



Mr Bernie Fraser AO
Chair
Climate Change Authority
GPO Box 1944
MELBOURNE VIC 3001

Via email: submissions@climatechangeauthority.gov.au

13 March 2015

Dear Mr Fraser

RE: CLIMATE CHANGE AUTHORITY SPECIAL REVIEW

The Green Building Council of Australia (GBCA) appreciates the opportunity to provide comment to the special review process requested by Minister for the Environment, The Hon Greg Hunt MP.

Since its inception in 2002, the 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.

Australia's commercial and residential built environment accounts for 20 per cent of our greenhouse gas emissions, but it also represents the biggest opportunities for greenhouse gas emissions. An emissions trading scheme will encourage green buildings and communities as one of the most efficient and cost-effective ways for Australia to meet its international carbon reduction targets, while at the same time boosting investment in green technologies and stimulating new sectors of the economy, potentially leading to a global competitive advantage.

An emissions trading scheme will impact the property and construction industry in a number of ways. Impacts on stakeholders would include:

- **Landlords and tenants:** rising costs of traditional energy sources, such as coal-fired power, will increase operational costs for lighting, heating, ventilation and cooling, appliances and information technology. Tenants will naturally look to mitigate rising energy costs by seeking buildings constructed and maintained to meet best practice environmental and energy efficiency benchmarks.
- **Builders and developers:** rising costs of emissions-intensive building materials such as bricks, concrete, aluminium, glass and steel, as well as increased transport costs to move products, will drive builders and developers towards more sustainable products and processes. However, emissions intensive, trade-exposed organisations may not be able to pass on these costs.

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- **Product manufacturers and suppliers:** new opportunities to innovate and provide greener products and processes will emerge. A price on carbon will encourage investment in clean energy solutions, such as solar, photovoltaic, wind, cogeneration, trigeneration and biogas, as well as greener materials.
 - In addition, the property and construction industry can expect that rents in energy-efficient buildings will increase in response to higher demand from tenants. This higher demand is likely to be propelled by the willingness of tenants to pay higher rents in order to secure buildings with lower operating costs. The opposite should apply to buildings that are less energy-efficient, as running costs will increase and bring down rental returns. This will drive investment in greener building materials, greener operating standards and equipment and, naturally, greener buildings.

It is critical to note that an emissions trading scheme will not be the panacea that will ensure Australia meets its emissions reduction commitments. Any such scheme must be complemented by a range of integrated measures that support the property and construction industry. These would include energy efficiency incentives, investment in research, development and commercialisation of low-emissions technologies, a consistent renewable energy target, and mandatory disclosure. Equally, any coordinated approach to reducing carbon emissions on the scale required, now and in the future, is unlikely to be successful without including a mechanism with the potential and power to drive change across the whole economy.

There are several measures already in place to assist the property and construction industry with managing issues such as emissions, energy efficiency and use of materials. The Commercial Building Disclosure scheme is a national mandatory disclosure scheme that requires disclosure of a building's environmental rating. Included in this scheme is the reference to NABERS Energy – the National Australian Built Environment Rating System Energy rating tool – which benchmarks a building's greenhouse impact on a scale of one to five, one star being the most polluting and six stars the least.

In addition, the GBCA operates Australia's only national voluntary comprehensive environmental rating system for buildings and communities – Green Star. Green Star was launched in 2003 to assess the green attributes of building projects based on nine environmental impact criteria: Management, Indoor Environment Quality, Energy, Transport, Water, Materials, Land Use & Ecology, Emissions and Innovation.

Green Star's best practice benchmarks guide the design, construction and management of almost all building types and provide developers, investors, tenants and governments with a reliable, third-party assessment of their buildings' environmental credentials. Green Star-certified buildings are awarded one of three ratings recognising the level of environmental sustainability achieved: 4 Star Green Star – 'Best Practice', 5 Star Green Star – 'Australian Excellence' or 6 Star Green Star – 'World Leadership'.

Whether mandatory or voluntary, these complementary measures, and any other measures or incentives introduced or supported by government, will play a significant role in increasing energy efficiency and reducing greenhouse gas emissions through better design, construction, operation and refurbishment.

The GBCA previously made a submission to the Climate Change Authority's Targets and Progress Review (December 2013). Please find enclosed a copy of this submission for your reference. Also enclosed is a copy of a paper released by the GBCA in 2011, *Putting a price on pollution: What it means for Australia's property and construction industry*. Please do not hesitate to contact me by phone on 02 8239 6200, or via email at katy.dean@gbca.org.au should you require any further information.

The GBCA looks forward to continuing to work with the Climate Change Authority towards a low-carbon future.

Yours sincerely



Katy Dean
Director – Advocacy



