



17 September 2024

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

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

To whom it may concern,

### **Submission to Commercial Building Disclosure Expansion Consultation**

The Facility Management Association of Australia (FMA) is an industry-driven membership organisation that represents and supports the individuals, teams, and organisations that manage and maintain Australia's built environment. The Association has close to 4,000 members and is connected to many other industry professionals who regularly engage with Association initiatives and activities. As the peak industry body, FMA engages with the facilities management sector to ensure any representation is relevant, supported, and in the best interest of the industry.

The Association commends the Department of Climate Change, Energy, the Environment and Water (DCCEEW) on the opportunity to provide feedback on the review of the Commercial Building Disclosure Program (CBD). The Association welcomes the proposal to expand the CBD to include additional sectors.

The Association has a membership base that covers facility management professionals from different building types including (but not limited to) hospitals, aged care, hotels, offices, data centres, residential facilities (apartments), education facilities, shopping centres, and other purpose buildings.

The CBD program that has delivered successful outcomes for the built environment with an average of over 40% energy reduction since the program commenced in 2012. It has driven reduced emission by 11,274M kgCO<sub>2</sub> per annum since 2010, saving users an estimated \$1.638 billion on energy bills<sup>i</sup>.

The past five years has seen a significant shift in how Australia's built environment is managed and operated. This provides an opportunity to look at mechanisms for accelerating the reduction of the built environment's emissions profile while also delivering a range of benefits to those operating buildings, notably including a reduction in energy costs.

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### ***Expanding the CBD Program to different types of commercial buildings***

The CBD Program should be expanded to the different types of commercial buildings. The Association has advocated for such changes previously and strongly supports the current proposal as presented in the consultation road map.

The principles underpinning the road map provide a strong basis for expansion of the program, and the use of grouping to provide clarity in timing of implementation is required. The process for ensuring operators is given the opportunity to ensure preparation ahead of disclosure of the different building types is imperative to the success of expanding the CBD program.

The importance of this approach is to give those unfamiliar with NABERS or CBD the time to better understand the program and benefits of proposals ahead of disclosure obligations being imposed.

The road map proposes group one include the reduction in floor space threshold for office spaces. The Association has held a long-term view that the threshold should be reduced and has indicated this during previous reviews of the program.

The exclusion of tenancies from the current disclosure framework provides a clear opportunity to significantly increase the rated area of commercial offices and thus providing greater opportunity for positive outcomes.

The group two is a pathway for the inclusion of hotels, shopping centres, data centres, and public hospitals. These are all building types where a level of understanding and or voluntary reporting of NABERS currently exists, thus providing a simpler transition to reporting under the CBD program.

Groups three and four, that have historically had less engagement with NABERS, will be provided with additional time to engage and prepare. This will enable those sectors to comprehend NABERS tools and understand the CBD program's benefits, ultimately encouraging stronger engagement. Because of the proven impact of NABERS initiatives across the industry and the positives brought to facilities management professionals themselves, this stage will benefit from insight from established, experienced built environment professionals.

### ***Displaying disclosure information***

While the drivers and level of impact for each building type will vary, the current lack of mandatory disclosure is an information void. This limits connection between the various stakeholders and different building types. The road map does provide a logical pathway, however, it is important to note that some of the proposed building types have been previously engaged with NABERS tools or CBD.

While the current arrangements of disclosure for commercial offices are displayed on site and in advertising, this arrangement may not be appropriate for all building types currently being considered in the CBD expansion.

This is further complicated by the need to ensure that disclosure does result in disengaging different building types that have had limited or no previous reporting obligations. It is important that disclosure is handled in a way that ensures operators of different building types are a part of the improvement journey. On this basis, consideration of disclosure obligations should be undertaken on a case-by-case basis of building type. All building types

being brought into the CBD program should be provided with an appropriate private disclosure period (that is a period when disclosure to government would be required, but not immediately to the public).

NABERS has a history of demonstrating improvement over subsequent rating periods and therefore has the ability to implement a private disclosure mechanism by which reporting and the initial rating provided can be improved prior to subsequent rating and its public disclosure<sup>ii</sup>.

### ***Disclosure trigger***

Disclosure triggers need to be logical for the type of building being disclosed. For example, a building with a long-term ownership model would not suit a 'sale trigger' reporting frequency. To drive improvement, a 'time based' trigger would be more appropriate.

