

**KNOW
THE RATING
OF YOUR
BUILDING
PROFESSIONAL**

THE HOMEBUYER'S GUIDE TO CHOOSING
A RATED BUILDING PROFESSIONAL



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Foreword

When buying a home or investing in property, you want the certainty of a positive road ahead. You don't want to cross your fingers for luck and hope not to find defects after purchase that your builder can't or won't fix. Nor do you want the developer to go bust, jeopardising your deposit and the project.

The State of Consumer Confidence report by the Office of the NSW Building Commissioner found that 3 in 5 people believe the greatest challenge when purchasing an apartment is not knowing if it has defects. A third of residents don't trust developers, with 24% concerned that apartments are poorly constructed and 15% believing apartments are not built to last.

BOOSTING BUYER CONFIDENCE

The introduction of a star-rating system into the Australian home building industry aims to give certainty around one of life's biggest purchase decisions. By providing an independent perspective on the risk and quality of building professionals and their projects, buyers now have the transparency to make an informed choice. A choice made easier by knowing which businesses have the capability and sustainability to deliver with reliability and which do not.

Before you sign a contract, ask your building professional 'are you iCIRT-rated'? Their star-rating will depict their trustworthiness, likelihood of delivering a quality build, financial viability, and willingness to fix issues if they arise.



iCIRT STAR-RATINGS

This guide explains how iCIRT works and why it benefits homebuyers, investors and renovators to choose a highly-rated builder, developer or consultant. We hope this star-rating system gives buyers confidence in a positive road ahead based on a foundation of transparency and trust.

The transparency of trustworthiness is good for building professionals, purchasers, and the community who want to see quality players construct quality buildings.

A photograph of a woman and a young girl smiling and looking up at a house. The woman is on the left, wearing a red top, and the girl is on the right, wearing a denim vest over a light-colored top. They are both looking towards the upper right corner of the frame, where the roofline of a house is visible. The background is bright and slightly out of focus, suggesting an outdoor setting.

“THE iCIRT-RATING TOOL WILL BE AN ABSOLUTE GAME CHANGER FOR BUYERS. IT WILL CHANGE PEOPLE’S PURCHASING DECISIONS LIKE STAR RATINGS FOR FRIDGES, WASHING MACHINES AND CAR SAFETY HAVE.”

KAREN STILES

The Executive Officer
of the Owners Corporation Network

BUYER CONFIDENCE IN THE HOUSING MARKET



Did you know?



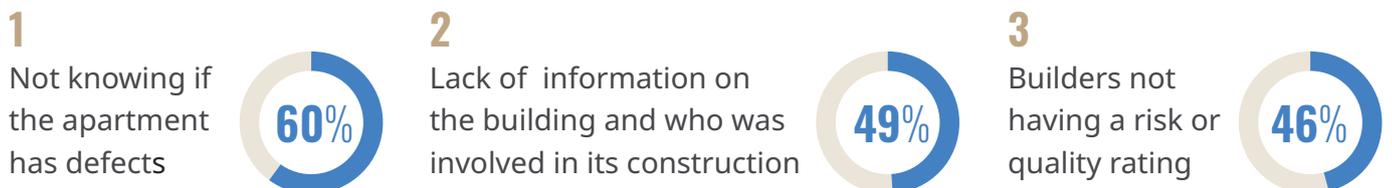
3 in 4 purchasers believe apartments provide a good return on investment.



But only 3 in 10 feel confident about buying an apartment.

What concerns property buyers

Top 3 challenges prospective buyers face when purchasing an apartment:



What will help boost confidence



Over three-quarters of prospective buyers agree that star-ratings will boost their confidence in purchasing an apartment.



2 in 3 buyers are willing to pay more for peace of mind.

Source: McCrindle, Research on consumer confidence to purchase apartments

WHAT IS iCIRT?

