

Cr Cathy Oke
Environment Portfolio Chair
City of Melbourne

Via email: sustainability@melbourne.vic.gov.au

CC: Kate Noble, Senior Sustainability Officer

12 October 2018

Dear Councillor,

RE: GBCA SUBMISSION TO THE CITY OF MELBOURNE'S DRAFT CLIMATE MITIGATION STRATEGY TO 2050

The Green Building Council of Australia (GBCA) welcomes the opportunity to participate in the City of Melbourne's consultation on the Draft Climate Mitigation Strategy to 2050 (the Strategy).

As a member of the City's External Reference Group, the GBCA is pleased to see the emphasis on zero emissions buildings and precincts as well as opportunities to improve the environmental performance of new and existing developments. We are strongly supportive of the core elements in the draft document, and look forward to more detail around the proposed actions

To encourage certainty around outcomes, we urge the City to develop a coherent set of measures that will assist in benchmarking and reporting on the Strategy's progress. Green Star is a compelling tool in this context to provide a comprehensive framework for measuring progress, particularly in the context of buildings and precincts as it has been developed to guide and rate the design, construction and operation of sustainable buildings and communities.

We are further supportive of efforts to align, integrate and rationalise the Climate Change Mitigation Strategy with existing strategies. Equally important is the City's ability to leverage the work that has been delivered under these strategies. In this vein, we ask the City to clearly demonstrate that the opportunities and challenges reflected in this document have taken into consideration the various actions progressed under the Zero Net Emissions by 2020 strategy.

The GBCA looks forward to our involvement in the development of this strategy as well as other programs of work designed to help the City to understand, respond and adapt to the changing climate. We are proud to count the City of Melbourne within our membership and enjoy a strongly collaborative relationship that we know will help build a more sustainable built environment for all Melbournians.

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If you would like any further information, or to discuss any aspect of this submission in more detail, please contact Sandra Qian, Senior Advisor – Policy and Government Relations at sandra.qian@gbca.org.au

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Cartledge', written in a cursive style.

Jonathan Cartledge
Head of Public Affairs & Membership

GBCA submission to the City of Melbourne’s Climate Change Mitigation Draft Strategy consultation

Priority 1: 100 per cent renewable energy

Proposed action	GBCA response
<p>1. Advocate for a more ambitious renewable energy target.</p>	<p>The GBCA recognises the importance of increasing the mandatory renewable energy target to provide policy certainty to the energy market and key industries. We have been calling for strong government leadership and policy certainty regarding the Renewable Energy Target for some years. Until there is a strong and consistent commitment to moving towards low emission renewable energy production and away from high-emissions energy production, investment to this sector will not be guaranteed.</p>
<p>2. Accelerate corporate Power Purchase Agreements.</p>	<p>The GBCA supports action to encourage off-site procurement of renewable energy. As part of the Carbon Positive Roadmap work program, we will be updating the requirements under Green Star to provide leadership and guidance to ensure that all new and existing rated assets from 2020 onward have no greenhouse gas emissions from their operations by 2030. From 2020, all new buildings and fitouts seeking a 6 star Green Star rating will be required to use 100% renewable electricity, either generated on-site or procured from offsite. We encourage the City of Melbourne to work with us in delivering on this action so that it may underpin a pathway for corporate PPAs to be more broadly adopted with the City.</p>
<p>3. Facilitate residential purchasing of renewable energy products.</p>	<p>The GBCA supports this action in principle. We believe that homes of the future should be enabled with renewable energy to allow for carbon neutral performance and low ongoing operational and maintenance costs. In saying this, we ask the City to demonstrate</p>