The most important consideration is that each building type is assessed on what would be logical for that sector while still providing an overall level of consistency across the entire expanded program.

The outcome to be reached (which should be articulated from the onset) is a publicly disclosed reporting system.

### ***Overcoming barriers***

Each time there are changes to the CBD program and other energy-related programs, members and the broader industry demonstrate a renewed interest in skill development and energy management knowledge. Given that some of the operators of some building types have had no or limited exposure to NABERS and CBD programs, informing this group will be an important intervention. Ensuring their education will implement safeguards to protect the program's success. Energy efficiency and the ability to appropriately manage energy consumption are now considered core competencies of facilities management professionals.

While some resources exist, it will be important to understand any knowledge gaps within professionals managing different building types and ensuring resources (educational and skill development material) are available for these groups. Avenues of knowledge and experience can be assessed from over-viewing those with extensive firsthand and technical knowledge of respective specialties and streams of facilities management. Identifying those individuals or teams will play a role in information sharing.

### ***Disclosure information***

While the purpose of this review is to determine the appropriateness of expanding the program to other building types, for energy, there is also an opportunity to review the appropriateness of including other disclosure points in the expanded CBD program. The Association believes that reporting of other key built environment metrics such as the NABERS Renewable Energy Indicator (REI), water, and waste would be low-cost opportunities where tools exist and could be implemented. The other items, such as scope one emissions and indoor air quality, would require additional work to ensure rating tools are in place and can provide robust metrics to be disclosed. However, all of these would also

provide opportunity to deliver significant and demonstrable improves and thus outcomes to the economy.

An approach that begins with energy disclosure, then expands over time to include other key metrics, could be a mechanism of creating reliability and trust, expediting the process of onboarding new building types and industries. The frameworks established would enable other fields to have a 'starting off' platform.

In order to drive clarity, the Association also supports the concept of a longer-term commitment to staged implementation to allow appropriate and informed forward investment by operators of different building types within the built environment.

### ***Minimum energy performance standards (MEPS)***

While the market leaders in the commercial building sector have demonstrated a willingness to voluntary action, and this continues, there is a recognition that some sub sectors have not followed suit and taken such action. The CBD program will play a pivotal role in promoting action across the entirety of the building sector, encouraging particular drive in those as yet included sub sectors.

FMA support the development of MEPS across different building types. It is important the development of any MEPS is undertaken at a point for each building type when there is sufficient evidence for MEPS to be accurate, relevant, and meaningful for a specific building type. On this basis the suggested approach of progressively implementation is key to delivering an outcome that delivers the intent of MEPS.

### ***Resourcing***

The Association also believes that as NABERS is the appropriate tool enabling expansion of the Commercial Building Disclosure Program, that the necessary additional resources that will be required for the NABERS Administrator are allocated. This will ensure that key aspects of the program including but not limited to education, promotion, management, reporting and administration is able to undertaken at a level that supports the increased demand for ratings. In addition to this, the FMA also support the need for ensuring that the current (best practice) auditing is not compromised through any expanded CBD program.

## Summary

Qualitative research undertaken by FMA and other industry bodies have identified a significant level of support for the CBD program amongst built environment professionals. According to many built environment professionals, the program has been highly effective in improving transparency of energy performance in commercial buildings and in driving healthy competition in the marketplace between building owners.

The pathway of educating and increasing engagement with NABERS (for those building types currently not engaged) and then moving through a staged approach to disclosure and then minimum energy performance standards is supported.

Overall, the expansion of the CBD legislation is a key aspect of improving national energy productivity. The program, through its implementation in the commercial building sector, has provided the impetus for ongoing improvement in energy efficiency, and ensured the commercial building sector has been proactive in seeking to manage its energy use for a positive outcome. The initial implementation of the CBD program was intended to be expanded beyond commercial buildings thus, expansion is aligned to the initial intent of the program.

The Association continues to be supportive of DCCEE in expanding the CBD program and welcomes the opportunity to provide additional input and feedback through the Association and its members and further work on the proposed expansion continues.

Please contact me directly on [REDACTED] if you would like further clarification or discuss the information included in this submission.

Yours sincerely,

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<sup>i</sup> CBD Program Statistics provided by NABERS, August 2024

<sup>ii</sup> <https://nabers.info/annual-report/2021-2022/lops-average-energy-reduction-after-multiple-ratings/>