

07<sup>th</sup> April 2010

## Submission to the Inquiry into the Building Energy Efficiency Disclosure Bill 2010

### Executive Summary

The Green Building Council of Australia (GBCA) is a national not-for-profit organisation promoting a sustainable property industry through education and the Green Star rating tool. Further information about the GBCA and Green Star is available at Appendices A and B.

The GBCA welcomes the inquiry into the Building Energy Efficiency Disclosure Bill. The GBCA supports the introduction of the Bill. Reducing emissions from the building sector is critical; mandatory disclosure is one important element in Australia's response to this challenge.

The GBCA notes that much of the detail of the scheme will be a matter for regulation, rather than legislation. At this stage, the GBCA notes the need for further consultation at each new stage of regulation as well as a sufficient number of assessors, and Departmental capacity, to ensure efficient operation of the scheme.

Looking ahead, the GBCA encourages the Government to consider how mandatory disclosure could be expanded to capture other clearly definable aspects of commercial buildings' environmental performance. Once the Government's mandatory disclosure scheme for energy efficiency has been bedded down, the Government might consider how mandatory disclosure could be expanded to capture other numerically measurable aspects of commercial buildings' environmental performance such as water efficiency.

There may also be a case for introducing a mandatory disclosure scheme to cover other building types, but the GBCA would encourage the Government to design an appropriate regulatory and legislative framework to cover each building type rather than simply expanding this scheme.

More broadly, the GBCA would encourage the Government to work with industry to develop a roadmap for the steps needed between now and 2020 in order to realise large reductions in the greenhouse gas emissions from the built environment. Ideally, a single department would oversee the implementation of the roadmap and any associated reporting requirements for buildings and the property sector more broadly.

The GBCA also wishes to express its appreciation to the public servants involved in the preparation of the Bill, and their commitment to ongoing consultation.

### 1. Introduction

The GBCA believes that initiatives to promote greater energy efficiency in our buildings are vital. Research by the Australian Sustainable Built Environment Council (ASBEC) and the Centre for International Economics has found that the building sector is responsible for 23 per cent of Australia's greenhouse gas emissions, but that there is huge potential to make our buildings more energy efficient. Electricity use in residential and commercial buildings can be halved by 2030 through energy efficiency. UNEP has stated, 'no other sector has such a high potential for drastic emission reductions.'<sup>1</sup>

<sup>1</sup> UNEP, *Assessment of Policy Instruments for Reducing Greenhouse Gas Emissions from Buildings*, UNEP, 2007, p.3.



A further Australian study found that a significant reduction in Australia's emissions is possible by 2020, and 25% of the total potential reductions could be realised with positive returns to the economy.<sup>2</sup> According to the study, 'most of these positive-return (or 'negative-cost') opportunities are energy-efficiency measures related to improvements in buildings and appliances.'<sup>3</sup> The study notes that

'each year we delay producing energy efficient buildings... the greater the volume of negative-cost opportunities we lose. The cost of creating a new energy-efficient asset is typically a fraction of the cost of retrofitting it later, or retiring an asset before its useful life is over.'<sup>4</sup>

A US study found that investing in the energy efficiency of buildings could reduce the nation's energy consumption by 23% by 2020, save the US economy \$1.2 trillion and reduce greenhouse gas emissions by 1.1 gigatons annually.<sup>5</sup>

The GBCA therefore supports the introduction of this Bill, in the belief that mandatory disclosure represents an important part of a package of measures to promote greater energy efficiency in Australia. We endorse the comments of Minister Combet in his second reading speech:

'Energy efficiency represents one of the easiest and most cost-effective ways we can reduce our nation's greenhouse gas emissions, and the commercial building sector has the potential to deliver some of the lowest cost abatement. Requiring the disclosure of commercial building energy efficiency is an important part of the government's approach to unlocking this abatement potential.'

## 2. The Bill

Officials from the Department of Climate Change and Energy Efficiency have engaged in ongoing consultations about the content of the Bill, and have responded to suggestions and concerns. In these circumstances, the GBCA supports the broad parameters of the Bill, though we note that much of the operational detail of the scheme is necessarily left to regulation.

We believe it is sensible that the legislation does not specify the use of a particular rating system. It is appropriate that NABERS (with sufficient resourcing including a commitment to continuous improvement) be used at this stage, and that this be specified in regulation, but it may be that other tools, such as the Green Star environmental rating system, are appropriate in the future.

The GBCA also notes the need for a sufficient number of assessors, and Departmental capacity, to ensure the efficient operation of the scheme, given the volume of material and processing involved. The GBCA expresses its appreciation to the public servants involved for their ongoing consultations.

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<sup>2</sup> McKinsey, *An Australian Cost Curve for Greenhouse Gas Reduction*, McKinsey Australia Climate Change Initiative, 2008, p.6.

