

17 September 2025

Mr Barry Sterland
Commissioner
Productivity Commission
Australian Government

Mr Martin Stokie
Commissioner
Productivity Commission
Australian Government

Via email: 5pillars@pc.gov.au

Dear Commissioners

RE: Investing in cheaper, cleaner energy and the net zero transformation – Interim report

The Green Building Council of Australia (GBCA) welcomes the opportunity to provide comment on the interim report on the inquiry into investing in cheaper, cleaner energy and the net zero transformation. GBCA also provided a [submission](#) to the initial consultation for this inquiry.

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.

Green Star is Australia's most widely used sustainability rating system for the design, construction and performance of buildings – including social infrastructure – fitouts and communities. Green Star aims to transform the built environment by:

- reducing the impact of climate change
- enhancing our health and quality of life
- restoring and protecting our planet's biodiversity and ecosystems
- driving resilient outcomes for buildings, fitouts, and communities
- supporting and rewarding the development and use of sustainable products and materials
- contributing to market transformation and a sustainable economy.

GBCA provides comment on the following draft recommendations made in the interim report:

Draft recommendation 1.1: Reducing emissions in the electricity sector after 2030

Governments should prioritise introducing enduring, broad-based market settings in the electricity sector beyond 2030. The settings should:

- ***create nationally consistent incentives for lowest-cost clean energy, irrespective of generation technology or jurisdiction***

- ***embed investment incentives to ensure reliability and system security are maintained.***

Governments should also phase out any jurisdictional- and technology-specific incentives over time.

GBCA supports investment in renewable energy generation and we support establishing a fair and nationally consistent framework for incentivising investment in clean energy. We take this opportunity to emphasise that maximising the effectiveness of this investment requires a stronger focus on demand-side measures. Energy efficiency is the most cost-effective way to reduce emissions, improve energy security, and ease pressure on the grid. By reducing demand at the home and building level, particularly during periods of peak demand, we can lower household and business energy bills, avoid costly network upgrades and reduce reliance on fossil fuels during times of high system stress.

Applying the "efficiency first" principle to energy policy would ensure that every dollar invested delivers multiple benefits – reducing emissions, enhancing resilience, improving health and comfort, and creating jobs across the retrofit and construction supply chain. Programs that scale up electrification and efficiency retrofits in existing buildings, combined with stronger minimum standards for new homes and commercial buildings, would significantly cut demand while aligning with Australia's net zero objectives. Renewable energy must be matched with ambitious demand-side policies to unlock decarbonisation potential and deliver greater energy security.

Draft recommendation 1.4: Apply frameworks to achieve emissions targets at least cost and improve transparency

The Australian, state and territory governments should improve the transparency of emissions-reduction policies by consistently including estimates of their cost-effectiveness in impact analyses. Those estimates should routinely be assessed against agreed national carbon values. The Australian Government should:

- ***task an independent agency with relevant expertise with developing national carbon values. These values – estimates of the implied carbon prices needed to meet Australia's emissions targets – should be used consistently as policy benchmarks across government and in regular reporting on the cost-effectiveness of emissions-reduction policies***
- ***design and evolve policy settings to be broadly aligned with these carbon values.***

To support achieving net zero in 2050 at as low a cost as possible, the Australian Government should:

- ***develop a framework for extending emissions-reduction incentives to new sectors. The costs associated with any new policies to reduce emissions in areas like agriculture and household gas should align with the target-consistent carbon values***

In principle, GBCA supports tasking an independent agency with developing a cost-effectiveness benchmark to be used in the design and assessment of emissions-reduction policies such as a national Target-Consistent Carbon Value (TCCV).

GBCA highlights the work already undertaken to develop a set of nationally consistent carbon values (NCVs) that can be applied to the built environment sector. This work began with NCVs approved for use in transport infrastructure project decision making by the Infrastructure and Transport Ministers in 2023. The opportunities for scaling this across infrastructure and the built environment sector are captured in Infrastructure Net Zero's report released earlier this year, [A solid foundation: A common definition for net zero infrastructure and how to get there](#).

