



Policy costing request—during the caretaker period for a general election

Name of policy:	National Green Buildings Plan
Person requesting costing:	Senator Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	30 June 2016
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	Thursday 30 th June 2016
Description of policy	
Summary of policy (as applicable, please attach copies of relevant policy documents):	<p>To keep global warming within 1.5° degrees, to support the Greens' plan to double energy efficiency by 2030, and to reach net zero carbon pollution by 2040ⁱ the Greens will introduce:</p> <ul style="list-style-type: none">• A national target of 100% zero carbon buildings by 2040• Drive the uptake of Environment Upgrade Agreements by having the federal government offer local councils \$5 per tonne of abatement over the 10 year life of the project for signing up agreements.• A new \$100m annual loan facility through the CEFC for large scale retrofits of commercial buildings with a focus on mid-tier commercial buildings (small and medium size businesses)• A new \$50m annual grant funding for new buildings to achieve 'world leadership' 6 Star Green Star certification or an equivalent rating• A new \$10m Green roofs and walls fund and a requirement for any buildings receiving government funding to include green walls or roofs• An urgent review and upgrade of the National Construction Code energy performance standards with a trajectory to net zero emissions by 2040, and an amendment of the Code to include end-of-trip facilities for bicycle users• Incentives for local governments, worth \$10.1 million over forward estimates, to enroll commercial building owners in Environmental Upgrade Agreements.

<p>What is the purpose or intention of the policy?</p>	<p>The Green Buildings Plan will transform our cities to cooler, more liveable, greener places to live, as well as reduce carbon emissions.</p> <p>The Greens recognise the massive opportunity to reduce carbon pollution, drive innovation and create new jobs and more comfortable, healthy places to work, and transform our cities to cooler, more liveable places to live, work and play through a large scale Green Buildings program.</p> <p>Green buildings are cheaper to run and good for business. Recent data shows green buildings consume as much as 80% less energyⁱⁱ after energy efficiency retrofits.</p> <p>Australia’s commercial buildings account for about 10% of our national energy consumptionⁱⁱⁱ and represent the opportunity for some of the most significant pollution reduction using the lowest cost using technologies that are already available^{iv}.</p> <p>In 2014 just 8% of Australian buildings were rated at the highest NABERS (National Australian Build Environment Rating System) category, and just 18% of all CBD office space had achieved a Green Star rating^v.</p>
<p>What are the key assumptions that have been made in the policy, including:</p>	
<p>Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.</p>	<p>No</p>
<p>Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?</p>	<p>A mix of capped grants and a new CEFC loan facility while the Environmental Upgrade Agreements would be demand driven.</p>
<p>Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</p>	<p>No</p>
<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	<p>No</p>
<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	<p>No</p>

PBO Policy costing request—during the caretaker period for a general election

If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No			
Will the funding/program cost require indexation? If yes, list factors to be used.	No			
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices)^(a)				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)	-62.1	-64.7	-64.8	-64.8
Fiscal balance (\$m)	-62.1	-64.7	-64.8	-64.8
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	N/A			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No			
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?	The opportunity is significant. It's estimated there are 80,000 mid-tier buildings across Australia, and mid-tier offices account for about 52 million square metres of the 64 million square metres of office space in Australia ^{vi} .			

PBO Policy costing request—during the caretaker period for a general election

Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	The CEFC and Dept of Environment.
Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).	For the environmental upgrade agreements, state legislation requires changing and that local governments need to invest in skills and processes to be able to take advantage of the scheme. It is assumed that the price signal alone would be enough to encourage state and local governments to modify their laws and regulations.
Intended date of implementation:	1 September 2016
Intended duration of policy:	Ongoing
Are there transitional arrangements associated with policy implementation?	
List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).	
Are there any other assumptions that need to be considered?	Currently City of Sydney, City of Melbourne, City of Parramatta, North Sydney, City of Newcastle and Lake Macquarie Council have implemented EUAs.
<p>NOTE:</p> <p><i>Please note that:</i></p> <p><i>The costing will be on the basis of information provided in this costing request.</i></p> <p><i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i></p>	

ⁱ The Greens post-2020 targets announced in April 2015 are for a 40-50 per cent emissions reduction on 2000 levels by 2025; a 60-80 per cent reduction by 2030; and net-zero pollution by 2040.

ⁱⁱ Green Building Council Australia 2012

ⁱⁱⁱ Green Building Council (2015) *Mid-Tier Commercial Office Buildings in Australia: A national pathway to improving energy productivity* at <https://www.gbca.org.au/uploads/97/36449/Mid-Tier%20Commercial%20Office%20Buildings%20Pathway%20report.pdf>

^{iv} ClimateWorks and Allen Consulting Group research, cited by Green Building Council submission to the ERF, 2014

^v <http://theconversation.com/green-building-revolution-only-in-high-end-new-cbd-offices-24535>

^{vi} Australian Sustainable Built Environment Council (2016) *Low Carbon, High Performance. How buildings can make a major contribution to Australia's emissions and productivity goals.* May 2016.