

12 September 2011

Residential Energy Efficiency Team  
Buildings and Government Energy Efficiency Branch  
Department of Climate Change and Energy Efficiency  
GPO Box 854  
CANBERRA ACT 2601

Dear Sir/Madam

### **RE: RESIDENTIAL BUILDING MANDATORY DISCLOSURE**

Thank you for the opportunity to provide a submission regarding the proposed options for a residential building mandatory disclosure scheme. The Green Building Council of Australia's (GBCA) mission is to develop a sustainable property industry and to drive the adoption of green building practices. The GBCA supports, in principle, initiatives that encourage these outcomes, particularly where they relate to better-performing buildings, more efficient use of energy and water as well as lower greenhouse gas emissions. While the GBCA agrees that implementation of a residential building mandatory disclosure scheme is likely to have a number of positive impacts, more detail must be provided for each of the proposed options before we can support one option in particular. Instead, the GBCA would rather encourage the particular outcomes of such a scheme.

#### **About the Green Building Council of Australia**

The GBCA is Australia's leading authority on green building, established in 2002 to develop a sustainable property industry in Australia and drive the adoption of green building practices. The GBCA promotes green building programs, technologies, design practices and processes, and operates Australia's only national voluntary comprehensive environmental rating system for buildings - Green Star.

The GBCA has more than 940 member organisations, including government departments, which work together to support the Council and its activities. The GBCA is also a founding member of the World Green Building Council, which was established to provide a federated 'union' of national green building councils with a common goal to support the sustainable transformation of the global property industry; there are now 89 such councils worldwide.

#### **The Green Star rating tools**

Green Star is a voluntary tool that encourages, recognises and rewards best practice and innovation. The first Green Star rating tool was released in 2003 in response to market demand for a rating tool that would evaluate the environmental design and construction of buildings as well as establishing a common language for green buildings.

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There are currently nine Green Star rating tools which address a range of building types and more than 350 buildings have achieved Green Star ratings, with a further 540 projects registered. The Green Star rating system is designed to take an holistic approach within each class and building sector, addressing nine categories in total: Management, Indoor Environment Quality (IEQ), Energy, Transport, Water, Materials, Land Use and Ecology, Emissions and Innovation.

Only one Green Star rating tool, Green Star – Multi Unit Residential, applies to residential buildings (developments of two units or more), and so the GBCA's involvement in the sector is limited to one asset type. The GBCA does not rate single dwellings. However, with experience in the assessment and certification of developments, the GBCA understands the importance of evaluating and addressing the environmental impacts of buildings, and for many years has emphasised that the residential and commercial building sectors together account for 23% of Australia's greenhouse gas emissions (*The Second Plank – Building a low carbon economy with energy efficient buildings*. Australian Sustainable Built Environment Council, 2007).

Green Star has traditionally focused on building attributes for new and retrofitted buildings, but is now looking beyond this with the development of the Green Star - Performance rating tool. Green Star - Performance will be designed to assess the operational performance of existing buildings. It will extend beyond rating only operational energy and water performance to include all categories currently used in Green Star: Management, Energy, Transport, Water, Indoor Environment Quality, Materials, Land Use & Ecology, Emissions and Innovation. Green Star – Performance will be designed for use in all building types, including residential.

### **Addressing the information shortfalls and information asymmetries**

The GBCA agrees that the information shortfalls and information asymmetries within the market are key areas of concern. We believe that implementing a residential building mandatory disclosure scheme could assist in addressing the current information gaps in the residential property market and allowing homebuyers and renters to make more informed choices, as well as contributing to a reduction in greenhouse gas emissions, water and energy use. Whichever pathway is taken towards implementation of such a residential building mandatory disclosure scheme, it is essential that a number of objectives are met; namely that homeowners, buyers and lessees understand:

- The potential value of better performance and the importance of efficient water use, energy use and lower greenhouse gas emissions
- The potential for more informed decisions to be made based upon assessments of a building's performance and comparisons with similar examples
- The range of initiatives which can be implemented to improve a building's performance overall, but in particular to improve energy efficiency, reduce potable water use and lower greenhouse gas emissions
- That the benefits of implementation of the scheme, assessment of the building and disclosure of results, far outweigh the costs.

