

Inquiry into a Sustainability Charter
House of Representatives Standing Committee on Environment and
Heritage

**Green Building Council of Australia Submission
August 2006**

Contents:

1. The Green Building Council of Australia
2. Green Building Council of Australia Submission Recommendations
3. Green Building Council of Australia Submission Responses
4. Green Building Council of Australia's Recommended Actions
5. Government Partnership
6. References

1. *The Green Building Council of Australia*

The Green Building Council of Australia was created in October 2002.

The Green Building Council is a national not-for-profit organisation with a mission to develop a sustainable property industry for Australia and to drive the adoption of green building practices through market-based solutions.

Uniquely supported by governments around the country, with representatives of the Federal, New South Wales and Victorian governments on its Board, the Green Building Council can boast more than 210 member organisations across the country. It has a broad membership base representing all sectors of the property industry, including professional services (architects, engineers, accountants, lawyers, agents, project managers) (42%); product manufacturers, suppliers, building controls & service contractors (15%); government (14%); contractors (12%); developers (7%); owners, investors, managers (6%); higher education institutions/ research (2%); professional societies (1%); and utilities (1%).

As a founding member of the World Green Building Council, the Green Building Council of Australia aims to promote sustainable development and the transition of the property industry to implementing green building programs, technologies, design practice and operations.

To achieve this objective, it has developed Green Star – Australia's only national environmental rating system for buildings, which assesses a building's impact against a comprehensive range of environmental criteria.

Green Star evaluates the environmental initiatives of projects against eight environmental impact categories:

1. Management;
2. Energy efficiency;
3. Water efficiency;
4. Indoor environment quality;
5. Transport;

6. Materials;
7. Land use and ecology; and
8. Emissions.

To recognise the different stages in a building's life, there are a number of Green Star rating tools for commercial office buildings:

- Green Star - Office Design - for the design phase of the base building;
- Green Star - Office As Built – to assess the base building after construction;
- Green Star - Office Interiors – to assess the fitout; and
- Green Star - Office Existing Building – to assist owners of existing buildings to assess and improve the environmental merits of their current or prospective assets.

Rating tools for other building types, including: shopping centres, public assembly buildings, health and education facilities are under development and due for release in the coming months.

Green Star awards buildings ratings of 4 Star (Best Practice), 5 Star (Australian Excellence) and 6 Star (World Leader). The measured average rating of 16 buildings assessed in the last year exceeds 5 Stars providing an indication of market forces stimulating action.

Since January 2004 the Green Building Council has trained more than 1800 practitioners in the use of Green Star.

The Green Building Council also supports the property industry through its advocacy efforts aimed at removing barriers to sustainable development, through education programs and information dissemination, and by facilitating a network of expertise on sustainable building practices.

In February 2006 the Green Building Council documented the benefits and the barriers to building green in Australia and identified a range of actions which could provide a way forward in facilitating the greening of commercial buildings in Australia. *The dollars & sense of green buildings (Building the Business Case for Green Commercial Buildings in Australia)* is the first attempt to consolidate international findings and reinforce these with local examples and comments to build a compelling business case with effective incentives for green buildings in Australia.

2. Green Building Council of Australia Submission Recommendations

The *Sustainable Cities* report highlighted a number of environmental impact areas. To address these impacts, the Green Building Council believes the Sustainability Charter should nominate internationally recognised indicators and targets to achieve sustainable development.

Recommendation 1:

The Sustainability Charter should focus on environmental sustainability as a priority and a program for the inclusion of social sustainability should be agreed.

Metrics

It is essential that State of Environment Reporting reference framework and metrics be immediately upgraded to ensure consistency across States and Territories. The current State of Environment Reporting does not accurately measure and compare current impacts and, as such, provides little insight into the health of the Australian environment.

