

31 January 2013

Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

Via email: prebudgetsubs@treasury.gov.au

Dear Sir/Madam,

RE: SUBMISSION TO THE 2013-2014 FEDERAL BUDGET

Thank you for the opportunity to make a submission to the 2013-2014 Federal Budget. The Green Building Council of Australia (GBCA) believes that there are a number of initiatives in which the Australian Government can support better outcomes for the built environment and, in turn, improve the productivity, sustainability, liveability and resilience of our country.

About the GBCA

The GBCA is the nation's authority on sustainable buildings, communities and cities. Our mission is to accelerate the transformation of Australia's built environment into one that is healthy, liveable, productive, resilient and sustainable. We work together with industry and government to encourage policies and programs that support our mission. We educate thousands of people each year on how to design and deliver sustainable outcomes for our buildings, communities and cities. And we operate Australia's only national, voluntary, holistic rating system for sustainable buildings and communities - Green Star.

In the lead up to the 2010 Federal Election, the GBCA identified five priorities which we believe will place Australia on a clear, long-term pathway to sustainability. These priorities are to:

1. Provide visionary government leadership
2. Retrofit and improve existing buildings
3. Green education and healthcare facilities
4. Move beyond buildings to communities and cities
5. Embed green skills across all industry training

Through our engagement with industry, and with representatives from all parties and levels of government, we believe that action in these areas is critical in bringing about change and progressing towards a more sustainable built environment. In this election year, we would like to sharpen the focus and highlight a few key areas where we believe government can take action to achieve the best economic, social and environmental outcomes for Australia.

Provide visionary government leadership

Visionary government leadership is vital if we are to tackle the challenges of climate change, productivity, sustainable population growth, affordability and infrastructure planning. The built environment offers many opportunities for government to take steps that will have a significant impact on these issues.

Growing research, both within Australia and internationally, is demonstrating the link between green buildings and more productive, healthy people. For example, a recent pilot study by Salford University in the United Kingdom showed that the classroom environment can affect a child's academic progress over a year by as much as 25 per cent. The Bronson Medical Hospital in Michigan found that applying green building principles such as improved ventilation and daylight led to an 11 per cent decrease in secondary infections and a seven per cent decrease in nursing staff turnover. A year after moving into the 6 Star Green Star-certified Council House 2 (CH2), an independent study showed that productivity levels of Melbourne City Council staff had improved 10.9 per cent.

By improving the buildings in which we work, learn and heal, the potential for increasing productivity and improving occupant health is enormous, not to mention the significant opportunities for savings in operating expenses and reductions in carbon emissions. Melbourne University's 'The Spot', which achieved a 5 Star Green Star – Education PILOT rating demonstrating Australian Excellence, used 46 per cent less energy in its first year than comparable buildings across the rest of the University, translating into savings of more than \$18,000 a year. Australand's 'The Key Spec 1' project, also in Victoria, achieved a 5 Star Green Star – Industrial Design v1 rating, and tenants report a reduction in electricity usage on a square metre basis by 55 per cent when compared to their previous facilities.

There are no good reasons why schools, hospitals and other buildings funded by public money should not be built or retrofitted to best practice environmental standards. Industry has already demonstrated remarkable leadership in this area, but there is still a long way to go. Governments must demonstrate leadership and accountability and work with industry to overcome barriers to building and retrofitting more sustainably.

Green Star rating tools are now available for almost every type of building (including healthcare and education facilities) as well as interior fitouts. Green Star is a voluntary rating tool that encourages, recognises and rewards best practice and innovation. The first Green Star rating tool was released in 2003 in response to market demand for a rating tool that would evaluate the environmental design and construction of buildings as well as establishing a common language for green buildings.