The Independent Construction Industry Ratings Tool (iCIRT) provides a star-rating outcome to help purchasers find trustworthy building professionals with whom to build, renovate or purchase a new home or apartment.

iCIRT was developed by Equifax in close consultation with the government, industry and market. It provides a rating from 0 to 5 stars – the more stars, the more confidence you can have in your developer and building professional.

To receive a star-rating, businesses undergo a rigorous and independent review process to determine their capability, capacity, and willingness to deliver a safe, compliant, durable building outcome.

Thousands of public-and-private-sector data points are pulled together to determine the trustworthiness of building professionals and the projects constructed. Data is assessed, scored and weighted across six eligibility criteria - Capability, Conduct, Character, Capacity, Capital and Counterparties. Refer to How Does iCIRT Work, page 11 for detail.

A 3-gold star rating or higher indicates a trustworthy business that demonstrates the characteristics to honour its commitments and fix issues if they arise. A low number of stars shows that the company or team exhibits higher risk or low-trust characteristics.



iCIRT-RATINGS ARE AVAILABLE TO EVALUATE: HOME BUILDERS, PROPERTY DEVELOPERS AND OTHER BUILDING PROFESSIONALS LIKE CERTIFIERS, DESIGNERS, ARCHITECTS, ENGINEERS, CONSULTANTS, PROJECT AND DEVELOPMENT MANAGERS.

REGULATED RATING AGENCY

The regulated credit rating agency Equifax Australasia Credit Ratings Pty Ltd (Equifax) conducts the independent data analysis and insights that inform the star-rating.

Please note that an iCIRT star-rating is not the equivalent of a credit rating. While iCIRT does draw upon credit records, it also considers many other data points across a broad range of financial and non-financial sources. iCIRT is not designed to give financial product advice nor recommend purchasing any particular built asset or entering into any engagement or arrangement.

Equifax Australasia Credit Ratings Pty Ltd is a wholly-owned subsidiary within the Equifax Group, a global data, analytics and technology company with a strong local presence in Australia and New Zealand.



“iCIRT IS A MASSIVE LEG UP FOR BUSINESSES LIKE OURS, WHO HAVE PUT ENORMOUS EFFORT, TIME AND ENERGY OVER MANY YEARS INTO DEVELOPING OUR SYSTEMS, PROCESSES AND STAFF.”

MARK MONK
Managing Director, Helm

WHO IS THE EQUIFAX GROUP?

Equifax is a global data, analytics and technology company that has operated in Australia for over fifty years.

As Australia’s leading information broker, commercial bureau, consumer bureau, and provider of background checks and counterparty risk services, Equifax helps consumers, financial institutions, companies, employees, and government agencies make critical decisions with greater confidence.

Drawing on data sources spanning 19.4 million credit-active individuals, 3.6 million companies and businesses and 3.4 million sole traders, Equifax creates the insights that power decisions during life’s pivotal moments. Buying a car. Applying for a home loan. Growing a business. Choosing a builder. These are all decisions we make in an ever-changing world for which we need to access the right information at the right time and in the right way.



WHY YOUR BUILDER SHOULD BE iCIRT-RATED

Make informed decisions about building professionals when buying your dream home or new investment property. Entrust your home build, property purchase or renovation to a skilled and iCIRT-rated building professional with a track record of doing the right thing.

Which of the following two scenarios would you prefer?

1 DEFECTIVE APARTMENT WITH A SHONKY DEVELOPER

When Hamish and Maddy decided to buy an off-the-plan apartment, they were blissfully unaware of the nightmare ahead.

Soon after moving into their new apartment, they noticed things were amiss. At first, it was poor soundproofing, with noises from the other flats and traffic seeming unbearably loud. Then the shower kept blocking. And after their first storm, they could see water leaking through the windows. Over time the defects mounted, and cracks began appearing in the internal walls and ceilings.

The couple, who have two children, had sunk their life savings into the purchase. For years they lived with their young children in a dilapidated rental, saving their money so that one day they would have enough to buy.