Recommendation 2:

The State of Environment Report should receive the necessary support and funding to be the only metrics system and it should be upgraded to perform this function with transparency, agreed national classifications and frameworks. The Green Building Council also recommends metrics that are in keeping with international reporting frameworks such as the United Nations Global Reporting Initiative (GRI). A broad agenda must include environmental and social objectives and metrics.*

Recommendation 3: *The Sustainability Charter should set a long-term vision and not be subject to change in political cycles – a minimum 10 year vision seems appropriate and should be framed by at least a 50 year vision and targets.*

Join-up levels of Government

The biggest barrier to an effective scheme for Sustainable Cities with national leadership is the fact that Australia is a federation of States. In order to achieve a robust national transformation which responds to the broad problems facing Australia, the Green Building Council supports the formation of an Independent Sustainability Commission to set a reform agenda, including targets, for approval by COAG. In addition, a review should be conducted of the impact of differing laws and regulations between States and Territories in so far as these constrain a uniform approach Australia-wide and strategies for uniformity introduced through the reform agenda.

Recommendation 4:

The Independent Sustainability Commission should be led by the Federal Government. It should:

- *develop a reform agenda for approval by the Council of Australian Governments;*
- *assess State and Territory performance in implementing the Sustainability Charter and transformation agenda; and*
- *include scientific **and** built environment experts (see below).*

Recommendation 5:

The Council of Australian Governments should approve the Sustainability Charter and transformation agenda and environmental and social indicators and, where relevant, targets.

Recommendation 6:

States and Territories should:

- *implement the Sustainability Charter and transformation agenda;*
- *report on the implementation and transformation agenda;*
- *make recommendations for improvement;*
- *amend laws and regulations to ensure uniformity relative to environmental and social issues;*
- *offer solutions to barriers of implementation; and*
- *receive appropriate federal funding for implementation and reporting.*

Scientific Advisory Committee

The Green Building Council does not support the establishment of a Scientific Advisory Committee to inform the National Environmental Sustainability Council's deliberations, particularly in the development of national sustainability targets.

Recommendation 7:

An Advisory Committee should be established that should not be limited to consist of Scientific Advisors only. Internationally recognised academics with community, social, economic and environmental expertise and respected property industry representatives should make up the proposed Advisory Committee.

Recommendation 8:

The Green Building Council recommends that there is an annual independent third party review (audit) of the performance against the Sustainability Charter.

Review of laws and regulations for consistency with national Sustainability Charter objectives and principles

The Green Building Council supports the review of State and Commonwealth laws and regulations to ensure consistency with the proposed Sustainability Charter objectives, principles and targets. Existing outdated laws and regulations are a major barrier to sustainability initiatives being implemented in the built environment. As a priority, a review of energy and water utility, infrastructure and health department/agency objectives and performance reporting should be undertaken.

Recommendation 9:

The Commonwealth should use its constitutional powers to ensure the Sustainability Charter objectives and principles are met.

3. Green Building Council of Australia Submission Responses Sustainability Objectives and their Measurement

The Sustainability Charter Discussion Paper raises a number of questions for consideration in relation to sustainability objectives and their measurement (Refer to Page 16 onwards).

The Green Building Council responses to these questions are as follows:

General

- *Should a sustainability charter consist of aspirational statements, set targets (such as measurable water quality) or both?*

The Sustainability Charter should consist of a vision statement with internationally recognized metrics and performance targets supported by a nationally coordinated annual reporting and communications program.

- *What research will be needed to develop and support the Sustainability Charter?*

Following review of the *Sustainable Cities* report and the Sustainability Charter, and from information known to be available on the subject, the Green Building Council

believes that no immediate scientific or technical research is required and that research should be commissioned as required - but should not be the cause of delay. It is acknowledged, however, that further investigation of financial impacts and incentives and wide dissemination of these is required to stimulate action.

- *Can existing standards (such as the Water Efficiency Labeling and Standards (WELS) Scheme) be applied to the Sustainability Charter? What are they?*

The Green Building Council references the Water Efficiency Labeling and Standards scheme in its Green Star rating tools and believes it should also be implemented as a national procurement policy limiting environmental impacts of products and materials entering the Australian market.

