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Mr Rob Hansen
Research Director
Environment and Resources Committee
Parliament House
BRISBANE QLD 4000



Also sent via email: erc@parliament.qld.gov.au

Dear Mr Hansen

Inquiry into energy efficiency improvements

The Property Council of Australia (Property Council) welcomes the opportunity to make a submission on the Environment and Resources Committee's Inquiry into Energy Efficiency Improvements.

As the major organisation representing property owners and managers, with members who control over \$320 billion worth of assets, the Property Council is well positioned to identify and advocate the needs of the property sector. The Property Council and its members overwhelmingly support energy efficiency measures in the built environment, and appreciate the challenge that all industries and Government now face in combating the effects of climate change.

However, we encourage the Government to direct its resources to delivering better outcomes and inspire innovation, not mere compliance. The creation of additional regulatory regimes will merely wrap property companies up in more red tape and prevent the industry from achieving the maximum possible abatement in the most cost effective way.

The Property Council strongly encourages the development and implementation of a climate change assistance government-industry partnership for existing commercial, retail and industrial properties.

The Property Council of Australia would welcome the opportunity to further discuss this submission and related issues when required. Please have no hesitation in contacting me or Ms Johanna de Winter, Policy and Advocacy Manager, on jdewinter@propertyoz.com.au.

Yours sincerely

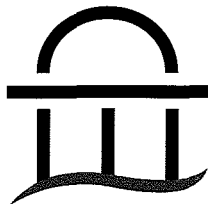

STEVE GREENWOOD
Executive Director



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**Queensland Parliament ERC Energy Efficiency Questions**

1. ***What have been the economic and environmental costs and benefits of energy efficiency initiatives affecting households, industries/businesses, governments and communities in Queensland?***

Within existing buildings there have been a number of small scale (rebate) initiatives aimed at the residential sector which appear to have had a good response; solar, hot water, energy efficient homes package, big light switch. The economic and environmental benefits of these are difficult to quantify, but they are certainly assisting raising awareness around the issue of energy efficiency. These initiatives have benefited homeowners in providing greater levels of comfort and reduced energy consumption at minimal cost.

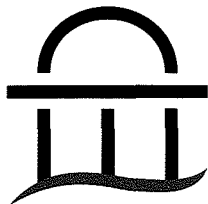
However, there are few government initiatives which assist other property sectors. Whilst there is a much greater awareness of energy consumption and trends within existing buildings over the last few years, there is little impetus to improve performance.

The main costs and benefits for households are related to the introduction of the minimum 5 star NATHERS which has been introduced by the State Government (in line with all other states) - expected to initially cost \$3000.00 per new home. There has also been the introduction of a 10% minimum BCA requirement for fluorescent light fittings to reduce domestic lighting energy. The benefit of the NATHERS scheme is that it improves thermal efficiency, therefore reducing the energy required to heat/cool the home.

The main costs for the construction industry have been associated with the introduction of part J of the Building Code of Australia which sets minimum thermal and energy performance criteria and the introduction of the Green Star and NABERS systems for rating the environmental impact of buildings. The NABERS Energy system is going to be used as the rating system for assessing compliance to the federal governments Mandatory Energy Disclosure policy, which is expected to be in place by June 2010. Initially introduced for commercial premises over 2000m², it will now be rolled out for every building type. This will change the way that buildings are assessed for lease and sale. A prospective tenant will no longer occupy inefficient spaces as demand for energy efficiency and the environmental awareness of occupants increases. This is expected to create the "dead building syndrome" which will force the renovation of existing buildings to meet minimum environmental standards – which will come at a huge cost for the property industry.

2. ***In economic and environmental terms, what energy efficiency initiatives have been effective in Queensland?***

The minimum 5 star NATHERS requirement for domestic buildings is expected to reduce energy consumption by approximately 20%. The State Government's net electrical grid feed-in tariff for the sale of on site electrical energy generation from renewable sources has yet to make an impact.



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3. *What role do Commonwealth Government initiatives, including the proposed Carbon Pollution Reduction Scheme, play in encouraging energy efficiency?*

Australian Commonwealth Government initiatives are playing a role in the encouraging energy efficiency.