The Green Star rating system is designed to take an holistic approach within each class and building sector, addressing nine categories in total: Management, Indoor Environment Quality (IEQ), Energy, Water, Materials, Land Use and Ecology, Emissions, Innovation and Transport. Credits within each category set best practice benchmarks developed in consultation with industry experts. Green Star project applications are independently assessed and achieving a Green Star certification demonstrates that a building has met or exceeded a range of best practice benchmarks in every category of the rating tool. As well as showing leadership, achieving Green Star certification demonstrates transparency and accountability.

The key deliverables the GBCA is seeking from the Australian Government, in order to demonstrate visionary government leadership, are to:

- Lead by example by achieving a minimum of 4 Star Green Star certification for every new or refurbished office accommodation that is owned, occupied or operated by the Australian Government
- Demonstrate a commitment to Australia's students and teachers by funding a roundtable of key stakeholders that will seek to implement best practice environmental standards (including indoor environment quality) for every school in Australia within a generation
- Support the establishment of a strategy to bring together resources, programs and stakeholders to drive the transformation of all schools into more sustainable and healthy places to learn and work
- Demonstrate a commitment to the health and wellbeing of patients and healthcare staff by funding a roundtable of key stakeholders that will seek to implement best practice environmental standards (including indoor environment quality) for every healthcare facility in Australia within a generation and
- Commit to funding only education, healthcare and other government facility projects which can demonstrate that they will achieve best practice environmental standards, and be transparent and accountable about the method of measurement used.

Tackling the existing building challenge

Each year, only around two per cent of Australia's buildings are considered 'new'. The remaining 98 per cent represents a significant challenge and a considerable opportunity. While buildings are responsible for almost a quarter of Australia's total greenhouse gas emissions, the building sector also has the greatest potential to deliver emissions cuts, at the least cost, using technology available now. One of the most cost-effective abatement opportunities remains the retrofitting and refurbishment of commercial buildings.

Despite the funding to be made available through the Clean Energy Finance Corporation, it is even more important that both financial and non-financial support is made available to assist industry in overcoming the barriers that exist to upgrading existing buildings if we are to realise the significant opportunities for greenhouse gas abatement and productivity gains.

It is important to recognise that there is a great deal that can be done to improve the performance of a building without major investment. A focus on the operation of a building and the behaviour of its inhabitants unlocks significant potential to reduce energy and water consumption, reduce waste and improve indoor environment quality.

While the Green Star suite of rating tools has traditionally focused on building attributes for new and retrofitted buildings. Green Star is now looking beyond this with the development of the Green Star - Performance rating tool.

Green Star - Performance will be designed to assess the operational performance of existing buildings. It will extend beyond rating only operational energy and water performance to include all categories currently used in Green Star: Management, IEQ, Energy, Transport, Water, Materials, Land Use & Ecology, Emissions and Innovation.

Green Star - Performance is currently undergoing beta testing and is due to be released in pilot phase in the second half of 2013. By using the Green Star – Performance rating tool, building owners will get a clear picture of their building's performance and be able to identify the key areas for investment and improvement. Further information about the Green Star – Performance rating tool can be found at www.gbca.org.au/performance.

The GBCA would like to work together with the Australian Government to meet the challenges of improving the standard and performance of Australia's existing building stock. The key deliverables the GBCA is seeking from the Australian Government are:

- An ongoing commitment that a significant portion of the funds allocated to the Clean Energy Finance Corporation (CEFC) will be reserved for supporting environmental upgrades for existing buildings
- A commitment to undertake consultation with key stakeholders to establish the most efficient and effective way for industry to access and use the funds allocated to the CEFC and
- Support provided for the Green Star – Performance rating tool, both through a commitment by the Australian Government to use the Green Star – Performance tool in buildings in owns, occupies and operates, as well as financial support for piloting the rating tool in the market.

Creating better cities and communities

The GBCA commends the Australian Government's ongoing commitment to creating better cities and communities. Considerable work has been done in the past few years that can help guide our cities and communities towards being more productive, liveable and sustainable.