<sup>3</sup> *Ibid*, p.6.

<sup>4</sup> *Ibid*, p.20.

<sup>5</sup> See McKinsey, *Unlocking Energy Efficiency in the US Economy*, McKinsey, 2009.



### 3. Looking ahead

As Minister Combet recognised in his second reading speech, mandatory disclosure is a 'step in the right direction' but 'there is more work that both government and industry can do to unlock the abatement potential of commercial buildings.'

The GBCA encourages the Government to consider how mandatory disclosure could be expanded to capture other aspects of commercial buildings' environmental performance, as energy efficiency is only one aspect of environmental performance.

The GBCA's Green Star rating tools already reward and encourage best practice across a number of aspects of environmental performance in new buildings, including energy efficiency, water efficiency, indoor environment quality and emissions, as well as management, transport, materials, land use and ecology, and innovation.

It would therefore be useful for government to focus on regulating the core agreed metrics of environmental performance, supported by the provision of incentives for energy efficiency, as well as on promoting and celebrating industry innovation.

For example, once the Government's mandatory disclosure scheme for energy efficiency has been bedded down, the GBCA encourages the Government to consider how mandatory disclosure could be expanded to capture other numerically measurable aspects of commercial buildings' environmental performance such as water efficiency.

There may also be a case for introducing a mandatory disclosure scheme to cover other building types such as Education or Healthcare. However, the GBCA would encourage the Government to design an appropriate regulatory and legislative framework to cover each building type rather than simply expanding this scheme. In particular, the challenge of designing metrics and benchmarking the energy performance of different building types is not to be under-estimated, as factors such as building form, local climate and specific building operations must be considered.

#### Further enquiries

If you require any further information please contact the Green Building Council of Australia:

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## **Appendix A – About the Green Building Council of Australia**

The Green Building Council of Australia was created in 2002.

- It is a national not-for-profit organisation.
- Its mission is to develop a sustainable property industry for Australia and to drive the adoption of green building practices through market-based solutions.
- It has developed a national suite of green building rating tools called 'Green Star' (see Appendix B for more details).
- It is a member of the World Green Building Council ([www.worldgbc.org](http://www.worldgbc.org)).

Over 820 organisations are members, representing a diverse cross section of the property industry from developers and owners to sub-contractors and manufacturers. The Federal Government is an active member as are several state and local governments.

The GBCA takes its leadership role very seriously and hosts regular seminars, forums and conferences such as Green Cities, which provide an invaluable opportunity for the property industry to learn and share experiences and ideas.

More than 200 projects in Australia have received a Green Star certification (representing 11% of Australia's commercial office space); another 460 projects are registered and awaiting assessment and certification. There are 3,000 Green Star Accredited professionals and more than 14,000 people have attended Green Star courses. A full explanation of Green Star can be found in Appendix B.



## Appendix B – About the Green Star rating tool for buildings

- Green Star is Australia's leading holistic environmental rating tool for buildings.
- Green Star recognises and rewards environmental leadership in the top 25% of the market.
- Green Star was created for the property industry to:
  - establish a common language;
  - set a standard of measurement for green buildings;
  - promote integrated, whole-building design;
  - recognise environmental leadership;
  - identify building life-cycle impacts; and
  - raise awareness of green building benefits.

### What does Green Star reward credits for?

- **Management:** Improves the adoption of sustainable development principles from project conception through to design, construction, commissioning, tuning and operation.
- **Indoor Environment Quality:** Concerned with occupant wellbeing and performance by addressing the HVAC system, lighting, occupant comfort and pollutants.
- **Energy:** Credits target reduction of greenhouse emissions from building operation by addressing energy demand reduction, use efficiency, and generation from alternative sources eg solar, wind, cogeneration etc
- **Transport:** Credits reward the reduction of demand for individual cars by both discouraging car commuting and encouraging use of alternative transportation.
- **Water:** Credits address reduction of potable water through efficient design of building services, water reuse and substitution with other water sources (specifically rainwater).
- **Materials:** Credits target resource consumption through material selection, reuse initiatives and efficient management practices.
- **Land Use & Ecology:** Credits address a project's impact on its immediate ecosystem, by discouraging degradation and encouraging restoration of flora and fauna.
- **Emissions:** Credits address point source pollution from buildings & building services to the atmosphere, watercourse, and local ecosystems.
- **Innovation:** Green Star seeks to reward marketplace innovation that fosters the industry's transition to sustainable building.



**What Green Star tools have been or are being developed?**

- Office
- Office Interiors
- Retail Centre
- Healthcare
- Education
- Multi Unit Residential
- Industrial
- Public Building
- Existing Building
- Custom
- Communities