GBCA also notes the research and analysis already undertaken for abatement opportunities in the built environment. This includes:

- GBCA and Property Council of Australia, 2023. [Every Building Counts](#)
- Climateworks Centre, 2024. [Enabling Australia's home renovation wave](#)

- Climateworks Centre, 2023. [Climateworks Centre decarbonisation scenarios 2023: Australia can still meet the Paris Agreement](#)
- CSIRO, 2023. [Pathways to net zero emissions – An Australian perspective on rapid decarbonisation](#)
- Australian Sustainable Built Environment Council (ASBEC), 2022. [Unlocking the pathway: Why electrification is the key to net zero buildings](#)
- ASBEC, 2016. [Low Carbon, High Performance](#)

Should development of TCCVs be an action the government chooses to take, GBCA and a number of our industry colleagues would welcome the opportunity to work with the independent agency tasked with this project to ensure that the opportunities for abatement in the built environment are represented alongside other sectors. GBCA notes that the built environment represents the fastest and most cost effective and abatement opportunities over the next 10 years.

- ***continue work to ensure ACCUs are high integrity and seek to integrate ACCUs into every national emissions-reduction policy in the long term so hard-to-abate emitters face consistent incentives.***

GBCA supports work to ensure ACCUs are high integrity and to integrate ACCUs into every national emissions-reduction policy in the long term so hard-to-abate emitters face consistent incentives.

[Carbon offsets, last but not later](#), is a framework released by GBCA and Property Council of Australia to enhance the environmental credibility of offsets used in the property sector. The framework emphasises that offsets should be applied last in the sequence of carbon mitigation, but not delayed.

Draft recommendation 2.1: Reform national environment laws

The Australian Government should reform environment laws to expedite approvals for clean energy projects and better protect the environment. The reforms should:

- ***introduce national environmental standards***
- ***facilitate regional planning, particularly within renewable energy zones, with stricter statutory deadlines for assessing projects in ‘go zones’***
- ***provide accessible, high-quality information about the environment and past assessment decisions***
- ***make offsetting arrangements more efficient, such as by enabling developers to meet their offset obligations by contributing to an Australian Government offsets fund***
- ***set clear expectations about engagement with local communities and Aboriginal and Torres Strait Islander people.***

As noted above, GBCA supports investment in renewable energy generation. While expediting approvals for clean energy will have a range of benefits for Australia, it is critical that this does not come at a cost to nature and biodiversity.

The GBCA supports the reform of national environment laws and the introduction of national environmental standards, as recommended in the Samuel Review. We agree that improving access to high-quality environmental data and past assessment decisions will enhance the transparency, efficiency and outcomes of approval processes, benefiting both project proponents and the environment.

We acknowledge the recommendation to streamline offsetting arrangements, including the proposal for developers to contribute to an Australian Government offsets fund to meet their obligations. The GBCA recognises the critical importance of supporting investment in restoration activities that enhance and rehabilitate ecosystems. We support this recommendation in principle, but emphasise that any offsets fund must be designed – and independently verified – to deliver consistently high-value environmental and biodiversity outcomes.

GBCA notes the work we have been undertaking for the past several years in developing a Nature Positive Roadmap aimed at translating global biodiversity targets into actionable, measurable steps for the built environment. Our [draft Nature Positive Roadmap: For new developments](#) proposes five core principles, supported by measurable targets. The principles are:

- Prevent nature loss – Commit to no net loss and deliver net gain outcomes.
- Increase and connect nature – Restore ecosystems and reconnect fragmented habitats.
- Drive circularity – Minimise waste and pollution through circular design.
- Choose low-impact materials – Avoid ecosystem harm from construction supply chains.
- Invest in nature – Embed funding for restoration and regenerative outcomes.