The Council of Australian Governments (COAG) Reform Council's nine criteria for cities, *Our Cities Our Future: National Urban Policy* and *Creating Places for People: An Urban Design Protocol for Australian Cities* all have a significant role to play in setting that direction. These policies identify high-level objectives and principles against which governments can consider their policy options to ensure that they are taking a coordinated approach.

As well as a high-level policy direction, governments must also have access to useful indicators and benchmarks to assist them in setting goals and objectives. A set of nationally-consistent indicators, such as the indicators being developed by the Australian Government Department of Sustainability, Environment, Water, Population and Communities, and a range of best practice benchmarks agreed by industry and government, provide options from which local governments can choose the most relevant to their cities and their own particular objectives. Not only will indicators and benchmarks help governments in setting the right targets, they can also assist governments to be more accountable for their progress against them.

In order to demonstrate progress against indicators and objectives, a robust method of measurement will play a vital role. In consultation with industry and all levels of government, including the valuable support of the Major Cities Unit, the GBCA has developed a rating tool for sustainable development projects on a community scale. The first step in developing the Green Star – Communities rating tool was to develop a national framework consisting of five best practice principles:

1. Enhance liveability
2. Create opportunities for economic prosperity
3. Foster environmental responsibility
4. Embrace design excellence
5. Demonstrate visionary leadership and strong governance.

The second stage of the Green Star – Communities project was to establish best practice benchmarks and a set of 38 credits to complement the five principles (which also align closely with the principles of the Urban Design Protocol). The Green Star – Communities rating tool, which was released as a pilot in June 2012, provides benchmarks and an independent method of measurement that cities and communities can use to ensure they are meeting their overall goals and objectives. Further information about the Green Star – Communities rating tool can be found on the GBCA website at www.gbca.org.au or at www.greenstarcommunities.org.au.

In addition to becoming more productive, liveable and sustainable, our cities and communities must also become more resilient. As the effects of climate change increase, including the incidence and severity of extreme weather events, Australia must adapt if it is to be an attractive place in which to live, work and invest. There are a number of credits within the Green Star – Communities rating tool which contribute towards developing more resilient communities including *Gov-6 Adaptation and Resilience*, *Env-3 Heat Island Effect*, *Env-8 Stormwater*, *Liv-4 Access to Fresh Food* and, *Gov-3 Sustainability Awareness*. In addition, credits such as *Econ-8 Peak Electricity Demand* encourage resilience through rewarding communities for producing their own energy and reducing reliance on existing infrastructure.

The National Climate Change Adaptation Framework, agreed by COAG in 2007, recognises that infrastructure and buildings are vulnerable to the effects of climate change and the impacts of extreme weather. The GBCA supports actions as identified in the framework and encourages COAG to consider updating the framework with clear pathways, benchmarking and metrics to ensure that Australia's built environment becomes more resilient.

The key deliverables the GBCA is seeking from the Australian Government to help create better cities and communities are:

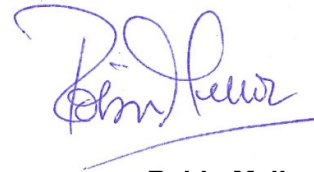
- Continuing government support for the Green Star – Communities rating tool project.
- Ongoing commitment to the alignment of high-level urban policy, a set of nationally-agreed indicators and support for robust, independent methods of measurement (such as Green Star – Communities) to provide an holistic, integrated approach to creating more productive, liveable, sustainable and resilient cities and communities.
- Ongoing commitment to keeping cities on the federal agenda backed by increased funding and support for the Major Cities Unit and Infrastructure Australia.
- Commit to developing a framework focusing on the resilience of our buildings and communities as part of the COAG agenda.

The GBCA looks forward to our continuing good relationship with the Australian Government and departments. Should you require any further information regarding the GBCA, the Green Star rating tools, or any of the priorities and projects outlined above, please do not hesitate to contact our Advocacy Manager - Federal, Katy Dean, via email at katy.dean@gbca.org.au, or by phone on 02 8239 6200.

Yours sincerely



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