	<p>consideration of the various challenges associated with this potential action, noting that 83 per cent of residents within the City live in apartments, and around half of the remaining 17 per cent are renting.</p> <p>The GBCA is currently working to develop a vision for future homes in Australia alongside key stakeholders, both public and private. We look forward to engaging with the City on various policies and programs that would enable quality housing.</p>
<p>4. Facilitate a virtual power plant for residents.</p>	<p>The GBCA supports cost-effective opportunities for buildings to become dynamic and responsible components of local, regional and national energy systems. There are already many examples of district based/decentralised energy utilities, using technologies such as solar PV and battery storage. A virtual power plant is one example of a distributed energy solution that could provide additional generation, reduce demand peaks, build resilience and support energy security for local residents. We would be open to collaborating with the City on such a project with a view to developing a better understanding of baseline energy consumption and emissions data.</p>
<p>5. Collaborate with other cities, investors, superannuation companies to accelerate divestment from fossil-fuel energy supply.</p>	<p>Not addressed.</p>
<p>6. Partner with businesses and universities to promote innovative renewable energy technology and research.</p>	<p>As an advocate for industry innovation, GBCA has worked with many governments to share knowledge regarding renewable energy technologies and research. To support the targets in our Carbon Positive Roadmap, we are developing new coursework that supports learning around proven technologies practices and policies from overseas, including European</p>

Passive Design, UK/EU residential construction best practice design, funding models and carbon materials. We will also provide forums in which learnings can be transferred between Australian leaders and organisations looking to commence a transition to carbon neutral buildings. We are open to new opportunities for collaborating with the City to develop courses and events with a focus on these and other topics relating to net zero buildings and precincts.

Priority 2: Zero emissions buildings and precincts

Proposed action	GBCA response
<p>1. Demonstrate innovative carbon positive design and operation of council-owned buildings and precincts.</p>	<p>The GBCA commends the City for setting an example through its own assets. However, a workable plan that is underpinned by key performance indicators or measurable targets is critical to delivering on this action. Without KPIs or targets, it will be difficult to determine and guide progress, and to develop a shared understanding of what success looks like.</p>
<p>2. Partner with industry, Victorian and Australian Government agencies to reduce barriers and deliver zero emissions buildings and urban renewal precincts.</p>	<p>The GBCA is currently working with the City, as well as other key industry and state government stakeholders to further enable the market for zero emissions buildings, fitouts and urban renewal projects.</p> <p>For example, we are supporting the Victorian Government with the certification of Fishermans Bend as a Green Star Community and working with the Fishermans Bend Taskforce to inform how Green Star may be taken up at a building level within the precinct using existing planning frameworks and other initiatives.</p> <p>In delivering on this action, we urge the City to recognise the role of benchmarking for sustainable urban transformation and the importance of independent certification, which provides assurance and integrity, unlike</p>

unverifiable claims of ‘equivalency’. When policies enable ‘equivalent’ approaches to deliver on conditions for sustainable outcomes, this increases the risk of non-compliance, and leads to a lack of uniformity and rigour in the way that projects are assessed by the planning authority. Such an approach compromises the integrity of any policy or initiative to achieve its aims and should not be endorsed by the City.

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3. Accelerate existing commercial buildings and tenants’ energy efficiency programs through CitySwitch and other partnerships

We note that the City has historically a strong record of stakeholder engagement and knowledge sharing through various partnerships, which has supported the growth of existing energy efficiency programs. However, to support further expansion, an action plan is needed that considers the value of both regulatory and non-regulatory levers to drive and incentivise outcomes. This action plan should be guided by key performance indicators developed in consultation with key stakeholders.

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4. Advocate for energy performance disclosure for a greater range of commercial buildings, plus residential buildings, at the point of lease and point of sale.

The GBCA is currently advocating for the expansion of the Commercial Building Disclosure program to new sectors including but not limited to mid-tier building stock, with a priority focus on office tenants. We believe that mid-tier buildings – those classed as non-A grade or non-Premium Grade – should be recognised in the Strategy as an important part of this action, given that this sector represents approximately 80 per cent of the City of Melbourne’s office market¹. There is a large body of evidence (some of which has been developed by the City) outlining the key barriers and drivers for change in this sector. Given the bespoke nature of this sector, the City is urged to develop a strategy recognising

¹ Davis Langdon for Sustainability Victoria, “The Next Wave – Retrofitting Victoria’s Office Buildings”, 2013

the specific challenges faced by this asset class that draws on the large body of corporate knowledge developed by the City over the past decade through initiatives such as the 1200 Buildings program.