When that day finally arrived, they carefully researched developer websites and visited

display suites. They chose a company that came across as reputable and seemed to understand Hamish and Maddy's dream to give the kids their own bedrooms and enough space to entertain.

However the sad reality was that their home was riddled with defects. And each time Strata contacted the builder on the owner's behalf, they would get the runaround. Occasionally the builder would appear to do a quick fix repair job, but this only masked the issues, and they kept recurring.

Hamish and Maddy have been locked in battle with the builder for years. They are worried and have no confidence that the builder can adequately rectify the defects. The property they had saved so hard to buy is worth far less than the purchase price.



2

QUALITY APARTMENT WITH A TRUSTWORTHY DEVELOPER

Zahara and Lazar enjoy a celebratory toast in their new apartment as they watch their kids run around in excitement. There's a bedroom for each child, a deck large enough to accommodate friends for alfresco meals and a modern kitchen and bathrooms.

Looking back, they can't believe their good fortune that their apartment was constructed off the plan without a hitch and to such a high standard. They had looked at so many different apartment builds and visited so many display suites that it had been hard to tell them all apart. The developers they spoke to seemed at face value to be reputable, and their previous projects looked impressive.

Then Zahara and Lazar heard about iCIRT and the register of building professionals who, when comprehensively assessed, had achieved a rating of 3-gold stars and above. Knowing they were making the biggest purchase of their lives, the couple welcomed the opportunity to make an informed purchase.

After the terrible stories they had heard about dodgy builders, it was a relief to be able to look through the iCIRT Register of companies that had a proven record of quality and reliability. They decided only to allow iCIRT-rated developers on their shortlist.

When they chose their developer and paid their deposit, they did so with peace of mind. Based on the star-rating, they knew their developer was trustworthy because they had evidenced their capability and capacity to deliver high-quality builds.

Now Zahara and Lazar tell their friends never to leave it to chance when buying or renovating a property - always check the iCIRT-rating.



**TO ACHIEVE A POSITIVE
OUTCOME LIKE ZAHARA AND
LAZAR, CHECK YOUR BUILDER/
DEVELOPER IS iCIRT-RATED.
VISIT WWW.ICIRT.COM**

“iCIRT IS EXPECTED TO DRIVE SYSTEMIC INDUSTRY PROCESS AND BEHAVIOURAL CHANGE AS HIGH TRUST RATINGS WILL SORT THE GOOD PLAYERS FROM THE RISKY. TWENTY YEARS INTO THE TWENTY-FIRST CENTURY, THE INDUSTRY IS ON THE CUSP OF EXPERIENCING HOW PUBLIC CONFIDENCE IN A MORE RESILIENT BUILT WORLD IS BEING SHAPED.”

DAVID CHANDLER
NSW Building Commissioner



HOW DOES iCIRT WORK?

iCIRT SHINES A SPOTLIGHT ON RATED, TRUSTWORTHY BUILDING PROFESSIONALS.

Here is your guide to how the iCIRT star-rating can help you make an informed decision about your choice of builder and developer.

iCIRT REGISTER

The iCIRT Register contains details of trustworthy building professionals who have achieved a rating of 3-gold stars or above in the review process and have agreed to share their rating publicly.

Use the register to find a trustworthy building professional or to check if your builder, developer or consultant is listed.

A growing number of trustworthy builders and developers are commencing the independent and rigorous review process to obtain their iCIRT star-rating recognition. Not all building companies meet the rating criteria to be recognised on the iCIRT Register.

