

**Submission to the *Advancing Climate Action in Queensland: Making the transition to a low carbon future* Discussion Paper**

**2 September 2016**

## Contents

1. Executive summary .....	3
2. Property industry’s contribution to the Queensland economy.....	5
3. Achievements .....	6
4. Opportunities .....	8
5. Risks .....	11
6. Conclusion.....	13
7. Contacts .....	14

## 1. Executive summary

---

The Property Council of Australia welcomes the opportunity to provide input into the development of the State Government's climate transition strategy.

As a member of the Government's Queensland Climate Adaptation Strategy Partners group, the Property Council has actively supported the development of the Government's three-part program of work to position the state to understand, respond and adapt to the changing climate.

As Queensland's largest industry, employing 240,000 Queenslanders and contributing 11.4% of the state's economic activity, the property industry will play a leading role in transitioning Queensland to a low-carbon economy.

The Discussion Paper acknowledges that many private sector entities are actively engaged in improving their environmental performance, far beyond the regulatory standards being considered by governments. This is certainly the case in the property sector. The Australian and New Zealand property industries have ranked first for five consecutive years in the Global Real Estate Sustainability Benchmark (GRESB) survey, the leading international sustainability survey for the built environment.

In considering policy proposals that will encourage a continued transition towards a low-carbon economy, the Queensland Government will need to assess which opportunities encourage better environmental performance without compromising economic growth or job creation. The Property Council has submitted proposals for consideration which will achieve this balance, including:

1. Better land use planning to limit emissions
2. Setting higher standards for government buildings
3. Tax incentives for environmental performance
4. Planning incentives for environmental performance
5. Strategic assessment of environmental planning considerations

While there are significant opportunities for the State Government to implement positive reforms, poorly considered policy responses to this challenge pose a risk to the Queensland economy.

Recent changes proposed to the State's vegetation management framework, the revision of the coastal management district and amendments to the *Environmental Protection Act* have all intended to improve environmental outcomes, but have had a disproportionate impact on the property industry. The economic impact of these reforms could have been minimised with minor amendments that would not have compromised the desired environmental outcomes.

The Property Council encourages the State Government to consider the development of this strategy in concurrence with the impending Queensland Housing Strategy, South East Queensland Regional Plan review and other strategies being developed by Government agencies.

The Property Council looks forward to continuing to work with the Government in the formulation of the climate transition strategy.

## 2. Property industry's contribution to the Queensland economy



### CREATING JOBS - PROPERTY IS QLD'S SECOND LARGEST EMPLOYER

**240,000 JOBS**

PROPERTY INDUSTRY



**147,000 JOBS**  
MANUFACTURING



**70,00 JOBS**  
MINING



The property industry employs more people than mining and manufacturing combined

### BUILDING PROSPERITY BY PAYING \$22.3 MILLION IN WAGES & SALARIES

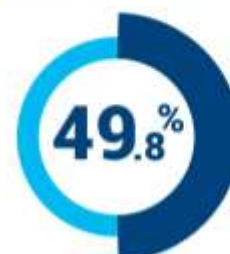


**1 IN 6 PEOPLE**

IN QUEENSLAND DRAW THEIR WAGE DIRECTLY  
AND INDIRECTLY FROM PROPERTY

**\$9.9 BILLION IN TAXES**

PROPERTY IS THE LARGEST SINGLE INDUSTRY CONTRIBUTOR  
PAYING 49.8% OF QUEENSLAND TAXES, LOCAL GOVERNMENT  
RATES, FEES AND CHARGES



### 3. Achievements

The Queensland property industry has played a significant role in leading the private sector response to the climate change challenge.

The 2016 Australian Sustainable Built Environment Council and ClimateWorks *Low Carbon, High Performance* report has outlined that the emission reductions achieved nationally by the industry over the last decade exceed 180 megatonnes, more than nineteen times the annual emissions of Australia's largest coal fired power station.<sup>1</sup>

Australia and New Zealand's property industries have ranked first for five consecutive years in the Global Real Estate Sustainability Benchmark (GRESB) survey, the leading international sustainability survey for the built environment.

The table below outlines a summary of the achievements of some of the Property Council's members, who are playing a significant role in achieving Australia's emission reduction targets.

