

13 September 2024

[REDACTED]

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

Dear [REDACTED]

Re: Commercial Building Disclosure Expansion Consultation

Green Building Council of Australia (GBCA) commends the Department of Climate Change, Energy, the Environment and Water (DCCEEW) on its commitment to considering how the Commercial Building Disclosure (CBD) program may be expanded. We welcome the opportunity to provide input to this consultation.

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.¹ 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](#),² shows that 100 percent electrification with renewable electricity is the lowest cost, fastest emissions reduction pathway for Australia's built environment.

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.³

Expanding the CBD program is one of the best opportunities available to build on and accelerate positive change in the wider commercial buildings sector. In particular, driving energy efficiency improvements, boosting electrification and increasing uptake of renewable energy.

¹ Australian Government, Department of Industry, Science, Energy and Resources, National Energy and Emissions Audit 2020.

² <https://www.asbec.asn.au/research-items/unlocking-the-pathway-why-electrification-is-the-key-to-net-zero-buildings/>

³ CBD program statistics provided by NABERS from data available in the NABERS Annual Reports. <https://nabers.info/annual-report/2022-2023/>

GBCA advocated for the development of the CBD program prior to its establishment in 2010 and has supported and celebrated the program and its exceptional achievements since then. GBCA has contributed to the program reviews in 2015 and 2019, championing appropriate expansion of the CBD program. Expanding the CBD program is a recommendation in [Every Building Counts](#),⁴ a policy platform released by GBCA and the Property Council of Australia (first in 2019 and refreshed in 2023) which details ways in which governments can accelerate the transition to a sustainable built environment.

GBCA supports the following approaches to expanding and updating the CBD program, as detailed in DCCEEW's [CBD program expansion public consultation paper](#)⁵ and KPMG's report for DCCEEW, [Expanding the Commercial Building Disclosure program](#).⁶

- 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, 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.

Please find further information against the consultation questions below:

1. What are your views on expanding the CBD Program to different types of commercial buildings in line with the suggested road map (see [High-level CBD program expansion road map](#)⁷)?

GBCA strongly supports expanding the CBD program to different types of commercial buildings in line with the proposed high-level road map. More immediately, GBCA supports 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.

We note that even though so far the CBD program has only been applied to a single building sub-sector – offices – emissions in this sub-sector have been reduced by 11274M kgCO₂ p.a. since 2010, also saving users an estimated \$1638M on energy bills.⁸ 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. This means disclosure has only been applied to a very small part of the Australian built environment to date. The potential for further emissions reductions, as well as other benefits such as savings on energy costs and reducing peak energy demand, is enormous.

⁴ <https://everybuildingcounts.com.au/wp-content/uploads/sites/37/2023/04/Every-Building-Counts-2023-Edition.pdf>

⁵ https://storage.googleapis.com/files-au-climate/climate-au/p/prj2de77ad47d17c41065a89/page/CBD_Expansion_Consultation_Discussion_Paper_WCAG.pdf

⁶ https://storage.googleapis.com/files-au-climate/climate-au/p/prj2de77ad47d17c41065a89/page/Expanding_the_Commercial_Building_Disclosure_Program_the_feasibility_report.pdf

⁷ https://storage.googleapis.com/files-au-climate/climate-au/p/prj2de77ad47d17c41065a89/page/High_Level_CBD_Expansion_roadmap.pdf

⁸ CBD program statistics provided by NABERS from data available in the NABERS Annual Reports. <https://nabers.info/annual-report/2022-2023/>

GBCA provides the following comments on the proposed high-level road map:

Overall building regulation

- GBCA supports the key milestones for each phase proposed (note that years are indicated by the high-level road map and not 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 also 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. GBCA notes that as this information is already captured during the NABERS Energy certification process, making arrangements for its disclosure in the certificate could be achieved by 2026.
- 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).

Group 1 buildings: Offices and office tenancies

GBCA supports the milestones for Group 1 proposed in the high-level roadmap:

- 2025 – Reduce the floor area threshold to 500m² and introduce CBD program for office tenancies
- 2026/2027 – Introduce MEPS for large buildings
- 2030 – Reduce threshold for MEPS
- Beyond 2030 – Progressively reduce disclosure and MEPS threshold as appropriate.