We recognise that moving the built environment – and the development of clean energy projects – towards a nature-positive future will depend on strong policy leadership and integration, consistent data, and the inclusion of First Nations knowledge and leadership.

GBCA looks forward to working with government to support policy development and implementation and we welcome the opportunity to provide further information about the draft Nature Positive Roadmap: For new developments.

Draft recommendation 3.1: Set up a climate risk information database covering all climate hazards

The Australian Government should coordinate with relevant federal, state and territory organisations to support development of a central climate-risk information database to cover all climate hazards in different parts of Australia. The database should enable the public, builders, developers, insurers, government planners and policymakers to get granular and accessible climate risk information.

To ensure Australia will be resilient, productive and prosperous in a changing climate, the public, builders, developers, insurers, government planners and policymakers must be empowered to make the best decisions possible about where to live, where to invest, where homes and buildings should be situated, how to build, and how to upgrade homes and buildings.

GBCA supports the development of a database that provides granular, transparent, trusted, accessible information that can assist all stakeholders to appropriately factor in climate change in decision making.

We note that there is always a risk that granular information can be so detailed that it is complex to assess and use. Useability, while ensuring the value of the information is retained for decision making, should be a critical consideration in any work to develop such a database.

It is critical that any database developed will ultimately be appropriate for use in planning. Risk of hazards such as flooding and bushfires must be able to be accurately and consistently assessed across Australia and across jurisdictions. For example, as part of the Development Approval process.

Draft recommendation 3.2: Develop a nationally consistent climate resilience rating system for housing

The Australian Government should lead development of a nationally consistent climate resilience star rating system for housing.

- ***The rating system should be outcome-based, with ratings reflecting potential damages from climate hazards. Ratings should account for location-specific climate hazards and the characteristics of a property.***
- ***The rating system should be complemented by supporting material so that households, builders and insurers can easily identify upgrades that would improve a property's resilience.***

- ***Development of the rating system and supporting material should build on work undertaken in this area and learn lessons from the development of the world-leading Nationwide House Energy Rating Scheme (NatHERS).***

GBCA strongly agrees that homeowners, buyers and renters should be able to make informed decisions about the homes they choose to purchase and/or live in. Access to information about a home's resilience will drive better decision-making and stimulate investment in improving the resilience of homes.

GBCA urges careful consideration of how this initiative should be structured. A nationally consistent climate resilient rating tool may prove complex to reconcile with jurisdictions and with issues that are covered by planning decisions rather than the design and construction of the building itself. Federally-led levers such as the National Construction Code (NCC) need to intersect with state-based planning frameworks, and both must be reflected in any new approach to climate resilience.

We suggest that there are a range of solutions available to make Australian homes more resilient and to facilitate better consumer awareness and decision-making. These could include:

- Development of a framework that includes review of which resilience issues must be prioritised on a regional basis. For example, flooding needs be carefully considered in planning zoning.
- Consideration of how measures for greater resilience could be included within the NCC based on climate zones and appropriate Australian Standards (e.g., roof colour, wind loads, requirements for flashings etc.).
- Consideration of how measures for greater resilience are/could be included within NatHERS and NatHERS for existing homes. For example, NatHERS currently doesn't consider the heat island effect, and therefore recommends dark coloured roofs in some jurisdictions, despite the negative impacts of that for communities in a warming climate.

GBCA notes that any initiative to develop and implement greater climate resilience transparency should be scaffolded with targeted support for those most vulnerable to being left in the homes that may become uninsurable (or with prohibitively priced insurance). While moving the market towards more resilient homes has many benefits for households and the Australian economy, a growing number of homes that will become stranded assets means that without the right support in place, we also risk stranding vulnerable and low-income households in them.