Company	Achievements
Brisbane Airport Corporation	<ul style="list-style-type: none"> <li>Awarded Australia's first GreenStar – Communities rating, recognising 'best practice' for a master-planned development</li> </ul>
Dexus Property Group	<ul style="list-style-type: none"> <li>Energy consumption reduced 10% since 2013</li> <li>Carbon neutral since 2011</li> </ul>
Frasers Property Australia	<ul style="list-style-type: none"> <li>1.3 million sqm of Green Star-certified space</li> </ul>
GPT Group	<ul style="list-style-type: none"> <li>39% reduction in energy intensity since 2005</li> <li>57% reduction in emissions intensity since 2005</li> </ul>
Investa	<ul style="list-style-type: none"> <li>55% reduction in emission intensity since 2004</li> <li>Commitment to setting a Science Based Target for emissions</li> <li>Certified for Sustainable Responsible Investment by RIAA</li> </ul>
Mirvac	<ul style="list-style-type: none"> <li>Carbon intensity 33% below 2009</li> <li>Energy bill reduction of \$29 million since 2009</li> <li>5.1 star NABERS Energy average for Office portfolio</li> <li>80KW solar installed</li> </ul>

<sup>1</sup> Low Carbon, High Performance: How buildings can make a major contribution to Australia's emissions and productivity goals ASBEC & ClimateWorks 2016

Stockland	<ul style="list-style-type: none"> <li>• Rated world’s most sustainable real estate company by World Dow Jones Sustainability Index</li> <li>• Reduced emission intensity of office portfolio over 50% since 2006</li> </ul>
University of Queensland	<ul style="list-style-type: none"> <li>• Global Change Institute winner of the Property Council’s 2016 Innovative and Excellence Award for Best Sustainable Development – New Buildings</li> <li>• Global Change Institute designed to achieve a zero energy and zero carbon position and sets a new ideal for sustainable practice.</li> </ul>

Buildings consume roughly a quarter of Australia’s emissions. While it is clear that the property industry is leading the private sector response to the climate challenge, the sector remains a significant potential source for further reductions.

The *Low Carbon, High Performance* report has found that Australia’s built environment sector can reach zero carbon by 2050 through technologies that currently exist. This could lead to nationwide savings for the industry in excess of \$20 billion by 2030.



#### 4. Opportunities

---

As the state's second largest employer, the property industry will be a key driver of Queensland's economic transition to a low-carbon future.

To successfully steer the state's economy towards this objective, the Queensland Government will need to consider policy proposals which encourage better environmental performance without compromising economic growth or job creation.

The built environment represents a highly cost-effective emissions reduction opportunity for Queensland. The technology already exists today to achieve zero carbon buildings. Even without further technological advances, modelling by the Australian Sustainable Built Environment Council demonstrates that emission from buildings could be reduced to zero through energy efficiency measures, fuel switching and distributed solar PV.

The following actions and opportunities are presented for the Government to consider in the development of their transition strategy.

##### **Setting higher standards for government buildings**

The Queensland Government should set ambitious environmental targets for government-owned and occupied buildings in order to lead by example on low-carbon performance. By demonstrating the benefits of improved energy performance, the State can provide leadership to the private sector.

By leveraging the considerable market power of the State Government in commercial and public buildings across Queensland, significant improvements could be made to the energy efficiency standards of the state's buildings. Procurement of energy efficient technologies and materials at a State Government scale will also reduce the cost of these products for other energy users and increase the skills and capability of Queensland workers.

Government-occupied premises account for 14 per cent of the opportunity for energy efficiency improvements identified in the 2016 Australian Sustainable Built Environment Council and ClimateWorks *Low Carbon, High Performance* report.<sup>2</sup>

To achieve these gains, the Queensland Government must establish a high environmental standard for all future government buildings, form an aspirational objective for the improvement of existing buildings and create a low-carbon guideline for the selection of new tenancies. The establishment of ambitious targets should be matched with a regular public reporting mechanism on the Government's performance against these targets.

The State Government should also play a supporting role to local governments to implement energy upgrade projects and improvement programs on their assets.

In establishing higher environmental standards the Government will not only be achieving better performance outcomes but will also be providing leadership to the broader community by demonstrating the benefits of new technology and practices. This would

---

<sup>2</sup> Low Carbon, High Performance: How buildings can make a major contribution to Australia's emissions and productivity goals ASBEC & ClimateWorks 2016



be particularly so in regional Queensland, where the Government's presence is of greater consequence to the local economy.

The Government could also increase standards within its own housing stock in order to unlock emission reductions and support low income households reduce their cost of living.

Improved environmental performance will also provide a financial saving for the Queensland Government.

### **Tax incentives for environmental performance**

The Queensland Government can utilise its tax rules to incentivise environmental performance improvements from the private sector.

Stamp duty concessions for homes and buildings with a high environmental standard would be a model by which purchasers can be incentivised with minimal impact on the market. Through this mechanism owners of buildings and homes that are soon to go on the market will also be incentivised to consider making investments in improving the environmental performance of their assets.

The Queensland Government could work in partnership with local governments to establish a uniform differential rates incentive for high performing buildings and homes across the state. This would work to incentivise environmental improvements throughout the economic life of the asset, not just at points of sale.

Consideration should be given to the introduction of tax incentives for retrofitting high efficiency equipment in existing buildings.