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In helping homeowners, buyers and lessees to understand these concepts, it will be important to communicate the objectives and implementation of the scheme clearly and effectively. It will also be vital to ensure that the regulatory option chosen is;

- easy-to-use (simple to communicate, comprehend and adopt);
- relevant to the market (with demand for such a scheme in context); and
- scientifically robust (based on verifiable data in order to prevent 'greenwash').

The GBCA supports measures that increase the amount of accurate information available in the marketplace, especially where it enables consumers to make better comparisons. Any initiatives implemented should ensure that data on buildings should be made publicly available so as to stimulate more informed decisions. Case studies should be developed as key resources for the implementation of a successful scheme.

#### **Additional comments on the proposed options**

The proposed options would seem to be focused mainly on measuring the thermal properties of a building. However, thermal properties are only part of the issue when it comes to measuring the energy performance of a residential building. For example, a building with good thermal properties, but a poor heating and cooling system could use more energy than a building with poor thermal qualities and no heating or cooling systems. It is important to see such issues from an integrated, or holistic, point of view.

The GBCA suggests that the assumptions made about the availability of information from which to undertake an accurate assessment of thermal performance are incorrect. The level of information required for Option 1 would be extremely difficult to collect, except in new buildings. Option 2 suggests a more simplified assessment than Option 1, but in practice, it would also be difficult to collect the level of data required to produce an accurate rating. In addition, the results from an assessment as outlined in Option 1 or Option 2 are unverifiable. The GBCA encourages the Australian Government to undertake further work to test that the options proposed are practicable and will achieve results that address the problems identified in an effective manner.

The GBCA believes that Option 5 is less likely to be successful due to the huge amount of information already available within the market and the information shortfalls and asymmetries elsewhere as already indicated. A balance of contemporary, informed regulation and selected, relevant incentives is required in order for the market to change - as the GBCA has found with many initiatives over the years both within Australia and worldwide through the WorldGBC network.

A useful resource that may help inform the development of this scheme is the Homestar rating tool developed by the New Zealand Green Building Council. The Homestar rating tool framework has been developed to assess new and existing homes. There are four different levels of homeowner or tenant engagement with Homestar; from self-assessment by the homeowner or tenant using the online tool, to the independent assessment of the home resulting in the issue of a formal Homestar Certified rating. For more information, visit [www.homestar.org.nz](http://www.homestar.org.nz).

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The GBCA encourages the Australian Government to undertake further consultation in regards to the design of the scheme to ensure that the scheme will achieve the objectives of government as well as achieving consistent results, even if implemented differently in each state. In addition, if the option for independent assessors were to be pursued, the GBCA would encourage considerable research into the skills and competencies required for such assessors, and the cost and training implications of this option.

The GBCA would also encourage that the scheme, regardless of which option (or combination of elements) is ultimately agreed upon, should be piloted in select locations before it is mandated nationally. The GBCA undertakes a pilot phase for all new Green Star rating tools and has found this to be an invaluable process for gaining stakeholder feedback and addressing the issues that arise during practical implementation. For more information, visit [www.gbca.org.au/green-star/rating-tools/green-star-public-building-pilot/3267.htm](http://www.gbca.org.au/green-star/rating-tools/green-star-public-building-pilot/3267.htm).

One of the government's key objectives is to reduce greenhouse gas emissions. The inclusion of a carbon metric (such as kg/C02/m2/annum) can provide benchmarks and targets and will also assist governments in measuring its progress against state, national and international greenhouse gas emission reduction targets. Requiring the use of a common carbon metric in every version of the scheme will also help to measure the results in each state more consistently.

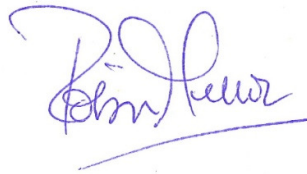
We encourage you to look upon the GBCA as the primary green building resource and we would welcome the opportunity to brief you on the work we are doing around green building and community rating tools and their context with this Consultation Regulatory Impact Statement. Please do not hesitate to contact either of us if we can provide more information on green buildings and communities.

The GBCA looks forward to working with the Australian Government to ensure Australia's transition to a low-carbon future through greener, healthier more sustainable buildings and communities, and would welcome the opportunity to be involved in the next stages of the development of a residential building mandatory disclosure scheme.

Yours sincerely,



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