- *Can the charter be framed in such a way to ensure that it can be integrated into all level of government decision making?*

As noted by Dr Mal Washer in the Sustainable Cities report: *“What is missing is coordinated and concerted action. This committee believes that there is a need for the Australian Government to assume a leadership role.”* Governments (Federal, State and local) influence the capacity for cities to be sustainable not only through the vast amount of space they occupy and own, but through policy, regulation and their leadership and partnership programs.

Governments need a united focus on achieving sustainable cities and it is therefore crucial that the Charter be framed to ensure that it can be integrated into all levels of government.

- *Will there be a cost/gain to the economy by introducing the target(s)?*

The Green Building Council acknowledges that in any transformation there will be both a gain and a cost for change and implementation. It is essential that such gains and costs are viewed on a life cycle basis. The Green Building Council's *Dollars and Sense* report, noted that over the last five years several commercial building projects have documented the cost, the financial return on investment as well as the benefits of green initiatives. However, it was also noted that by their very nature development projects are unique and the ability to translate one project's costs and benefits to another in a different location is often very difficult. There is no one size fits all answer - each building project is unique and therefore benchmarking against comparable projects can be valuable and informative, but not predictive.

- *Could a Sustainability Charter be incorporated into national State of the Environment reporting?*

The Green Building Council believes the Sustainability Charter should be a stand alone document which could complement the national State of the Environment reporting.

- *How should payments be awarded under the Sustainability Charter?*

State and Territory costs associated with the implementation of the Sustainability Charter and reporting requirements should be awarded payments when implementation is demonstrated via the meeting of agreed targets.

- *Is it possible to measure cultural and social values in relation to a Sustainability Charter?*

The Green Building Council supports this proposition and recommends using the United Nations' Global Reporting Initiative framework. There is an opportunity for Australian governments to assist in the development of a Property Sector Supplement which would achieve international recognition of the metrics and targets but could also be applied by the property and construction sectors.

The Built Environment

The property industry is well placed as a conduit for delivering significant long-term sustainability objectives. The industry represents building owners, investors, financiers, managers, developers, builders, valuers, insurers, suppliers, miscellaneous service providers and institutions and, most importantly, occupiers. The property sector value chain links every other sector and measures that use the property industry as its conduit have the potential to achieve long-term, broad-based impacts.

- *What objectives are applicable to the built environment? How would these be measured?*

The Green Building Council recommends using the UNEP Sustainable Building and Construction Initiative Objectives and notes that Australia has under development sustainable building rating tools for all major classes of buildings, under the Green Star environmental rating system (Refer Section 4 for objectives)

- *How should we rate the sustainability of existing building infrastructure? Could a measurement of level of retro-fitting achieve this? How would we measure levels of retro-fitting?*

The Green Building Council recommends the application of its various Green Star rating tools which not only measure the environmental impact of new buildings but also measure the environmental impact and reduction strategies for refurbished and existing assets.

- *Do we need to protect heritage buildings as part of the Sustainability Charter?*

In 2004 the NSW Heritage Office released a discussion paper called "*Heritage & Sustainability*" which stated in part: "Heritage and sustainable development are intimately linked. The goals of sustainable development are continually assisting heritage conservation internationally... (and) education is an essential component of heritage management and sustainable development."

The Green Building Council supports the development of guidelines for sustainable heritage buildings as part of the Sustainability Charter.

- *Can existing building standards, such as the 5 star rating system, be incorporated into the Sustainability Charter?*

The Green Building Council supports the Australian Building Codes Board in the development of minimum standards for energy, water, waste and indoor

environment quality within the Building Code of Australia to achieve national consensus and avoid State and Territory variations and additions. We note that the OECD (2003, p65) believes that including energy efficiency standards within existing codes and inspection processes reduces administrative costs.

