

30th October 2019

Mr P. Manners & Mr H. Fisher
Centre for International Economics
Ground Floor, 11 Lancaster Place
Majura Park, Canberra
ACT 2609



Dear Sirs,

Re: Commercial Building Disclosure Program review – Draft Report of September 2019

Green Moves Aust are a small Australian owned and operated business of energy efficiency consultants in the commercial and residential building sector. We have been involved in the commercial building arena as assessors and consultants for over 10 years and have seen firsthand the benefits disclosure has brought to the sector, and the invaluable (and otherwise unobtainable) data it is providing to the government and industry.

We consider the Commercial Building Disclosure (CBD) Program crucial to facilitating energy efficiency and emission reductions across the building sector in Australia. We fully support and look forward to CBD being expanded to other sectors in the very near future.

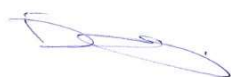
It is our view that in order to meet the commitments Australia has made in relation to GHG emission reduction targets in the Paris Agreement, and to expedite and facilitate progression to low carbon buildings (refer ASBEC's Trajectory for Low Energy Buildings report), expansion of the CBD program is a necessary driver. Additionally, low energy and zero emission buildings is now a key strategic priority for many of the country's cities (ie City of Sydney, City of Melbourne, City of Adelaide and more). Disclosure of energy efficiency for all commercial building types provides a low-cost option to progress these goals.

Benefits of energy efficiency are well known throughout the industry. Delays to programs that can expedite efficiency in all sectors comes at a cost to everyone concerned. For the benefit of landlords, investment property funds, tenants/occupiers and the countries emission reduction targets we would support expansion to the CBD program across all building types and sectors.

Regarding the draft report – it's our observation that the existing draft report is focused on the benefit of disclosing the rating only. We highly recommend that all benefits including market value improvement, vacancy rate reductions, and emission reductions be included in the benefits analysis of the recommendations. This would provide a more holistic picture and showcase the contribution to the countries emission reduction targets as well as improving asset value for the landlords.

Finally thank you for the opportunity to review and provide comment on the draft report, we hope you find our feedback of value. Our direct responses to the draft report follow in the next pages.

Regards



Danielle King
Director
Green Moves Aust Pty Ltd

Green Moves direct response to the questions in the draft report are as follows:

- 1 The CBD Program continues for office buildings. **Firmly support.**
- 2 The impact the CBD Program is having in offices can be increased, through funding programs aimed at low-NABERS energy star-rated buildings. Some offices have not improved their performance and remain at low levels of energy efficiency. A Commonwealth funding program that is delivered by councils could be targeted at these buildings. **Firmly support.**
- 3 The CBD Program should be extended to office tenancies, replacing the current TLA requirements. **Firmly support.**
 - a) This recommendation is subject to developing a system that minimises compliance costs through the use of the NABERS Co-assess tool (which we understand may require legislative changes in some states). This would necessitate moving to a periodic rating system and we recommend that a BEEC be required every two years (rather than on sale and lease). **NABERS Co-assess tool is working well and proving beneficial. Biannual ratings would probably suffice (instead of at point of sale/lease), however annual ratings are being done by many of the leading property firms already and it would be easier for industry to include periodic ratings into existing annual works and processes. Annual is preferred.**
 - b) Disclosure of tenancy ratings using the co-assess tool could be trialled in a state where existing legislation would allow this to occur. **This should be in line with standard policy, no need for a 'special case' for co-assess ratings.**
 - c) If the CBD Program is not extended to office tenancies, there is no compelling case to change current disclosure requirements for base buildings. **Green Moves would fully support the CBD program being extended to office tenancies. Annual ratings would be ideal, would provide more detailed data, encourage efficiency and provide jobs while contributing to the countries GHG emission reduction goals in line with the Paris Agreement, and ASBEC's trajectory for low energy buildings projects.**
- 4 Disclosure of energy performance should not be mandated for shopping centres. **No – Shopping centres use a significant amount of energy and they should be mandated for rating on a regular basis. We do not support this recommendation.**
- 5 Mandatory disclosure of energy performance should be expanded to hotels, subject to satisfactory completion of the following steps: **Firmly support.**
 - a) The benchmarks in the NABERS energy tool for hotels should be reviewed to ensure they provide fair comparison across hotels. This should involve industry representation (as is standard NABERS practice) and would be expected to take around one year. If issues are found with the benchmarks, these should be re-issued. This should be complemented with NABERS engagement with the hotel industry to build trust in the outcomes of the tool. NABERS could also consider what could be done to reduce potential confusion with quality star for hotels. **The NABERS hotels tool simply needs more data from a range of hotels to enable benchmarks to be set over a larger data sample. Would suggest a project, funded by government to assess approx. 50 hotels with the NABERS tool to collect the relevant data and refine the benchmarks. We don't think a review is necessary, just better data.**
 - b) Following this, a period of two years should be allowed for undisclosed ratings to be done by hotels prior to mandatory disclosure being put in place. **Support.**
 - c) Mandatory disclosure should apply firstly to hotels with more than 100 rooms. This would cover approximately 600 hotels covering ~86 000 rooms. Subject to the review below, this could then be reduced (such as by expanding to all hotels with more than 50 rooms). This does not apply to motels and resorts, which are not rated by NABERS. It is not clear if the ABS defined 'Private hotels' would be covered – this is hotels without a public bar. Our expectation

is that these are not appropriately benchmarked in NABERS as they were not part of the sample for initial benchmarking. **No comment.**

- d) Hotel ratings should be required every two years. Disclosure should be in the hotel foyer and on the hotel's website. **Hotel ratings should be required annually in line with other programs and their own annual reporting.**
 - e) The Australian Government should consider funding support for obtaining the first NABERS energy ratings. The costs of obtaining the first rating would amount to ~\$4 million. **Fully Support.**
 - f) Four years after mandatory disclosure is put in place, its impact on hotel energy efficiency should be reviewed. **Firmly support.**
- 6** The CBD Program should not be expanded to data centres at the present time. **No – Data Centres use significant energy and should be rated annually, and the CBD program expanded to include. For security reasons they should not need to show the address on the certificate, postcode would suffice.**
- a) Nevertheless, the Commonwealth and state governments should commit to obtaining NABERS ratings on their own data centres. This process should be used to gather information on: the practical challenges associated with rating existing data centres; identifying whether the process of obtaining a NABERS rating identifies any cost-effective options for improving the energy efficiency of existing data centres; and the cost of improving the energy efficiency of existing data centres. **Firmly support.**
 - b) Based on these findings, the government could re-consider expanding mandatory disclosure requirements to data centres. **Government should expand CBD to all data centres.**
- 7** Disclosure of energy performance for apartment buildings should be investigated in detail, following agreement from states and territories to undertake such an investigation. **Firmly support.**
- 8** State and territory government should agree to a detailed examination of mandatory disclosure of NABERS ratings for apartment buildings, including consideration of an appropriate legal framework. **Firmly support.**
- 9** As recovering the costs incurred by DEE in administering CBD Program (including compliance and enforcement costs) through user charges would be consistent with the Australian Government Cost Recovery Guidelines, DEE should the develop a compliant cost recovery framework. **No comment.**