

## INQUIRY INTO CLIMATE CHANGE (NET ZERO FUTURE) BILL 2023

**Organisation:** Property Council of Australia and Green Building Council  
Australia

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Sue Higginson MLC  
Chair  
Portfolio Committee No. 7 – Planning and Environment  
NSW Legislative Council  
NSW Parliament House, 6 Macquarie Street  
Sydney NSW 2000

To: [portfoliocommittee7@parliament.nsw.gov.au](mailto:portfoliocommittee7@parliament.nsw.gov.au)

Dear Committee Chair,

**RE: Joint Property Council and GBCA Submission to the Portfolio Committee Inquiry into the Net Zero Future Bill**

The Property Council of Australia, alongside the Green Building Council of Australia (GBCA), welcome the opportunity to provide this joint submission in support of the *Climate Change (Net Zero Future) Bill 2023*.

**About us**

The Property Council of Australia is the leading advocate for Australia's largest industry – property. Our industry represents 13 per cent of Australia's GDP, employs 1.4 million Australians (more than mining and manufacturing combined) and generates \$72 billion in tax revenues.

Property Council members invest in, design, build and manage places that matter to Australians across all major built environment asset classes. Australia's property industry leaders are world leaders in sustainability. They have a demonstrated commitment to ESG, topping indices like the Global Real Estate Sustainability Benchmark and the Dow Jones Sustainability Index for twelve consecutive years. Most of our leading members have net zero goals by 2030 or before (Scopes 1 & 2), with several having reached it already at a fund level.

Our members have a long-term stake in ensuring our capital and regional cities thrive and want to see decisive action on climate mitigation and adaptation to avoid the worst projected impacts of climate change. The Australian property industry has also shown global leadership on social sustainability initiatives, including gender diversity through the Property Champions of Change and the establishment of world first industry-wide online platforms to tackle modern slavery risks in supply chains and measure social impact in the sector.

GBCA is an industry association representing more than 650 members from over 400 small-to-medium enterprises through to 100 companies with annual turnover of more than \$100 million and 27 companies listed in the ASX200, with a combined market capitalisation of more than \$550 billion.

GBCA's purpose is to lead the sustainable transformation of the built environment. We do this primarily through our core functions:

- We rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.
- We educate industry, 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.
- We collaborate with our members and other stakeholders to achieve our mission and strategic objectives.

## Overview

The Property Council and GBCA commend the NSW Government on taking action to advance decarbonisation in NSW and offer our full support for the Net Zero Future Bill.

The Intergovernmental Panel on Climate Change (IPCC) has made it clear that climate governance is a key lever in the policy toolkit of governments to drive greater emissions reductions. Enshrining a 50 per cent reduction in net greenhouse gas emissions in New South Wales by 2030 and net zero by 2050 is central in achieving our commitments under the Paris Climate Accord.

The property sector, and the broader economy, is increasingly subject to pressure to deliver better sustainability outcomes across the spectrum of ESG. Corporates are now expected to use their influence, operations and procurement power to deliver positive change. As well as being internally driven by staff and executive, investors and customers now have heightened expectations for sustainability outcomes.

Buildings account for 50 per cent of energy use and 25 per cent of emissions in Australia, as such, their impact and contribution to reducing emissions need to be explicit in policy outcomes, including those sought through the Net Zero Future Bill. Buildings also present some of the lowest cost emissions reduction opportunities available to governments. Realising the emissions reduction opportunities in this sector would reduce its share of the national carbon budget and provide a greater share of the budget for other sectors.

## Sector-based Emission Budgets and Transition Pathways

We understand the Net Zero Commission will provide advice on the emissions budgets for New South Wales, having regard to Commonwealth emissions budgets and nationally determined contributions. Emissions budgets in NSW should be set at an economy-wide level and sector level to ensure there is clarity over the scope and responsibility of the emissions reduction task ahead.

In line with this approach, we recommend the Net Zero Future Bill (Part 2 Guiding principles, targets and objectives and Division 2 Functions of the commission) identify and define sectoral pathways to transition to net zero by 2050 and align the sectors with the Commonwealth and Western Australia approach (see table below):

**Table 1: Australian Government and Government of Western Australia Sectoral Pathways for Emissions Reduction**

<b>Australian Government</b>	<b>Government of Western Australia</b>
<ul style="list-style-type: none"> <li>• Electricity and energy</li> <li>• Industry</li> <li>• Resources</li> <li>• Built environment</li> <li>• Agriculture and land</li> <li>• Transport</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity</li> <li>• Industry (including resources and manufacturing)</li> <li>• Transport</li> <li>• Buildings</li> <li>• Agriculture</li> </ul>

**Note:** Emissions from the waste sector will be included in the industry plan, and a focus on the circular economy will be a cross-cutting issue for all sectors.