Water

The Green Building Council contributed to the Barton Group's "*Australian Water industry Roadmap*" and supports the "*National Water Initiative*". Both of these documents should guide the development of the Sustainability Charter.

- *How should water quality be measured?*

The Green Building Council recommends an urgent review of current State Health Department and ANZECC Guidelines to support reuse schemes.

- *Should targets be focused on reducing water consumption, increasing water re-use or both?*

The Green Building Council supports a focus on both reducing water consumption and increasing water re-use.

Targets should be agreed with an immediate focus on supporting wider application of reuse and recycling schemes which means addressing both state utility and Department of Health institutional barriers.

- *How can we measure the health of water catchment areas?*

The Green Building Council believes this can be accomplished through natural system input and output measures which already exist.

Energy

- *How should we measure the use of renewable energy?*

The Green Building Council supports consideration of a target for a 60% reduction in emissions. While this target needs to include renewable energy use, it should also take into account efficiency gains and allow buildings to trade carbon offsets or receive an equivalent form of financial benefit.

Buildings, as diffuse emitters, could contribute to significant reductions in greenhouse gas emissions. An international emissions trading scheme which allows for energy efficiency and demand side abatement would provide an incentive for developers to undertake energy efficiency and demand side abatement measures, while also allowing industry to work in partnership with government to reduce greenhouse gas emissions.

- *Can we measure the awareness of the environmental, economic and social benefits of energy efficiency and renewable energy?*

Measurement of the awareness of benefits of energy efficiency and renewable energy can be achieved through surveys, as well as through census information and the State of the Environment Report polling.

4. Green Building Council of Australia's Recommended Actions

The Green Building Council of Australia's cost-benefit analysis of green commercial buildings in Australia (*The dollars & sense of green buildings (Building the Business Case for Green Commercial Buildings in Australia)*) outlined a number of Actions for Green Growth that could be considered in the context of the development of the Sustainability Charter. These are summarised below.

Co-ordination & Consistency

Co-ordination and consistency in national metrics, standards, and targets to provide clarity for the industry.

- *As the only national comprehensive environmental rating system which is internationally recognised, Green Star should be endorsed as the national voluntary environmental rating system for Australian buildings. (Section 6.1.1 'Co-ordination and Consistency')*
- *The Building Code of Australia could be expanded to set minimum environmental standards that are directly related to the best practice metrics within the national voluntary tool. (Section 6.1.2 'National Standards')*
- *Support should be given to an internationally recognised Australian environmental labelling scheme for products and materials. (Section 6.1.3 National Product Labelling)*

Education

A range of green building educational programs to increase the uptake of green building practices and the demand for green commercial buildings.

- *A national public education program on the benefits of green buildings should be undertaken. (Section 6.2.1 'Public Education')*
- *Relevant government agencies and departments should provide support to extend existing educational programs that communicate the national voluntary rating tool for the benefit of professionals within the property industry. (Section 6.2.2 'Professional Education')*

Leadership & Partnership

Government leadership and partnership with industry to support the industry's uptake of green building practices.

- *Key national targets for a sustainable built environment should be developed. An Australian Sustainability Charter, agreed upon by the Council of Australian Governments, would serve this purpose. (Section 6.3.1 'National Targets')*
- *All governments should follow the leadership shown by the South Australian and Victorian Governments in committing to achieving best practice green building standards across a comprehensive range of environmental criteria for all new government building, procurement and tenancy fitouts. (Section 6.3.2 'Leadership by Example')*
- *Whole of life cycle cost accounting should be included in all government tender contracts with whole of life costing used to make key contract decisions. (Section 6.3.2 'Leadership by Example')*

- *Cost-sharing support should be provided to developers who undertake strategies that reduce the impact upon or cost of surrounding infrastructure. (Section 6.3.3 'Cost Sharing')*
- *A national emissions trading scheme which allows for energy efficiency and demand side abatement should be established to enable the property sector to trade carbon credits (Section 6.3.4 'Carbon Trading')*

Incentives

The Green Building Council supports fiscal incentives to accelerate the transition of the industry, particularly for improving the performance of existing buildings and for the use of green building technology.