A recent report developed by a coalition of industry and government organisations, including the GBCA, AIRAH, ASBEC, the City of Sydney, CitySwitch, Energy Efficiency Council, FMA and the Property Council, titled *Opportunity Knocks – Accelerating energy efficiency for mid-tier office buildings* outlines five immediate actions for governments to accelerate energy efficiency for mid-tier buildings. This includes the recommendation that in the absence of sale or lease, periodic disclosure for buildings captured through CBD should be required every four years, and that period reporting should be used to align base-building and tenancy disclosure to deliver whole-building ratings for commercial offices. This is important given that a survey of building owners in the City of Melbourne showed that 46% of owners and 56% of owners' representatives planned to own their buildings for more than 10 years².

More recently, several recommendations from *Opportunity Knocks* were echoed in another report from the Federal Inquiry into the Australian Government's role in the development of cities. The report recommends: "completing a regulatory impact assessment on lowering the participation threshold of the Commercial Building Disclosure Program); and investigating the extension of mandatory disclosure to tenancies below 1000m²"³.

² City of Melbourne, "1200 Buildings Melbourne Retrofit Survey 2015", 2015

³ Recommendation 14 of *Building Up and Moving Out*, House of Representatives Standing Committee on Infrastructure, Transport and Cities.

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5. Facilitate the take up of the National Built Environment Rating Scheme for apartments across the municipality.

The GBCA works closely with the NSW Office of Environment and Heritage NABERS team to ensure alignment between NABERS and Green Star where possible. NABERS Energy ratings are a requirement of the Green Star Energy category (when NABERS Energy can be applied to a building type).

Capacity building will be key to the success of this action - we encourage the City to seek the involvement of body corporate representatives across the City.

We also encourage the City to explore opportunities to encourage the broader uptake of Green Star, embracing holistic sustainability standards in apartment design. There are now over 40,000 Australians calling home in a Green Star rated apartment building with all the broader benefits for their health and wellbeing and the surrounding community.

6. Renew and implement planning policies to support the development of zero emissions buildings and precincts.

The GBCA supports efforts to improve the City's planning controls over time so as to enable net zero standards and precincts to be delivered by the broader industry. A key opportunity lies in strengthening the City's Energy, Water and Waste Efficiency Policy (22.19), which currently requires new projects to demonstrate 'preliminary design potential' to achieve a Green Star standard, without requiring any accountability to ensure that the building is compliant. As noted above, the lack of an independent process to provide assurance can lead to non-compliance or claims of compliance that puts pressure on council resources to verify.

We further note that as part of Action 4.1 in the Green Our City Action Plan 2017-2021, the City has committed to pursuing changes to the local planning scheme to require that all types of development play a part in achieving

environmentally sustainable design targets. We seek confirmation that these two work streams will be generally aligned.

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7. Partner with industry to advocate for higher energy performance standards in the National Construction Code, Building Act 1993 and regulations.

The GBCA is proud to support the Building Code Energy Performance Trajectory Project, an industry-led initiative to drive improvements to the energy requirements in the National Construction Code. One of the central purposes of the Trajectory Project is to define a set of evidence-based long-term targets for the performance requirements of new building work. Two reports produced by ASBEC and ClimateWorks Australia earlier this year - *The Bottom Line* and *Built to Perform* focused on the establishment of a long-term trajectory for Code energy requirements for both residential and non-residential buildings. They also established an evidence base showing that energy performance of buildings present multiple benefits, such as reduced investment in the electricity network, greater bill savings, and better health and resilience outcomes for households and businesses.

Mandatory energy performance requirements in building codes are widely recognised as a key driver of improved building energy performance. Another highly effective mechanism that the City should consider supporting are standards for equipment and appliances, namely the strengthening of minimum equipment and appliance standards under the national Greenhouse and Energy Minimum Standards (GEMS) program.

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8. Advocate and facilitate the transition from gas to electricity in buildings and precincts.

The Carbon Positive Roadmap advocates the transition away from fossil fuel use towards 100% renewable electricity to facilitate a zero emissions built environment. To achieve this, the Roadmap proposes targets for projects with a 4, 5 or 6 star Green Star certification to:

- Be fully powered by renewables;
- Be fossil fuel free; and,
- Be fully powered by renewables and have a plan to transition away from fossil fuel use in the case of existing buildings.

Given existing references to Green Star in the City’s local planning policy, we would welcome opportunities to further explore how Green Star can support the City to benchmark its progress on the delivery of this action.

