

20 September 2024

Commercial Buildings Policy Team
Department of Climate Change, Energy, the Environment and Water

Via email: [REDACTED]

Via online portal: <https://consult.dcceew.gov.au/commercial-building-disclosure-cbd-expansion-consultation/new-survey>.

Dear CBP Team

Submission to Commercial Building Disclosure Expansion Consultation

The Australian Sustainable Built Environment Council (ASBEC) welcomes the opportunity to provide feedback to the Commercial Building Disclosure expansion consultation.

ASBEC is a collaborative national forum of peak bodies in the Australian built environment, focused on sustainable, productive, and resilient buildings, communities, and cities. Our [membership](#) consists of industry associations, professional bodies, academia, non-government organisations and government observers who are involved in the planning, design, delivery, and operation of our built environment.

We commend the Department of Climate Change, Energy, the Environment and Water (DCCEEW) on its commitment to reviewing how the Commercial Building Disclosure (CBD) program may be expanded. As we know, buildings account for over half Australia's electricity usage and almost a quarter of emissions through their operations, approximately half each for residential and commercial buildings.ⁱ Many of Australia's commercial buildings in use today will still be operating in 2050 when we are due to achieve our national net zero emissions target.

We cannot achieve a net zero economy without decarbonising the built environment. And accelerating decarbonisation of the built environment as a priority can help to drive a steep abatement curve to avoid the future impacts of emissions that could readily be reduced today. Improving energy efficiency, electrification of our buildings and reducing emissions across the buildings sector uses technology and practices that are available now. Findings from ASBEC's report, [Unlocking the pathway: Why electrification is the key to net zero buildings](#),ⁱⁱ shows that 100 percent electrification with renewable electricity is the lowest cost, fastest emissions reduction pathway for Australia's built environment.

ASBEC views the CBD program as a key tool in the decarbonisation of Australia's built environment. We estimate that implementing a comprehensive suite of energy efficiency policy measures could deliver \$20 billion in financial savings by 2030, and 64MT of avoided CO₂-e emissions by 2050ⁱⁱⁱ. Further, electrifying the built environment could deliver 199MT avoided CO₂-e emissions and \$49 billion in energy savings by 2050 compared to business as usual^{iv}.

The CBD program has delivered deep transformation of the commercial office sector since it formally commenced in November 2010. Between 2011 and 2023, there has been a sustained trajectory of energy savings in NABERS-rated buildings, with an average decline in energy use of over 40%. The fastest reduction of energy use across any building sector in Australia, and possibly globally.^v

Expanding the CBD program is one of the best opportunities available to build on and accelerate positive change in the wider commercial buildings sector. The expansion of the program is a recommendation in [Every Building Counts](#),^{vi} (authored by the Property Council of Australia and the Green Building Council of Australia and supported by ASBEC) which details a toolkit of policies and programs that provide certainty to

industry, driving the transition to zero-carbon-ready homes and buildings and providing a roadmap for governments towards a greener, healthier, more equitable built environment.

ASBEC supports the following approaches to expanding and updating the CBD program, as detailed in DCCEEW's [CBD program expansion public consultation paper](#)^{vii} and KPMG's report for DCCEEW, [Expanding the Commercial Building Disclosure program](#):^{viii}

- Expanding disclosure to different types of commercial buildings with a clear roadmap for future CBD program expansion to ensure all building types have time to prepare. In the short-term, we support action to lower the threshold for office buildings from the current coverage point of 1000m² to 500m², and expand the CBD program to apply to office tenancies and different ownership structures beyond constitutional corporations.
- Investigating minimum energy performance standard for offices in the first instance, with consideration for how this may be expanded to other building types in the future.
- Scope 1 disclosure to be added to the program with information about on-site activities such as gas use, diesel use and refrigerants.

A number of ASBEC's member organisations have provided separate detailed submissions on the proposed program expansion. In this submission we provide comments on the following components of the proposed approach:

Expand the CBD Program to different types of commercial buildings and lower the threshold for office buildings

The success to date of the CBD program is unequivocal, even though it has only been applied to offices over a certain size. Emissions in this sub-sector have been reduced by 11274M kgCO₂ p.a. since 2010, a saving for users of an estimated \$1638M on energy bills.^{ix}

As offices are not required to disclose energy use by tenants, only half of the office sector's energy use has been captured by the CBD program up until now. This means disclosure has only been applied to a very small part of the Australian built environment. The potential for further emissions reductions, as well as other benefits such as savings on energy costs and reducing peak energy demand, is enormous.

