations supported the Review of NatHERS Governance Arrangements, reviewing the information provided on the Universal Certificate (expected in 2016-17) and improving communications to address misconceptions about NatHERS. No specific NatHERS recommendations resulted from NEEBP Phase 2.

d) Conduct another assessor benchmark study to measure level of assessor skills and capability and any change since the 2014 study.	**Benchmark study undertaken and results reported to EEAT**	NA AAOs	Discussions with stakeholders has indicated that a follow up benchmark study is not supported in the short term. The NatHERS Administrator is considering better ways to track and improve assessor skills and capability.
e) Investigate options to do QA reviews of assessments done by non-accredited assessors (e.g. through the software portals)	**Paper presented to the EEAT**	NA EEAT Software providers	Due to a change in priorities this activity was not progressed in 2015-16. It remains on the forward workplan.
f) Complete current update of the AAO Protocol	**New version of the AAO Protocol released on website**	NA AAOs	Complete. Update to AAO protocol published on NatHERS website in March 2016.
g) Investigate means for electronic linking of AAO assessor accreditation details and QA requirements with NatHERS software portals	**Automatic checking of assessor accreditation validity and level 1 QA of ratings when certificates produced by software portals**	NA AAOs Software Providers	Due to a change in priorities this activity was not progressed in 2015-16. It remains on the forward workplan.
h) Review the requirements for continuing professional development (CPD) to ensure they are contributing fully to improving assessor skills	**Update of AAO Protocol with revised CPD requirements**	NA AAOs	A new Protocol for AAOs came into effect in July 2016. The NatHERS Administrator will commence discussions with AAOs on CPD in 2016-17.

2.5 Monitoring and evaluation

Strategic Goal: Mechanisms will be put in place to monitor and evaluate the scheme, including the use of the software, the validity of ratings and performance of assessors.

Key Achievements:

- Reporting Framework – The establishment of a clear and consistent set of performance measures is necessary to maintaining a clear view of the operation of the NatHERS Administrator and the overall success of the Scheme in achieving its goals. An Annual Report has been completed, the Strategic Plan revised and KPIs established. These will be reviewed and monitored annually.

Action	Deliverable	Participants	Status
Undertake a scoping study into the development of a national ratings dataset, to provide jurisdictions and stakeholders with up-to-date and comprehensive information on new dwellings being constructed around Australia.	**Data management Issues paper for consideration by EEAT**	NA EEAT Software providers AAOs	Draft Issues paper produced in late 2015, scheduled for completion in 2016-2017 (and will need to incorporate data requirements to report on the final version of KPIs).
Develop a set of Key Performance Indicators (KPIs) to measure scheme effectiveness and administration.	**KPIs developed**	NA EEAT	Draft KPIs sent for comment to key stakeholders in August 2016, scheduled to be finalised in October 2016.
Publish an annual report on the outcomes of NatHERS against the KPIs and including statistics from software providers and AAOs.	**Annual report published on website**	NA EEAT	Complete. Annual Report scheduled to be published in October 2016.

3. Future Priorities

In the next annual report (2017), new elements will be introduced, including direct reporting against the new Key Performance Indicators, reporting against items from a new strategic priority area covering Stakeholder Engagement and any additional activities added to the throughout the year.

Various actions have been identified in each of the NatHERS priority areas as requiring particular focus and effort over the next year. Achievements from these action items are likely to be brought to the fore and highlighted in the 2016-2017 Annual Report.

Governance and program management

- CSIRO Memorandum of Understanding / Service Level Agreement – Through discussions held during 2016, significant progress has been made on the terms of a formal agreement, which looks set to be finalised in late-2016/early-2017.

Accreditation of rating tools

- Software Accreditation Protocol – An update to the Protocol scheduled for 2016 was pushed back to better incorporate new directives arising from the Governance Review. The updated Protocol is expected to be ready for publication in late-2016/early-2017.

Encouraging research and development

- Software Development Priority List – After consultation with the TAC this priority list is scheduled for submission to EEAT in October 2016, and implementation of updates to follow after Committee endorsement. The list will inform the forward work plan for software updates feeding into the 2019 National Construction Code update.

Industry skills and capability

- Certificate IV in NatHERS – An in-depth review of the curriculum of the Certificate IV is scheduled to take place in early 2017, as the first stage of a reform process. Affected stakeholders will be consulted to inform the terms of the review.

Monitoring and evaluation

- NatHERS Reporting – The new KPIs are scheduled to be finalised in October 2016, and the first round of reporting against them incorporated into the revised Annual Report in September 2017. During the year, work will be done to set up the reporting structures, including assessing and collating available data.

Public and stakeholder engagement

- Stakeholder Meetings – The Annual Stakeholder Update scheduled for May 2017, together with the outcomes of the quarterly meetings, will provide an important avenue for commentary and expert review of NatHERS activities.