

Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2601

Via email: prebudgetsubs@treasury.gov.au

6 February 2015

Dear Madam/Sir

**RE: GREEN BUILDING COUNCIL OF AUSTRALIA SUBMISSION TO THE
2015-16 FEDERAL BUDGET**

Thank you for the opportunity to provide input to the pre-Budget process. 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.

The GBCA has more than 750 member organisations, including government departments, which work together to support the Council and its activities. The GBCA is also a founding member of the World Green Building Council. There are now more than 100 national green building councils worldwide, with the common goal to support the sustainable transformation of the global property industry.

Over the past decade, Australia's property and construction industry – with the support and leadership of government at all levels – has begun to transform our built environment. Increases in resource efficiency, productivity and market value are just some of the benefits of designing, building and operating high-performance buildings. The skills, expertise and innovation of the Australian green building industry are well-regarded and highly sought-after internationally. While industry has been leading this change, it is essential that government plays a role in supporting industry to do better as well as leading by example.

There is no single solution for achieving better buildings and communities; a range of complementary measures and initiatives is needed and government and industry must work together to deliver best practice outcomes.

The GBCA has a three-point plan for better buildings and communities to assist government in developing policy that will place Australia on a pathway to reaching its economic, social and environmental potential. The plan's three priorities are to:

- 1. Certify new and existing buildings using Green Star** – The GBCA calls on government to demonstrate visionary leadership and achieve Green Star certification for new and existing government-owned, -operated and -occupied buildings.

The Green Star rating system is designed to take a 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 and defining 'best practice' in each.

On average, Green Star-rated buildings produce 45 per cent fewer greenhouse gas emissions and use 50 per cent less electricity and 51 per cent less potable water than if they had been built to meet minimum industry requirements.

The Green Star rating tools include:

- **Design and As Built:** guiding the sustainable design and construction of a range of building types including schools, offices, universities, industrial facilities, public buildings, retail centres and hospitals.
 - **Interiors:** transforming the interior fitouts of everything from offices and hotels to schools and shops.
 - **Performance:** supporting higher levels of operational efficiency in existing buildings of many different types, including offices, schools, hospitals, retail centres.
 - **Communities:** improving the sustainability of projects at the neighbourhood, precinct or community level across five key principles; governance, design, liveability, economic prosperity and environment.
- 2. Encourage industry to go beyond standard practice for new and retrofit projects and improve existing building performance** – the commercial and residential building sector is responsible for 23 per cent of Australia's greenhouse gas emissions and improving existing buildings remains one of the most cost-effective opportunities for reducing overheads while reducing carbon. The GBCA calls on government to support and encourage industry to upgrade existing buildings by providing financial and non-financial incentives that will raise awareness amongst building owners, build capacity and assist in overcoming barriers.
 - 3. Create better communities across Australia** – The Australian Government has a vital role to play in setting high-level policy to ensure our communities and cities, and the infrastructure that supports them, are planned and funded strategically. The GBCA urges the Australian Government to play a more significant role in the creation of better communities and cities across Australia.

The Green Star – Communities rating tool was launched in 2012 after extensive consultation with industry and government. The tool was supported and sponsored by all three levels of government, including all of Australia’s government land organisations. The rating tool provides a common language and a set of agreed best-practice benchmarks that can be referenced in the development of policy and development of targets and objectives, as well as providing a method of measurement. A number of projects across Australia have registered for certification under the Green Star – Communities PILOT rating tool including Barangaroo South in New South Wales by Lend Lease, Bowden Village in South Australia by RenewalSA and the University of Melbourne Parkville Campus in Victoria. The Brisbane Airport Corporation recently achieved a 4 Star Green Star certification, representing ‘Best Practice’, for the Brisbane airport precinct.

Commercial Building Disclosure

Approximately 31 per cent of new commercial office space built in Australia since 2003 is Green Star-rated.¹ On average, Green Star buildings emit 46 per cent fewer greenhouse gas emissions than buildings built to comply with minimum standards.² However, a huge proportion of Australia’s building stock falls below, or only just meets, today’s minimum standards.

Australia is a world-leader in mandatory disclosure for energy efficiency with office space over 2,000 m² required by law to obtain and display Building Energy Efficiency Certificates at time of sale or lease. The introduction of this mandatory requirement as part of the Commercial Building Disclosure program has increased awareness about energy efficiency in commercial buildings.

The Commercial Building Disclosure (CBD) program is a critical policy that will assist the commercial office building sector in Australia to meet its emissions reduction potential as well as assisting Australia to meet its carbon emissions reduction target.

Renewable Energy Target

The GBCA urges the Australian Government to stand by its pre-election commitment to retaining the Renewable Energy Target (RET) at its current level. The GBCA opposes the reduction of the target, which was legislated with bi-partisan support. The GBCA also opposes denial of access to new projects, the abolition or reduction of the Small-scale Renewable Energy Scheme (SRES) and the inclusion of GreenPower in the RET.

The RET has had a positive impact on Australia’s economy in a number of ways, some of which include:

- Supporting the installation of renewable energy solutions across Australia, contributing to reduced emissions intensity in Australia’s national energy market and reduced energy bills for building owners and tenants
- Supporting more than 15,000 businesses to invest in solar power which in turn has supported more than 13,000 jobs, benefitting the Australian economy and boosting our international competitiveness

¹ ClimateWorks Australia, *Tracking Progress*, 2013

² Green Building Council of Australia, *The value of Green Star – A decade of environmental benefits*, 2013

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- Contributing to Australia's position as a world leader across a range of sustainability benchmarks and metrics, making it an attractive option for international and domestic investment, innovation and business
 - Providing an opportunity for organisations which are increasingly accountable for the economic, social and environmental impacts of their businesses, to integrate renewable energy solutions into their strategies for reducing greenhouse gas emissions and reducing exposure to rising energy prices.

The RET is a vital part of a coordinated approach to reducing Australia's greenhouse gas emissions. Research by ClimateWorks Australia has demonstrated the opportunity for emissions reductions both across the economy and for the building sector. The *Tracking Progress Towards a Low Carbon Economy* report released in 2013 stated that:

If there is no further abatement activity beyond 2009-10, the sector's emissions would grow by 19 per cent by 2019-20, driven by increases in commercial floor space and number of households. Sustaining current abatement trends would more than compensate for this growth, leading to an overall decrease in emissions of 7 per cent by 2019-20. Energy efficiency improvements would contribute a total of 6.2 MtCO₂e; 2.2 MtCO₂e from commercial buildings, and 4 MtCO₂e from residential buildings, where recent data and modelling suggest that historical increases in electricity use per household are likely to reverse.

Increases in distributed energy, in particular solar PV, would contribute an additional 6.3 MtCO₂e through displacement of grid-supplied electricity. Reduction in grid emissions intensity by 2020 will further reduce building emissions by 16.6 MtCO₂e by 2019-20.

The removal of the RET is likely to have a significant negative impact on this emissions reduction potential.

The GBCA looks forward to continuing our 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 outlined above, please do not hesitate to contact me or Katy Dean, Director – Advocacy, by phone on 02 8239 6200, or via email at katy.dean@gbca.org.au.

Yours faithfully,



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