Group 2 buildings: Hotels, shopping centres, data centres, public hospitals

GBCA supports the milestones for Group 2 proposed in the high-level roadmap:

- 2025-2026 – Introduce CBD program for large buildings
- 2027-2030 – Reduce threshold floor area for CBD program compliance
- 2030 – Introduce MEPS for large buildings
- Beyond 2030 – Progressively reduce disclosure and MEPS threshold as appropriate.

Please also see comments in relation to Group 4 buildings below.

Group 3 buildings: Residential aged care, retirement living, warehouses, cold stores, schools, retail stores

GBCA supports the milestones for Group 3 proposed in the high-level roadmap:

- 2025-2026 – Increase NABERS participation
- 2027-2030 – Introduce CBD program for large buildings
- 2030 – Introduce MEPS for large buildings
- Beyond 2030 – Progressively reduce disclosure and MEPS threshold as appropriate.

Group 4 buildings: Higher education, supermarkets, private hospitals, medical centres, other

GBCA broadly supports the milestones for Group 4 proposed in the high-level roadmap, but makes additional comments below:

- 2026-2028 – Increase NABERS participation
- 2028-2030 - Introduce CBD program for large buildings
- 2030 – Introduce MEPS for large buildings
- Beyond 2030 – Progressively reduce disclosure and MEPS threshold as appropriate.

While GBCA recognises the building types have been grouped according to NABERS maturity and timeframes have been assigned accordingly, it may be appropriate for some building types to be targeted for a more accelerated trajectory. GBCA commends the NABERS team on its process for setting and assessing its forward program of rating tool development, based on a range of considerations including funding and resources available. However, we note that some building types in Group 4 may be able to move more quickly and could be included in Group 2 if appropriate funding and resourcing are allocated to the NABERS team to fast-track development and introduction of new rating tools.

For example, higher education facilities are centrally controlled, actively managed, relatively well-funded buildings. Most of Australia's universities have already set ambitious emissions reduction targets and many have emissions/climate-related financial disclosure reporting in place. Dozens of universities, TAFEs and other tertiary education facilities have achieved Green Star certification for a range of buildings in campuses across Australia, demonstrating leadership in a range of sustainability metrics, including energy use.

Supermarkets are another example. They are relatively less diverse in design, operation and ownership than other building types identified in Group 4. Several of the large owners will also be subject to the new climate-related financial disclosure legislation (requirements will begin from 1 January 2025 for Australia's biggest listed and unlisted companies).

2. Where should disclosure information (e.g. energy ratings) be displayed? Some examples include on advertising (including online advertising), on your business website, in the foyer or near the main entry door where practicable.

GBCA supports disclosure 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. Disclosure is about facilitating information transparency to help consumers make informed decisions. The more readily available we make information, the more it can impact 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.

3. What should trigger disclosure? Some examples include on sale or lease, or a periodic trigger such as yearly or once every two years.

GBCA notes that the sale or lease trigger for disclosure ensures that potential buyers, tenants and investors can make decisions based on the most up-to-date information available.

However, some buildings may go many years between sale or lease, and some building types may never (or hardly ever) trigger disclosure with a sale or change of lease. Given the proposed expansion beyond commercial office buildings to a range of building types, this review represents an appropriate opportunity to consider applying a periodic trigger.

GBCA supports an approach that prioritises both the principle of driving improvements to energy performance across the buildings sector and the principle of allowing key stakeholders to have access to disclosure information that can inform their decision-making. For the best gains in improving energy performance and reducing emissions, regular reporting should become part of the CBD program for all building types. We note that NABERS certifications are conducted on a 12-monthly basis and we believe that it is reasonable for organisations to achieve yearly certification and disclosure.

We also note that yearly disclosure will support organisations obliged to report under climate-related financial disclosure legislation and may encourage more organisations to consider implementing their own emissions reduction targets, undertaking voluntary reporting under frameworks such as the Global Real Estate Sustainability Benchmark (GRESB) and/or embarking on other sustainability initiatives.

4. Who would be most interested in your energy use?

Building energy performance is of interest to tenants, buyers and investors. It may also be increasingly of interest to stakeholders such as clients/customers of an organisation and those upstream or downstream in the supply chain who may have an interest in an organisation's emissions as a component of their own reporting.

