

## Pro-invest Group's Position on the Expansion of the Commercial Building Disclosure Program to Include Hotels

October 2019

On behalf of Pro-invest Group, the below feedback points are summarised in response to the review of the Commercial Building Disclosure (CBD) Program by the Centre for International Economics (CIE). Pro-invest Group is in favour of the NABERS Energy tool, particularly as the Group's hotel assets are designed to achieve a minimum 4.5-star NABERS Energy rating, with continuous efforts to uplift the assets' NABERS ratings via design and operational initiatives.

To date, Pro-invest Group's Holiday Inn Express Sydney Macquarie Park has achieved a 4.5-star NABERS Energy and 4.5-star NABERS Water rating for two consecutive years – currently the highest NABERS rating nationally - with the remainder of the Group's operational hotels (which have >12 months of trading) being under review for NABERS Energy assessments also. Pro-invest Group have additionally entered an agreement with the Clean Energy Finance Corporation for the roll-out of a hotel portfolio targeting 5-star NABERS Energy. To read more on this, please [click here](#).

With this in mind, please find Pro-invest Group's responses and feedback points to the Program below.

### [Input on government mandated procurement associated with NABERS ratings for hotels.](#)

It certainly would drive change generally and sends the right message. This could have unintended consequences in terms of negatively impacting the value of non-compliant assets. It also would impact some hotels very much more than others as not all hotels host government business. It comes back to how it would be implemented. A possibility would be to introduce a lower threshold initially and over time lift it. This would get a large pool of hotels buying into the idea and get them certified. It would then be up to the operators to increase their NABERS ratings in line with the threshold as time progresses. If the pool started out quite large, this would prompt healthy competition as the bar is lifted, i.e. with the incentive of retaining or increasing government business.

### [Input on Gold, Silver, and Bronze award system may be implemented to show how the hotels are increasing their ratings.](#)

Believe the 6-star rating scale is sufficient and also leaves more “room” to progress, as the star rating system goes up by 0.5-stars. It may also pose as an obstacle for some operators to “jump” from a silver to gold (depending on how it is broken down but as example if bronze =  $\geq 3$ -stars; silver = 4-5-stars; gold =  $> 5$ -stars), as the NABERS – as has been advised by our ESD Consultants - gets more challenging to achieve the higher the rating i.e. it is easier to move from a 4.0-star rating to a 4.5-star rating than it is to shift from 4.5-stars to 5.0-stars with respect to becoming more energy efficient. In summary, it is perceived that it would be better to stick with the established rating system than to introduce another layer of complexity.

Input on hotels that are 100 rooms and below are exempt from the ratings.

Believe the scheme should apply to >50 hotel rooms, as every hotel consumes energy and has a carbon footprint.

If looking at it from a collective hotel carbon footprint perspective, excluding the <100-room hotels which are already in the market - there are approximately 50 new hotels with <100-room hotels (across 3-star to 5-star quality ratings) in the supply pipeline for Sydney alone, as per the Tourism Australia Sydney Hotel Supply H2 2019 brief. Each one of those hotels' rooms are consuming energy and has GHG emissions and should be equally challenged and incentivised to reduce their overall carbon footprint. For instance, using the CIE table of Impacts of mandatory disclosure for hotels, a hotel with 89-keys could potentially be using c. 4.2 million MJs if rated a 4.0-star.

Input on scheme allowing for a higher rating if renewable energy is purchased by the hotel.

Yes, as acquiring renewable energy would still make a positive impact to the overall environment, although this may not occur in physical property itself. There should be some limitations placed on this and with the instance of GreenPower, this will be recorded on the NABERS Energy rating certificate. Reasoning for limitations and transparency is that the scheme would lose credibility should, for instance, a hotel that would without renewable energy achieve a 3-star hotel rating acquire renewables which then lifts the rating to i.e. 5-stars. This may inadvertently disincentivise hotel operators to improve the actual design and operations of their respective hotels to achieve and maintain a high NABERS rating and not focus on their actual consumption and emissions, as acquiring a large load of renewables may be seen as the "easy way out".

Purchasing renewables and the like – within reason and appropriate guidelines - would however be beneficial for the environment on a regional basis, as the hotel sector would be inclined to also transition from "black energy" to "green".