GBCA agrees that any work undertaken to improve climate resilience in homes should build on work undertaken in this area and learn lessons from the development of the Nationwide House Energy Rating Scheme (NatHERS). GBCA commends the government on the work undertaken so far to expand NatHERS to apply to existing homes. Progress to date, as well as lessons learnt as NatHERS for existing homes is further developed and rolled out across Australia, will undoubtedly be valuable in developing mechanisms to improve the climate resilience of Australia's housing stock.

We also encourage government to consider other key resources that can assist in the development of more climate resilient homes. GBCA's Green Star Homes certification system includes resilience as a one of three categories in a sustainable home:

- Positive - Fully electric, draught sealed, efficient, and powered by renewables
- Healthy - Ventilated, comfortable and with products that are better for you
- Resilient - Water efficient and climate change ready

A resilient Green Star home is one that has been built to be better than the Code at withstanding natural disasters and future climate change conditions such as bushfires, flooding, and extreme heat. The home also considers its effect on the broader climate by reducing water use and its impact on the community.

These requirements cover:

- Water Use
- Heat Resilience (e.g. Light-coloured roof)
- Resilience Essentials

More information is available on the [GBCA website](#).

GBCA has also released the reports, [Rise and thrive: Sustainable apartments for a resilient Australia](#), and [Resilience in the built environment](#). The Green Star rating tools include a number of credits aimed at encouraging Green Star-certified projects to consider, plan for and mitigate a range of climate impacts and other resilience considerations.

GBCA welcomes the opportunity to work with government and share the insights we have gained in setting benchmarks and a pathway to greater resilience for homes and buildings.

We also note that both the NatHERS and NatHERS for existing homes rating tools already provide an indication of how a home will be resilient to cold and hot temperatures. GBCA encourages government to consider developing information that will help consumers better understand this aspect of these rating systems. This is a step towards greater resilience that can be undertaken immediately.

Draft recommendation 3.3: Governments should agree on a series of actions to improve housing resilience over time

The Australian Government should lead work with the states, territories and local governments to agree on a series of actions that will improve the resilience of our housing stock over the coming decades. Older housing in high-risk areas will need the greatest focus.

- This work should be anchored around time-specific and outcome-based goals for household-level resilience, taking into account climate damages and the effects of heat. The goals will form the basis for a shared understanding of how agreed actions will improve resilience.
- Actions should only be taken where benefits exceed costs based on high quality impact assessments. They should be staged in line with the expected pace of climate change and coordinated with public investment to achieve measurable improvements in precinct resilience.

GBCA supports setting a pathway to improved resilience for our housing stock with agreed timelines, actions and responsibilities. A clear plan would provide certainty for all levels of government as well as for industry about the changes that must be made over time to ensure Australia's resilience to a changing climate.

GBCA notes that any plan should be developed in alignment with key policies such as the recently released National Adaptation Plan, the recently released update to the Trajectory for Low Energy Buildings and the Built Environment Sector Plan (announced).

Last year, GBCA commended Building Ministers for their decision to make climate resilience a key priority for the Australian Building Codes Board. The NCC will be a one of the most important levers for ensuring that the new homes we build are fit for the climate impacts of today and the future.

GBCA calls for government commitment to adequate resourcing for the ABCB to carry out this work on resilience, as well as adequate resourcing to continue to deliver its existing work program to a high standard.

Draft recommendation 3.4: Give the Climate Change Authority responsibility for monitoring, evaluation and learning regarding adaptation policy

GBCA supports the Climate Change Authority taking responsibility for monitoring, evaluating and learning to inform governments and the public about progress in adapting to climate change, and whether policies are effective. Regular progress reports with recommendations about how to improve adaptation policy will help to ensure that learnings are shared and that appropriate stakeholders can be accountable for actions and progress.

GBCA welcomes further discussion on any of the points made above. For further information, or to arrange a meeting, please do not hesitate to contact Katy Dean, Senior Policy Adviser.

Yours sincerely

Davina Rooney
Chief Executive
Green Building Council of Australia