9. Adopt circular economy principles to reduce the environmental impact and embodied emissions from products, materials and buildings across the city through procurement, urban design and planning.

Indirect emissions, including embodied carbon from building materials are addressed within the Carbon Positive Roadmap, through actions that help to stimulate markets for carbon neutral products and services. The next version of Green Star proposes to introduce embodied carbon requirements similar to the conditional requirement that currently exists for operational energy. This requirement will be elevated over time. GBCA will then strongly advocate for embodied carbon to be introduced as a measure in the building code by 2030. This version of Green Star will likely also introduce rewards for the use of carbon neutral certified products or services in new and existing buildings.

Given existing references to Green Star in the City’s local planning policy, we would welcome opportunities to further explore how Green Star can support the City to benchmark its progress on the delivery of this action.

Priority 3: Zero emissions transport

Proposed action	GBCA response
Reallocate road space to create more space for walking, cycling and green infrastructure	The GBCA encourages, through the Green Star rating tools and through advocacy, initiatives which lead to demonstrated reductions in emissions, less resource consumption and

	<p>improved community health and well-being. Many Green Star certified projects promote access to active transport facilities, and encourage the use of alternative modes of transport by incorporating cyclist facilities and excellent public transport networks into their design. Future updates to Green Star are considering how to harness the collective influence of the built environment to improve cycling infrastructure.</p>
<p>Prioritise active and public transport through dedicated lanes, traffic light priorities, parking controls and road user pricing.</p>	<p>See above. The GBCA supports mechanisms designed to reduce the use of private fossil fuel vehicles, such as congestion pricing. In developing a transport network reform program we urge the City to prioritise measures designed to address congestion, and review existing initiatives for their effectiveness.</p>
<p>Advocate for public transport to be powered by renewable energy.</p>	<p>Transport emissions, which include emissions from public transport is Australia’s third largest source of greenhouse gas emissions and has currently one of the highest rate of growth. In addition to providing viable alternatives to private transport, powering public transport with renewable energy is an important emissions reduction solution for transport that should be adopted by governments to move Australia towards zero emissions by 2050.</p> <p>In addition to the above, the GBCA also supports efforts to achieve an overall emissions reduction over the lifecycle of public transport projects. We are currently developing a customisation of the Green Star – Design & As Built tool that can be used on above ground and underground passenger railway stations across Australia.</p>
<p>Advocate for the Victorian Government to build “Metro 2” train infrastructure for Melbourne.</p>	<p>Whilst the GBCA supports increased certainty around public transport infrastructure for Melbourne, we note that the draft strategy is silent on the basis for the City’s support and advocacy on this particular project. This needs</p>

	to be presented before seeking wider support from stakeholders.
Advocate for lower carbon intensity of motor vehicles and support transition to electric vehicles.	Facilitating a transition to electric vehicles has been identified as a key outcome being targeted by the Carbon Positive Roadmap. Through the Roadmap, the GBCA is proposing incentives for the adoption of electric vehicles, such as requirements for projects seeking Green Star ratings to provide or pre-install electric vehicle charging infrastructure and for existing projects to provide electric vehicle charging infrastructure.

Priority 4: Reducing the impact of waste

Proposed action	GBCA response
Continue to promote and facilitate waste avoidance, recycling, recovery and diversion of waste from landfill by implementing the City of Melbourne’s Waste and Resource Recovery Strategy.	<p>The GBCA commends the City of Melbourne on taking a proactive approach to waste management. Green Star currently addresses waste minimisation in buildings through the credits for Operational Waste, Construction and Demolition Waste and Waste Management, which incentivise industry to design, build and operate in ways that promote best practice waste management. On average, Green Star certified buildings recycle 54 per cent more of their construction and demolition waste than standard practice.</p> <p>Given existing references to Green Star in the City’s local planning policy, we would welcome opportunities to further explore how Green Star can support the City to benchmark its progress on the delivery of this action.</p>