Fiscal incentives attached to improving the environmental performance of existing buildings and for the use of green building technology to accelerate the transition of the industry.

- *Special tax deductions for green building practices should be developed as an incentive for developers and owners. (Section 6.4.1 'Special Tax Deductions')*
- *Green building tax credits should be developed as an incentive for developers. (Section 6.4.2 'Tax Credits')*
- *Reducing the amount of Capital Gains Tax payable by Australian investors and developers on the sale of properties that meet certain green building requirements would offer clear financial incentives. (Section 6.4.3 'Capital Gains Tax')*
- *Franking credits that increase net dividend returns for Socially Responsible Investments which include green buildings should be offered as an incentive. (Section 6.4.4 'Franking Credits')*
- *State and local planning incentives and concessions for green buildings should be introduced. (Section 6.4.5 'State taxes and Local Concessions')*
- *Division 43 of the Income Tax Assessment Act should be amended to offer a green building incentive, to encourage the development and application of green building technology. (Section 6.4.6 'Division 43 Allowance')*
- *Research & Development tax concessions could be increased from 125% to 250% to provide additional incentive for innovation in green building practices. (Section 6.4.7 Research and Development Concessions')*

Research

Further research and case studies into the benefits and barriers of green buildings would help reinforce and complete the business case for green commercial buildings in Australia.

- *Funding should be provided for the development of green building case studies which quantify the economic, social and environmental benefits in a way that the financial sector can understand and report on them. (Section 6.5.1 'Cost and Financial Benefit')*
- *Funding should be provided for post-occupancy research into productivity and other gains from green buildings. (Section 6.5.2 'Productivity Gains')*

5. Government Partnership

The Green Building Council seeks to work in partnership with all levels of government to:

- increase the general awareness of the Green Building Council by all governments throughout Australia;
- support all relevant tertiary institutions to include green building information and the principles of sustainability in core curriculum;
- ensure a national agenda for sustainable development and the built environment;
- promote Government leadership - for example commitment to 4 Star Green Star – Office Design rating for all new Government office developments and 4 Star Green Star – Office Interiors for all new Government tenancy fitouts;
- ensure ongoing industry and government support for the development of Green Star rating tools (e.g. schools, hospitals, retail, residential industrial etc.); and
- work with Government to remove barriers to sustainable development and create real incentive to change current practice.

6. References

The Global Reporting Initiative (GRI)

The GRI is a multi-stakeholder process and an independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, and research and labour organisations from around the world. Started in 1997, GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Program (UNEP) and works in cooperation with UN Secretary-General Kofi Annan's Global Compact.

United Nations Environment Program

Established in 1972, UNEP is the voice for the environment within the United Nations system. UNEP acts as a catalyst, advocate, educator and facilitator to promote the wise use and sustainable development of the global environment. To accomplish this, UNEP works with a wide range of partners, including United Nations entities, international organisations, national governments, non-governmental organisations, the private sector and the broader community.

UNEP work encompasses:

- assessing global, regional and national environmental conditions and trends;
- developing international and national environmental instruments;
- strengthening institutions for the wise management of the environment;
- facilitating the transfer of knowledge and technology for sustainable development; and

- encouraging new partnerships and mind-sets within civil society and the private sector.

The **United Nations Sustainable Buildings and Construction Initiative (UNSBCI)**

Focus Areas:

1. Qualify buildings and construction activities as eligible activities for support under the flexible mechanisms of the Kyoto protocol.
2. Develop and promote economic incentives for a life cycle approach in design, construction and financing of buildings, so as to create market conditions favourable to buildings that are optimized from a life cycle perspective.

For more information on the initiative see this link:

http://www.unep.fr/pc/pc/SBCI/SBCI_2006_InformationNote.pdf