IF YOUR BUILDER ISN'T iCIRT-RATED, ASK THEM TO GET RATED AS EVIDENCE OF THEIR CAPABILITY AND INTEGRITY. VISIT WWW.iCIRT.COM

**SEARCH THE
iCIRT REGISTER**



“MIRVAC IS INCREDIBLY PROUD TO BE AWARDED THE HIGHEST POSSIBLE iCIRT-RATED 5-GOLD STAR BUILDER - THE RATING RECOGNISES THE BENEFITS THAT MIRVAC DERIVES FROM OUR IN-HOUSE TEAM THAT CONTROLS EVERY STEP IN OUR END-TO-END DELIVERY MODEL. MIRVAC IS A STRONG ADVOCATE FOR IMPROVED TRANSPARENCY AND BELIEVES iCIRT WILL HELP CONSUMERS MAKE AN INFORMED CHOICE WHEN BUYING A NEW HOME.”

STUART PENKLIS
CEO - Development, Mirvac

STAR-RATINGS

iCIRT gives developers, builders and construction professionals an iCIRT-rating of between 0 and 5 stars. If your provider has a rating of 3-gold stars or more, this indicates they are a trustworthy professional and more likely to produce a reliable outcome.

Star-ratings are formed from an objective and independent assessment across six assessment criteria: Capability, Conduct, Character, Capacity, Capital and Counterparties.

For a business to receive an iCIRT-rating it must undergo a rigorous, independent assessment by the regulated rating

Not Rated

0 STARS

**MORE
TRUSTWORTHY** →

Top Rated

5 GOLD STARS



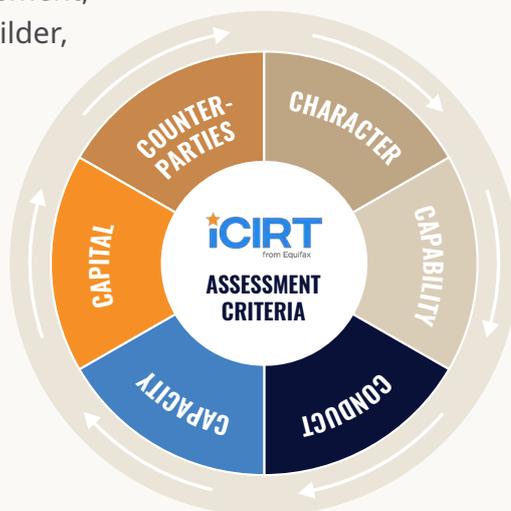
agency, Equifax. The assessment process is performed in accordance with the published iCIRT methodology.

The assessment includes early visibility into insolvency. There are early warning signs iCIRT detects before a company's demise. Star-ratings have been shown to fall over time as a company's financial situation deteriorates.

A wide range of data sources are drawn upon for analysis, including the examples listed below:

A data driven, holistic & performance based assessment, providing insights on a builder, developer or practitioner, considering:

- their past projects
- their related businesses
- the people behind those businesses
- and their key suppliers and partners.



iCIRT uses thousands of data points to evaluate 150 key attributes to determine the star-rating outcome:

- 20% relate to the business & its **key people**
- 20% cover **operations**, quality, safety & capability
- 25% court judgments, **compliance** & regulatory data
- 25% cover its **cash flow**, capacity and financials
- 10% include **related parties** and third-party risk.

EXPIRY & TERMS

Building professionals may display their iCIRT-rating on their websites and in their marketing material.



LOOK FOR AN IMAGE LIKE THIS ONE BELOW.



← Scan the QR code to find details about the rated business, including its ABN and ACN and when it was last rated.



This date tells you when the iCIRT-rating was awarded.

You can also find this date listed on the iCIRT Register alongside the company name. Most companies will seek to update their rating every 12 months.

The use of the iCIRT star-rating is subject to Equifax's terms, exclusions and/or disclaimers which are available at www.icirt.com/rating/registry.

“iCIRT IS GREAT FOR THE INDUSTRY AND WILL GIVE CONFIDENCE TO BUYERS BECAUSE, AT THE END OF THE DAY, WE’RE BUILDING HOMES FOR PEOPLE.”