As noted above, ASBEC strongly supports expanding the CBD program to different types of commercial buildings in line with the proposed high-level road map. We also support lowering the threshold for office buildings from the current coverage point of 1000m² to 500m², and expansion of the CBD program to apply to office tenancies and different ownership structures beyond constitutional corporations.

ASBEC supports the key milestones for each proposed phase (noting that years indicated are not yet confirmed):

- Phase 1 (2024-2026) should set the vision and a roadmap for future phase rollout of CBD program expansions. This would be supported by a Regulatory Impact Statement and Cost Benefit Analysis. We note that this should align with the Built Environment Sector Pathway and the Update to the Trajectory for Low Energy Buildings, both currently under development.
- Phase 2 (2026-2030) includes periodic review of progress and introducing Scope 1 disclosure as a requirement of the CBD Program (noting that Scope 1 disclosure could be introduced for commercial offices before 2030).
- In Phase 3 (2030 onwards), the CBD program will ensure disclosure across 80% of floor area across all commercial buildings (over 90% of commercial office buildings, but possibly below 80% for some building types).

We acknowledge and support the premise that the identified building types have been grouped according to NABERS maturity and that timeframes have been assigned accordingly. We recognise that this has been achieved through a formal process developed by the NABERS team (and endorsed by the NABERS National Steering Committee) for setting and assessing the forward program of rating tool development, based on a range of considerations including funding and resources available.

With appropriate funding and resourcing, the NABERS team may be able to develop and introduce a rating tool for some building types on a more accelerated timeframe than the current proposed timeline for Group 4 – noting that many of these might achieve benefits out of NABERS' new Energy Performance Indicator. For example, supermarkets are relatively less diverse in design, operation and ownership than other building types identified in Group 4. In addition, the new climate risk disclosure legislation requirements (in force from 1 January 2025) will be a driver for some of the larger commercial owners to shift to earlier disclosure.

Disclosure triggers

While ASBEC continues to support sale or lease as a trigger for disclosure some buildings may go many years between sale or lease, and some building types may never (or rarely) trigger disclosure with a sale or change of lease. Appropriate triggers for each individual building type will need to be resolved and the accompanying legislation will need to be amended. An example of a change in trigger might include a requirement for carrying out a regular rating.

As NABERS certifications are conducted on a 12-monthly basis and ideally, organisations make an annual commitment to certification in order to gain the most benefits in improving energy performance, it is an option to set an annual reporting requirement. However, this could represent a compliance and cost burden for some businesses. As such, a longer period could be considered. Setting a two-, three- or five-yearly reporting requirement may be appropriate to begin with, while reserving the opportunity to review this frequency in future.

Communicating disclosure information

Disclosure facilitates information transparency to help consumers make informed decisions. The more available disclosure information is, the more it can help bring about positive change. As each new building type is scheduled for inclusion in the CBD program, the most appropriate places to display disclosure information should be considered. As a minimum disclosure information should be included in all advertising (physical and online), as well as in building foyers and business websites as appropriate, and as part of the NABERS online directory.

Information in addition to NABERS energy rating

In the first instance, ASBEC supports the inclusion of both the NABERS Energy rating and the NABERS Renewable Energy Indicator in the expanded CBD disclosure program. The disclosure of both of these is consistent with the dual objectives of the *Building Energy Efficiency Disclosure Act 2010* “to promote the disclosure of information about the energy efficiency of buildings; and to contribute to the achievement of Australia’s greenhouse gas emissions reduction targets.”^x

The NABERS Renewable Energy Indicator is an element of NABERS certificate that illustrates the share of renewable energy use for a building. NABERS Energy rating reports also provide an energy source breakdown, including the share of fossil fuels (scope 1 emissions), the on-site renewable electricity produced, and the off-site renewable and non-renewable electricity procured.