As noted at 2., disclosure is about facilitating information transparency to help consumers make informed decisions. The more readily available we make information, the more it can impact positive change.

5. What are the barriers to you getting and disclosing your building's energy rating? What might be needed to help you overcome those barriers?

GBCA understands that there are a range of barriers and challenges that can make it difficult for some building owners to obtain and disclose an energy rating. These barriers and potential support to overcome them may include:

- **Limited awareness and understanding of the rating tool and the process for obtaining an energy rating.**

The CBD program and the NABERS team do an excellent job of providing clear information and a range of education and training offerings to those that need to understand the CBD program, Building Energy Efficiency Certificates and NABERS rating tools. Additional resources for awareness-raising activities, supporting education and training for stakeholders with building types scheduled for inclusion in the CBD program and continuing to partner with a range of industry groups to reach a wider range of stakeholders will help to address this barrier.

- **The costs involved with obtaining a rating.**

The cost of obtaining a rating and compliance with the CBD program may be a barrier for some building owners. Establishing funding for building owners that will be impacted by expansion of the CBD program with discounts or subsidies for obtaining their first energy rating may help to address this barrier.

- **Limited availability of/access to suitable qualified and experienced professionals, particularly in regional areas, or for smaller buildings.**

GBCA understands that this is an ongoing challenge that requires coordination from a range of stakeholders to address. Growing the number of skilled and qualified professionals must be an ongoing priority for both industry and governments as we work towards the transition to a net zero carbon, high performing built environment. More immediately, federal, state & territory and local

governments should work together to identify groups of owners impacted by this barrier and find ways to support access to professional services effectively and efficiently.

- **Building owners with older and/or poorer quality buildings do not want to obtain a rating to confirm that their building is a poor performer. Particularly if they do not have the interest or resources to make improvements.**

Expanding the CBD program to capture more buildings will mean that many owners of older and/or poorer quality buildings will be obliged to obtain an energy rating. Needing to disclose a low rating will undoubtedly have a negative impact on a building's attractiveness for sale or rent in many markets (if not immediately, then as each building sector matures and more building owners make improvements to energy performance). While some building owners will take the opportunity to invest in improvements to differentiate themselves in the market, others will not see this as a priority. Some may want to make improvements, but will not be able to readily access the capital this may require.

In Every Building Counts,⁹ GBCA and the Property Council of Australia recommend that the federal government work with state, territory and local governments to deliver financial incentives that encourage the built environment towards fully electric buildings with reduced emissions. These include:

- Providing incentives linked to the installation of electric appliances replacing gas.
- Extending the instant asset write-off scheme to include energy efficiency upgrades of buildings up to \$150,000.
- Green depreciation, which would see the deferment of taxable income in early years in exchange for bringing forward investment in large upgrades that exceed the instant asset write-off threshold.
- Rates and charges relief for buildings that satisfy a performance standard, for instance stamp duty and land tax concessions for high performing buildings.
- Encouraging building owners to access clean building finance and/or energy efficiency obligation schemes available in their jurisdictions.
- Raising awareness about how existing buildings can make operational improvements and/or plan retrofits. There are many great examples of poor performing buildings making both minor and extensive improvements to lift energy performance.

6. Should other information also be disclosed in addition to the NABERS energy rating? Possibilities include Scope 1 emissions from on-site activities (for example gas use, diesel use and refrigerants) or the NABERS Renewable Energy Indicator which displays the proportion of the building's energy that comes from on-site renewable energy generated and off-site renewable energy procured.

GBCA supports adding Scope 1 disclosure to the CBD program. Requiring disclosure of itemised Scope 1 emissions, such as on-site use of gas, diesel and refrigerants, would provide additional value to consumers and decision-makers. This information will allow them to more accurately understand how a property aligns with their own commitments to emissions reduction and may also assist with voluntary or mandatory reporting.