DAVID CREMONA
Former Construction Director, Meriton

INCLUDE iCIRT CLAUSE IN YOUR CONTRACT

Your developer or builder might not yet have an iCIRT star-rating, but they have committed to getting rated in the coming months. You're keen to secure your purchase, but you also don't want to risk using a provider that isn't trustworthy.

What to do?

Ensure a clause is inserted in the Contract of Sale or Building Contract specifying your building professional is committed to obtaining a published rating within a specified timeframe. Here is a suggested template clause.

Template Special Condition for purchasers

Completion of this contract is subject to and conditional on the vendor obtaining a published iCIRT-rating above 3-gold stars within 6 calendar months of the date of this contract. If the vendor fails to provide evidence to the purchaser of a published iCIRT-rating being achieved within 6 calendar months of the date of this contract, the purchaser may, notwithstanding any other provision of this contract, elect to rescind this contract and shall not forfeit any part of the purchase price of the property.*

CHECK THAT THE CLAUSE IS IN PLACE BEFORE YOU PAY YOUR DEPOSIT.

Understand that if you decide to proceed without this clause, your builder's reluctance to be transparent may indicate risk ahead.

THE CLAUSE IS IN THE CONTRACT, BUT YOU STILL HAVEN'T SEEN THEIR RATING MONTHS LATER.

You have no obligation to proceed with the contract. If, before the specified period, the provider is still stalling on showing their rating, you have the choice to take your deposit elsewhere.

MAKE A CONFIDENT AND INFORMED CHOICE TO DISTINGUISH GOOD BUILDERS FROM BAD.

*Please seek independent legal advice to ensure the enforceability of this clause within the context of your broader sales agreement.

6 BENEFITS OF CHOOSING AN iCIRT-RATED BUILDER

VISIT THE iCIRT WEBSITE TO CHECK IF YOUR BUILD TEAM IS RATED

1

TRANSPARENCY

Your builder has shown the openness to participate in an independent, evidence-based analysis of their business.

2

QUALITY OUTCOMES

Build teams with higher published iCIRT-ratings have evidenced their ability to produce reliable built assets.

3

EARLY WARNING OF FINANCIAL TROUBLE

The iCIRT assessment process can identify companies in trouble a year or more ahead of insolvency. More than 90% of construction insolvencies* have been detected by iCIRT at least 12 months in advance.

4

LIFTING STANDARDS

You are helping put an end to shoddy standards and rogue operators. Shining a light on trustworthy builders drives the industry towards higher-quality buildings, incentivising the market to lift standards.

5

PEACE OF MIND

Less stress knowing your project is in good hands, and your hard-earned savings are being invested into a property that can be relied on into the future.

6

FEWER DEFECTS

Weeding out the bad apples results in fewer defects and less money lost in rectifying problems that should never have occurred in the first place.

*iCIRT's predictive capability has been tested across thousands of construction companies.

“iCIRT-RATINGS BEGIN A NEW ERA OF TRANSPARENCY FOR HOMEBUYERS AND THE CONSTRUCTION COMMUNITY. THEY PROVIDE AN OPPORTUNITY TO RECOGNISE THE MANY TRUSTWORTHY BUILDING PROFESSIONALS THAT HAVE DEMONSTRATED THE CAPACITY AND WILLINGNESS TO DO THE RIGHT THING.

INCREASINGLY, WE WILL SEE A GROWING DIVIDE BETWEEN THE RATED AND TRUSTED COHORT – AND THOSE THAT CONTINUE TO OPERATE IN THE SHADOWS.”

BRAD WALTERS

Head of Product and Rating Services, Equifax



FAQS

Q. WHY SHOULD MY BUILDING PROFESSIONAL BE iCIRT-RATED?

A. The iCIRT star-rating system will help you more easily identify building professionals with a proven track record, supported by objective evidence of capability to deliver buildings you can trust.

When purchasing a car, most buyers check on the quality via a rating and do their research. So why buy an apartment without knowing as much as possible about the seller?