While the emissions impacts of refrigerants are currently outside of the scope of NABERS ratings and the CBD program, they are a significant contributor to building Scope 1 emissions. Given this we support further research to investigate how material sources of Scope 1 emissions (e.g. from the use of fossil fuels and refrigerants) could be incorporated into the disclosure program in the future.

As this next phase of the CBD program matures, we also recommend that future reviews of the program consider the inclusion of NABERS Water and Waste ratings.

With regard to Tenancy Lighting Assessments (TLAs), we note that these have historically been an important inclusion for office buildings, where the building owner owns the lights. However, in some tenancies, such as in shopping centres, the tenant owns the lights. In the expansion of the CBD program, TLAs may be a useful inclusion where lights are a base building element and the benefits of including TLAs can be demonstrated given that lighting is moving rapidly to LEDs and is no longer responsible for the same proportion of energy use as it once was.

Minimum Energy Performance Standards

Over the past decade, market-leading property companies in Australia have demonstrated the potential for increased energy performance and have reduced their emissions intensity by 52% compared to a 2005 baseline.^{xi} These companies consistently top international benchmarks like the Global Real Estate Sustainability Benchmark and Dow Jones Sustainability Index and many have committed to achieving net zero emissions by 2030 or sooner.

While voluntary action continues to drive leadership in the market, the challenge for governments is to extend the substantial progress made by market leaders across the sector. Ultimately, expanding the CBD program and implementing MEPS will be needed to lift the minimum performance of the lower end of the market if we are to achieve national emissions reduction targets and provide opportunities for all building owners to reap the benefits of improved energy efficiency and electrification.

ASBEC supports the development of a roadmap for the progressive introduction of MEPS (for different building types and sizes) to ensure that building owners are aware of timelines for implementation. Appropriate lead times and support mechanisms will be key to the successful roll out of MEPS, but it will be an essential part of the coordinated efforts required to achieve a net zero emissions built environment.

In line with [Every Building Counts](#),^{xii} ASBEC supports the call for the government to investigate introducing minimum energy performance standards (MEPS) for existing buildings, underpinned with extended lead times and a strong incentives program. We note that there is a diversity of opinion amongst ASBEC members as to whether MEPS for commercial buildings should be included for consideration in the expansion of the CBD program.

ASBEC looks forward to further engagement on this important work program. We welcome the opportunity to provide further detail on any of the points outlined above. Please do not hesitate to contact me via

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Yours sincerely

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- ⁱ Australian Government, Department of Industry, Science, Energy and Resources, National Energy and Emissions Audit 2020.
- ⁱⁱ <https://www.asbec.asn.au/research-items/unlocking-the-pathway-why-electrification-is-the-key-to-net-zero-buildings/>
- ⁱⁱⁱ <https://www.asbec.asn.au/research-items/low-carbon-high-performance-report/>
- ^{iv} <https://www.asbec.asn.au/research-items/unlocking-the-pathway-why-electrification-is-the-key-to-net-zero-buildings/>
- ^v CBD program statistics provided by NABERS from data available in the NABERS Annual Reports. <https://nabers.info/annual-report/2022-2023/>
- ^{vi} <https://everybuildingcounts.com.au/wp-content/uploads/sites/37/2023/04/Every-Building-Counts-2023-Edition.pdf>
- ^{vii} https://storage.googleapis.com/files-au-climate/climate-au/p/prj2de77ad47d17c41065a89/page/CBD_Expansion_Consultation_Discussion_Paper_WCAG.pdf
- ^{viii} https://storage.googleapis.com/files-au-climate/climate-au/p/prj2de77ad47d17c41065a89/page/Expanding_the_Commercial_Building_Disclosure_Program_the_feasibility_report_.pdf
- ^{ix} CBD program statistics provided by NABERS from data available in the NABERS Annual Reports. <https://nabers.info/annual-report/2022-2023/>
- ^x *Building Energy Efficiency Disclosure Act 2010* (Cth), 2A (b)
- ^{xi} Better Buildings Partnership. <https://s3-ap-southeast-2.amazonaws.com/cdn.sydneybetterbuildings.com.au/assets/2019/06/BBP-Annual-Results-FY18-.pdf>
- ^{xii} <https://everybuildingcounts.com.au/wp-content/uploads/sites/37/2023/04/Every-Building-Counts-2023-Edition.pdf#page=42>