The CPRS is considered to have a significant impact in this field once it becomes operational as it is the first policy which focuses on energy usage. If the scheme is implemented successfully, energy efficiency initiatives will become more focused as a result. As the scheme is still a couple of years away and the systems to be implemented are still being refined, including costs for permits, within the building sector we are not yet seeing the CPRS driving energy efficiency.

There will be a difference in the ability of buildings to report on their energy consumption for the mandatory disclosure policy. Building owners are fully aware of the potential dead building syndrome and this is already encouraging major metering upgrades to electrical consumption equipment. This could assist in the identification of inefficient systems which can be singled out within buildings and upgraded to new performance levels.

The Building Code of Australia – Section J is starting to have a strong impact within the building sector at present. This only impacts the new build sector at present which is a smaller proportion of the building sector across the state. However, there is certainly a wider awareness of the requirements this places on the notional operation of buildings which is driving energy efficiency higher up the agenda in the design/construction process.

Within the Residential sector, the phasing out of incandescent luminaries and the home insulation program are having an impact.

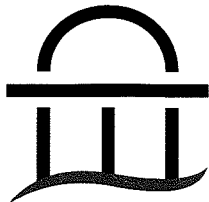
4. *What additional policies should the Queensland Government implement to encourage energy efficiency improvements?*

As mentioned above the CPRS - which will focus on actual energy consumption - is considered to have a significant impact on driving further energy efficiencies. It should be noted however, that initially the CPRS will focus on the higher end consumers.

Additional policies should focus on rewarding energy reduction due to energy efficiency initiatives. This could include tax breaks/rebates for installing energy efficient products/systems. This would extend beyond the current Energy Star program which is currently targeted at the residential market to the commercial and other building sectors similar to the Enhanced Capital Allowance scheme in the UK.

This will promote the selection of alternative and energy efficient technologies through financial incentive. In addition, this could assist to generate the renovation of existing building stock. This is a huge market, and at present there are no Government driven incentives to encourage energy efficiency within existing non-residential building stock.





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The introduction of the 'Green Door' for high performance developments (an election commitment) has the potential to see the government fast-track leading edge, sustainable and energy efficient development applications – when it is implemented.

If the Queensland built environment is to become more responsive to climate change issues, additional incentives and tools are needed to address retrofitting existing stock. The introduction of a retro-greening Government-industry partnership (such as the Property Council's proposed 'Tune-Up Queensland' program) could deliver energy efficiency saving through matched dollar-for-dollar State Government and industry funding.

5. *What barriers and impediments to energy efficiency enhancements exist in Queensland?*

The new build sector - with Section J and voluntary schemes such as Green Star and NABERS - is well catered for and generally energy efficiency has been well embraced in the design of new buildings.

The barrier to the implementation of energy efficient products and systems in Queensland is primarily one of cost. Payback periods are typically in excess of five years or more and therefore the financial argument quickly becomes less compelling.

Landlord/Tenant issues can be an issue for commercial office space energy efficiency, particularly lighting. With the lighting system owned by the Landlord, but the Tenant paying for the lighting energy consumption, the Tenant can be penalised for an energy inefficient installation.

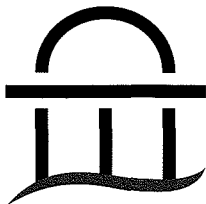
6. *What policies should be considered to overcome these barriers and impediments?*

- Policies to free up the energy market in Queensland for both regional and micro electrical power stations which also encourage gas and renewable energy production.
- As discussed above tax breaks for energy efficient products/systems should be considered to promote refurbishment of old inefficient systems.

7. *How can governments make information on energy efficiency improvements more accessible?*

The Property Council has an existing website (yourbuilding.org), a portal to the best advice on greening the performance of commercial property. With a network of 55,000 property industry professionals, the Property Council is ideally placed to enhance and propagate the Your Building site.





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The Property Council has totally revamped the Your Building portal with the latest thinking on green building trends, easy-to-use decision-making tools and helpful case studies. We would encourage governments to partner with the Property Council, and use the existing Your Building website to make information on energy efficiency improvements readily accessible.

Additionally, the Queensland Government should also make provisions to share 'lessons learnt' through its (Department of Public Work's) Government building retro-greening program with industry.

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