Priority 5: Additional actions to implement the strategy

Proposed action	GBCA response
<p>Identify and address synergies, trade-offs and feedback loops between the implementation of the Climate Change Mitigation Strategy 2020-2050, Climate Change Adaptation, Nature in the City Strategy and other relevant strategies.</p>	<p>The GBCA strongly supports efforts to align, integrate and rationalise the Climate Change Mitigation Strategy with existing strategies. Other relevant strategies include the City’s procurement policy and the Green Our City Strategic Action Plan 2017-2021.</p> <p>Equally important is the City’s ability to monitor and report on the progress of these existing strategies. In the first instance, we urge the City to benchmark the progress of various measures delivered under the Zero Net Emissions by 2020 strategy, noting the effectiveness of existing programs which can play a role in supporting the actions in this Strategy, such as the 1200 Buildings program.</p>
<p>Take an innovative, evidence-based approach to prioritising actions and open data on our emissions profile for urban researchers to develop new solutions.</p>	<p>The GBCA supports improved access to energy consumption data, particularly provided in a format that is accessible and affordable to both consumers, researchers and third party service providers. We encourage the City to investigate and collaborate with existing projects at the local, state or federal government level to facilitate better access to energy data with the consideration of supporting a more harmonised, central and streamlined platform for energy consumption and performance data.</p>
<p>Participate in city-networks to share knowledge and continue to co-lead the C40 Low Carbon Districts and Climate Positive forum to learn from innovative international projects.</p>	<p>The GBCA is collaborating with city networks such as C40 to support the global commitment for net zero buildings. Recently, as part of the World Green Building Council’s Net Zero Carbon Building Commitment for Businesses, Cities, States and Regions, 19 global cities committed to significantly cut greenhouse gas emissions by ensuring that new buildings operate at net zero carbon by 2030. These cities also pledged to ensure that all buildings in the cities, old or new, will meet net zero carbon standards by 2050. We encourage the City of</p>

Melbourne to explore this commitment in the context of its own ambitions outlined in this strategy for net zero buildings and precincts.

Evaluate the implementation of the strategy by 2025 to meet the Council Pledge requirements under the Climate Change Act 2017.

The GBCA urges the City to consider the strategy's usability from a practical perspective and to prioritise the development of key performance indicators that would help to measure the strategy's progress. As noted in our responses to above actions, Green Star could be used as a framework for measuring progress, particularly in the context of buildings and precincts as it has been developed to guide and rate the design, construction and operation of sustainable buildings and communities. The Green Star certification process seeks commitment from all project stakeholders to deliver (and to prove they have delivered) a project that is designed and constructed to meet best practice benchmarks for sustainability and efficiency across the board.

About the GBCA

The GBCA is committed to developing buildings, cities and communities that are healthy, liveable, productive, resilient and sustainable.

Established in 2002, the GBCA is the nation's authority on sustainable buildings, communities and cities. Our vision is to create healthy, resilient and positive places for people and the natural environment. Our purpose is to lead the sustainable transformation of Australia's built environment through three core functions:

- We **certify** the sustainability of buildings and communities through Australia's only national, voluntary, holistic rating system – Green Star.
- We **educate** industry and government practitioners and decision-makers, and promote green building programs, technologies, design practices and operations.
- We **advocate** policies and programs that support our vision and purpose.

The GBCA represents 600-plus individual companies with a collective annual turnover of more than \$40 billion. Our membership reflects the diversity of Australian business with over 500 small-to-medium enterprises through to 75 companies with annual turnover of more than \$100 million and 24 companies now listed in the ASX200, with a combined market capitalisation of more than \$620 billion. Members include major developers, professional services firms, banks, superannuation funds, product manufacturers, retailers and suppliers. We also have 44 local government, 26 state government departments and land organisations, and 18 university members.

About Green Star

Green Star assesses the sustainable design, construction and operation of buildings, fitouts and communities. There are four Green Star rating tools available:

- Green Star – Design & As Built
- Green Star – Interiors
- Green Star – Performance
- Green Star – Communities

The rating tools cover a broad range of sustainable topics including energy and emissions and provide an overall rating, with 4-star meaning 'best practice', 5-star meaning 'Australian excellence' and 6-star meaning 'international excellence'. The program is voluntary and covers residential, industrial, office, retail, accommodation, education and public buildings.

Green Star certification is a formal process during which a building, fitout, or precinct is awarded a rating by an independent, third party assessment panel of sustainable development experts through a documentation-based assessment. A Green Star certified rating provides independent verification that a building or community project is sustainable.