- Waste and land use

Setting emissions budgets by sector and defining sectoral pathways to transition to net zero will be critical in providing policy certainty to industry, government and the broader community and help drive investments in low emissions and renewable technologies. Furthermore, creating alignment with the Federal Government's approach will ensure the Net Zero Commission's monitoring and reporting is consistent with a nationally harmonised framework.

In line with the Federal Government's approach, extensive engagement should be undertaken with the community, industry, experts and unions to inform the development of the sector emission reduction plans. It is recommended the NSW Government, through the work of the Net Zero Commission, establish discrete sector-based advisory groups to ensure the plans are robust, ambitious and achievable with tangible actions for reducing emissions consistent with the State Government's target of net zero emissions by 2050. This will also ensure that the sector emission reduction strategies are accepted by the stakeholders they target.

### **Members of Net Zero Commission**

We strongly support the establishment of the Net Zero Commission and note that it will be critically important that appointment of commissioners ensures appropriate sectoral coverage. The commission should include commissioners with discrete sector knowledge and expertise to effectively inform development of emissions budgets and transition pathways for each sector.

It will also be critical that the Net Zero Commission is well informed about work undertaken to date to address climate change across sectors. This will provide important context for the Commission's recommendations to government.

### **Net Zero Building Strategy**

While the property sector has shown great leadership in the development of new homes and offices, a large proportion of the built environment in NSW is already constructed, ageing and requires renovation and renewal. Without government direction and support our communities risk living in substandard dwellings, poorly performing offices and factories that are not adaptable to future ways of working. We risk spending more of our family budgets and generating more emissions because of poorly performing buildings.

Low-cost emission reduction opportunities exist right across new and old buildings in NSW. It is critical however that the NSW Government take a whole-of-government approach to decarbonising our built environment, starting with state policy leadership, followed by discrete interventions to support the shift to high performance buildings, and efforts to build greater resilience within NSW communities most exposed to climate volatility.

Currently, there is a clear lack of policy ownership and guidance over the decarbonisation pathway for the built environment in NSW as responsibilities are split between many separate arms of government. The creation of the Net Zero Commission provides a unique opportunity to develop a nationally harmonised, emissions reduction strategy for the built sector with staged interim, science-based targets that also builds on the foundational work of NABERs.

The Trajectory for Low Energy Buildings presents a ready-made framework that should be leveraged to deliver a long-term decarbonisation strategy for buildings. The NSW Government

should collaborate with the Federal Government on its current work to extend the Trajectory out to 2050 to ensure alignment with the state approach.

As part of this Strategy, the Property Council is recommending that the NSW Government establish a co-funded scheme leveraging the Commonwealth's Household Energy Upgrade Fund to drive all-electric home retrofits, with priority given to low performing assets in the social and community housing sector, which could act as the launching market for an all-electric retrofit program and help build capacity within the retrofit industry.

The emissions reduction strategy should also deliver financial and planning incentives that encourage the built environment towards better sustainability practice and reduced emissions. Priority should be given to the following initiatives:

- Rates and charges relief for buildings that satisfy a performance standard, for instance stamp duty and land tax concessions for high performing buildings, which target the point at which owners are considering making investments in their home prior to sales.
- Green door policies, which would provide expedited or prioritised review and approval of development applications associated with more sustainable and higher performing buildings.
- Density bonuses, which offer- developers an increase in the permitted density of residential projects in exchange for more sustainable and higher performing buildings.

In addition, the NSW Government should work with the Federal Government, property, and finance sectors to accelerate the expansion of preferential financing mechanisms that incentivise sustainable buildings and upgrades through funding the development of green home finance products, like green mortgages, equity loans and home improvement loans, or incentivising industry to develop innovative ways of reducing the cost of retrofitting housing stock.

Thank you for the opportunity to provide this joint submission. We welcome further consultation on this matter. Please contact Michael Player, NSW Policy Manager on \_\_\_\_\_ or \_\_\_\_\_ should you wish to discuss this submission in further detail.

Yours sincerely,

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**NSW Executive Director**  
**Property Council of Australia**

Davina Rooney  
**Chief Executive Officer**  
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