⁹ <https://everybuildingcounts.com.au/wp-content/uploads/sites/37/2023/04/Every-Building-Counts-2023-Edition.pdf>

Disclosure of Scope 1 emissions can also help to:

- Encourage electrification, either by providing more information to support the consumer in making decisions regarding electrification and other building upgrades, or by increasing demand for buildings that have already taken steps to reduce Scope 1 emissions.
- Support actions in line with the Australian Government's hydrofluorocarbon (HFC) phase-down targets and Australia's commitment to the Montreal Protocol phase-down targets. Such as, upgrading to equipment that operates with low-GWP refrigerants wherever possible, or installing equipment that can be transitioned to low-GWP refrigerants in the future.

GBCA also supports disclosure of renewable energy use using the NABERS Renewable Energy Indicator (REI). The NABERS REI provides a simple breakdown of the building's energy sources, supporting informed decision-making by consumers and encouraging the uptake of electrification.

The data collected through expanding the CBD program to include Scope 1 disclosure and renewable energy use disclosure will also be valuable for future program and policy development.

On the issue of Tenancy Lighting Assessments (TLAs), GBCA notes that these have been an important inclusion for office buildings as historically, 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.

7. What are your views on the use of minimum energy performance standards to improve the energy efficiency of commercial buildings?

In Every Building Counts,¹⁰ GBCA and the Property Council of Australia calls for government to investigate introducing minimum energy performance standards (MEPS) for existing buildings. We commend the inclusion of MEPS for commercial buildings for consideration in this program review.

GBCA supports developing 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 will be essential for the successful roll out of MEPS, but it will be an essential part of the coordinated efforts required to achieve a net zero building sector.

Voluntary action continues to drive leadership in the market and Australia has many shining examples of buildings with high energy performance that also deliver net zero, and even climate positive, outcomes. There are now more than 5500 projects certified with Green Star across Australia. While many of these are commercial office buildings, Green Star rating tools have been applied to all types of buildings including schools, hospitals, sporting and cultural facilities, shopping centres, industrial buildings, retirement living and more, demonstrating appetite and ability in the market to make all kinds of buildings more sustainable. Please visit GBCA's [project directory](#)¹¹ and [case study directory](#)¹² for more information.

Over the last decade, market-leading property companies have demonstrated the potential for increased energy performance and have reduced their emissions intensity by 52% compared to a 2005 baseline.¹³

¹⁰ <https://everybuildingcounts.com.au/wp-content/uploads/sites/37/2023/04/Every-Building-Counts-2023-Edition.pdf>

¹¹ <https://www.gbca.org.au/project-directory.asp>

¹² <https://new.gbca.org.au/case-studies/>

¹³ Better Buildings Partnership. <https://s3-ap-southeast-2.amazonaws.com/cdn.sydneybetterbuildings.com.au/assets/2019/06/BBP-Annual-Results-FY18-.pdf>

These companies consistently top international benchmarks like GRESB and Dow Jones Sustainability Index and many have committed to achieving net zero emissions by 2030 or sooner.

However, the challenge for governments is to extend the substantial progress made by market leaders across the sector as a whole. 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.

GBCA supports setting a minimum NABERS star rating that must be achieved, first by large commercial office buildings, followed by reducing size thresholds and increasing the types of buildings to which the MEPS will apply. GBCA supports the high-level roadmap proposed (please see response to 1. above), while recognising that additional investigation will be required to set an appropriate minimum star rating for different building types and confirming a timeline for implementing this policy.

We look forward to continuing to support DCCEEW and the NABERS team in the promotion, implementation and expansion of the CBD program. For more information on any of the above or to arrange further consultation, please contact [REDACTED]

Yours sincerely

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About GBCA

GBCA's purpose is to lead the sustainable transformation of the built environment. We do this primarily through our core functions:

- We advocate for policies and programs that support our vision and purpose.
- We collaborate with our members and other stakeholders to achieve our mission and strategic objectives.
- We educate industry, government practitioners and decision-makers, and promote green building programs, technologies, design practices and operations.
- We rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.

Green Star is Australia's most widely used sustainability rating system for the design, construction and performance of buildings – including social infrastructure – fitouts and communities. Green Star aims to transform the built environment by:

- reducing the impact of climate change
- enhancing our health and quality of life
- restoring and protecting our planet's biodiversity and ecosystems
- driving resilient outcomes for buildings, fitouts, and communities
- contributing to market transformation and a sustainable economy.