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Via email: bgeebsecretariat@industry.gov.au

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Dear Ms Bennett

RE: COMMERCIAL BUILDING DISCLOSURE (CBD) PROGRAM REVIEW

Since its inception in 2002, the Green Building Council of Australia (GBCA) has worked towards developing a sustainable property and construction industry and driving the adoption of green building practices. The GBCA welcomes policies, initiatives and mechanisms which encourage these outcomes and accelerate the transition to a low-carbon built environment.

The GBCA's mission is to accelerate the transformation of Australia's built environment into one that is healthy, liveable, productive, resilient and sustainable. The GBCA supports the aim of the CBD program to improve the energy efficiency of Australia's large office buildings and to ensure that prospective buyers and tenants are informed of the building's energy performance. The GBCA believes that there is significant opportunity to build upon the success of the CBD program to date, through adjusting the threshold to include smaller office spaces and to consider how the benefits of the program can be further accelerated through raising awareness and building capacity for both building owners and tenants.

The GBCA appreciates the opportunity to provide comment on the recommendations made by ACIL Allen Consulting as a result of their review of the CBD program. These recommendations and comments from the GBCA are outlined below:

1. The CBD program should be expanded to include smaller office spaces

ACIL Allen recommends lowering the threshold for mandatory disclosure from 2,000m² to 1,000m². The projected net benefits of lowering the disclosure threshold are estimated to be \$24 million in present value terms under a seven per cent real discount rate. This is based on an estimated 1.5 million m² of additional floor space would be captured by the CBD program if the threshold was reduced to 1,000 m². Lowering the disclosure threshold is also expected to result in a further 707 ktCO₂-e reduction between 2015 and 2028 (cumulative).

The GBCA supports lowering the threshold for mandatory disclosure from 2,000m² to 1,000m². The building sector in Australia accounts for approximately 19% of total energy consumption and 23% of overall GHG emissions¹. Of this, commercial buildings account for roughly half of this amount at 10% of the nation's overall energy consumption, whilst commercial *office* buildings make up approximately 25% of this total^{2, 3}.

Analysis by JLL⁴ showed that 80 per cent of tenancies fall below the 2,000m² threshold, representing a significant opportunity for improving energy performance and reducing greenhouse gas emissions.

While many owners of larger and/or premium-grade or A-grade commercial office building stock recognise the performance and competitive benefits of achieving building ratings such as NABERS, the smaller and/or lower grade building sector has been much slower in taking up NABERS ratings or opportunities to upgrade buildings and/or improve energy performance. A range of initiatives and policies will be required if the building sector is to reach its potential for emissions abatement. It is critical that mandatory disclosure, which has proven to be effective in buildings over 2,000m², must be a part of a suite of complementary measures, both voluntary and mandatory, which target buildings below 2,000m².

The GBCA is working with the Australian Government Department of Industry and Science, Sustainability Victoria, City of Melbourne and a number of other stakeholders from government and industry to develop a pathway and a range of actions that will aim to improve the performance of mid-tier commercial office buildings. Expanding and strengthening existing programs such as the CBD program has been identified as a critical element of a coordinated approach, along with a range of other actions to identify gaps and opportunities and improve stakeholder awareness and capacity.

2. Extension of the validity period of the tenancy lighting assessment (TLA) from one to five years

ACIL Allen recommends that the validity period for the TLA should be extended from one year to five years. This is because tenancy lighting performance is unlikely to change unless lighting systems are changed, which generally only occurs during a period of vacancy prior to a new tenant occupying the space. Therefore, requiring building owners who wish to maintain an up to date Building Energy Efficiency Certificate (BEEC) to re-assess lighting systems annually imposes an unnecessary cost on them.

ACIL Allen's analysis suggests that an extension of the validity period from one year to five years increases the net benefits of the TLA by approximately \$2 million in present value terms.

The GBCA acknowledges that there is a cost burden for building owners associated with conducting tenancy lighting assessments, but asserts that there is sufficient value to stakeholders to justify the requirement to obtain a TLA. Extending the validity period for TLAs will reduce the burden on the building owner, while still providing tenants with information that may inform their decision-making regarding their lease.

¹ ASBEC The Second Plank Report: Building a Low Carbon Economy with Energy Efficiency Buildings, 2008

² Baseline Energy Consumption and Greenhouse Gas Emissions in Commercial Buildings in Australia, 2012

³ Mid-tier commercial office buildings in Australia, EY, 2015

⁴ Analysis by JLL based on the Council of Australian Governments (COAG) National Strategy on Energy Efficiency research "Baseline Energy Consumption and Greenhouse Gas Emissions In Commercial Buildings in Australia", 2012

The GBCA notes that while it important to have this information available to tenants, it is just as important that tenants are empowered to demand and use this type of information. Once again, it is critical that the CBD program, BEECs and TLAs are part of a suite of complementary measures that will both encourage and support building owners to improve their building's operations, as well as educating tenants to seek and demand more efficient and productive buildings.

The GBCA commends the Australian Government on its commitment to the ongoing implementation of the CBD program and for conducting a thorough review. We look forward to continuing to work with government and industry to communicate the aims of this program, advocate its uptake and provide input to future development and improvements. Should you wish to discuss any of the points made above, please do not hesitate to contact me, or Katy Dean, Director – Advocacy, by phone at 02 8239 6200, or via email at katy.dean@gbca.org.au.

Yours sincerely



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