Q. HOW DO I FIND OUT THE STAR-RATING OF A BUILDING PROFESSIONAL?

A. Go to the iCIRT Register and use the search/filter function to find a building professional.

Your building professional should also display their iCIRT badge, star-rating and QR code that confirms the details of their rating.

Q. WHO CAN GET AN iCIRT-RATING?

A. iCIRT-ratings are available to evaluate home builders, property developers and other building professionals like certifiers, designers, architects, engineers, consultants, project and development managers.

Q. IS IT VOLUNTARY FOR A COMPANY TO GET ASSESSED FOR AN iCIRT-RATING?

A. Yes, iCIRT is voluntary. The more buyers who ask their building professional for their iCIRT-rating, the more it will become an accepted way of doing business.

Q. IS THERE A COST TO USE THE iCIRT REGISTER?

A. There is no cost to access the iCIRT Register to see the status of a published rating.

Q. HOW IS THE DATA ACCESSED FOR THE iCIRT ASSESSMENT?

A. Information is gathered across thousands of data points from multiple sources. This includes information from the individual or business directly (contingent on the level of consent) as well as data that is sourced from a wide range of contributors, including the government, financiers, insurers, bureaus, and trade ledgers from hundreds of large suppliers.

Q. WHAT IF A LIMITED AMOUNT OF DATA IS AVAILABLE ON A BUILDING PROFESSIONAL?

A. No rating will be provided where the data is too limited or unreliable to determine an outcome.

FAQS

Q. DOES THE iCIRT REGISTER INCLUDE BUILDING PROFESSIONALS ACROSS AUSTRALIA?

A. Yes, a business is able to obtain an iCIRT-rating no matter where they reside in Australia.

Q. HOW DO I CHOOSE A BUILDING PROFESSIONAL THAT WON'T GO BUST?

A. Check if your builder or developer is listed on the iCIRT Register of trustworthy building professionals. The iCIRT assessment process can identify companies in financial difficulty at least 12 months before they go bust, causing their iCIRT star-ratings to fall to the lowest levels. If your building professional isn't iCIRT-rated, ask them to get rated as evidence of their capability and integrity.

Q. DO ONLY LARGE COMPANIES GET A GOOD iCIRT RATING?

A. The iCIRT methodology and scoring are proportional and weighted for different roles and business sizes. In this way, they provide a fit for purpose assessment on the building professional.

Q. DOES THE REVIEW EXTEND THE VISIBILITY TO THE COMPANY DIRECTORS AND ASSOCIATED PARTIES?

A. Yes. Among the thousands of data points assessed in an iCIRT-rating is information on a company's directors, shareholders, their related corporate interests, subsidiaries and associates.

Q. HOW OFTEN DO BUSINESSES NEED TO GET RATED?

A. Most companies will seek to update their rating every 12 months. You can find the date the company was assigned their rating by checking the 'review date' on the iCIRT Register. Older ratings that have not been updated will be shown as 'withdrawn'.

Q. DOES THE REGISTER LIST ALL COMPANIES THAT HAVE UNDERGONE AN iCIRT ASSESSMENT?

A. No, for a company to be listed on the iCIRT Register, they must achieve a minimum 3-gold star rating outcome from the iCIRT assessment process.

“INSURANCE PREMIUMS REFLECT THE COST OF RISK, AND iCIRT IS HELPING INSURERS EVALUATE AND PRICE RISK. WE USE iCIRT IN PRICING OUR 10-YEAR LATENT DEFECTS INSURANCE PRODUCT ON NEW BUILDINGS. TRUST DETERMINED THROUGH EVIDENCE-BASED RATINGS ENSURES CONFIDENCE AND PRICING BENEFITS FOR OUR INSURANCE PRODUCT.”

COREY NUGENT
CEO, Resilience Insurance



PROTECT YOURSELF.
ASK YOUR BUILDING
PROFESSIONAL IF THEY
ARE iCIRT-RATED.



WWW.ICIRT.COM