### **Planning incentives for environmental performance**

Beyond tax incentives, the State Government should also investigate introducing incentives through Queensland's planning framework to encourage improvements in the environmental performance of the property sector.

In 2009 the then Queensland Government committed to a "Green Door" policy which would accelerate development approvals for sustainable and energy efficient design using dedicated case managers and expanded ministerial powers. This scheme was ultimately superseded as improvements to the broader planning approvals system overtook the potential benefits available through the 'Green Door'.

The Property Council contends that the greatest opportunity for improving environmental performance through planning incentives is no longer through State Government approvals but at the local government level. The Queensland Government should work with local governments to establish a uniform framework of planning incentives for high performing new buildings and communities.

Costs associated with the planning and approval process is a major factor of consideration for developers in weighing up new projects. By making this process quicker and less costly, in return for improved environmental performance, local governments could attract considerable improvements in emission outcomes.

### **Strategic assessment of environmental planning considerations**

Planning controls that currently exist in Queensland to balance environmental protection and new urban development often fail to provide positive outcomes on either front.

The existing site-by-site approach, controlled through environmental planning overlays, does not provide the scale necessary to achieve real carbon absorption or the consideration of fauna and flora species on a regional scale.

The Property Council has welcomed the Deputy Premier's commitment to work with the Commonwealth to undertake a strategic assessment of the environmental matters of state and national significance within SEQ. This process would identify with certainty those areas that should be protected from urban uses, and those areas where urban uses are agreed to be the highest and best use of the land.

Ultimately, a strategic assessment approach will create a more rigorous process for environmental protection, reduce red tape for urban development and provide a better basis for Queensland to measure, plan for and reduce its carbon emissions.

### **Better land use planning to limit emissions**

Achieving better spatial planning in Queensland's urban environments will ensure that travel times and corresponding carbon emissions are reduced. As the Discussion Paper accurately outlines "there is as much to be gained from better arranging and connecting land uses as there is from improving the efficiency of buildings." By limiting the distance of journeys between residential areas and employment areas, the Government can encourage considerable emission reductions and increase the liveability of our communities.

Currently the Queensland Government is undertaking a review of the South East Queensland Regional Plan, their statutory regional planning document which articulates the Government's desired spatial land-use pattern in the state's South East.

The Government has an opportunity through this review to introduce employment targets by local government area, to ensure employment opportunities remain available across all areas of the region. These targets should be matched with employment land targets, to ensure adequate land is being set aside for future growth.

Aside from ensuring homes are closer to jobs - the provision of adequate infrastructure will be critical to achieving minimal travel times through land-use planning. The lack of alignment between infrastructure and land use plans has been a major failing of the current and previous iterations of the State Government's South East Queensland Regional Plan (SEQRP).

The Property Council has recommended that the Government utilise their new Infrastructure Portfolio Office to achieve better alignment between the SEQRP and the State Infrastructure Plan.

## 5. Risks

---

Just as the changing climate represents a significant risk to the Queensland economy and way of life, poorly targeted strategies to address this problem present their own substantial risk.

The challenge for Queensland in achieving the State Government's ambitious carbon emission targets will be to do so in a manner which does not adversely affect economic growth.

The following recent policy initiatives represent examples of where, in the pursuit of positive environmental outcomes, the Government has created an undue economic cost.

### **Vegetation management changes**

The Discussion Paper points to the Queensland Government's recent pursuit of changes to the State's vegetation management and environmental offsets framework as a positive step towards realising Queensland's low-carbon future. Since the discussion paper was released the legislation has been defeated in the Parliament.

While the intention of the Government's legislation was to limit agricultural clearing of native vegetation, and improve the quantum of carbon absorption, the proposal would have had a significant unintended impact on urban development across Queensland.

The Government's 'Proposed Regulated Vegetation Management Map' would have shifted considerable areas of urban land from Category X, which is exempt from the legislation, to Category C which would have required State Government approval to remove vegetation. The land in question has already been through an exhaustive planning process with urban development identified as the preferred use of the land by the State Government through the regional plan.

In applying these new protections to vegetation of marginal value, in areas already identified as urban, the Government would have created a significant hurdle for economic development while achieving a minimal environmental benefit. This represents an example of the economy being needlessly put at risk in the pursuit of environmental objectives.

### **Coastal Management District**

A new Coastal Management District (CMD) was declared by the Queensland Government in February, 2016. The revised CMD effectively quarantines development on lots which are projected to be affected by climate change sea level rises of 0.8 metres by 2100.

The CMD delineates the area in which the Department of Infrastructure, Local Government and Planning (DILGP) has assessment manager or referral agency powers for certain development applications under the *Sustainable Planning Act 2009*.

The Property Council has highlighted the impact that the new CMD will have on property rights, along with concerns regarding how the CMD and recently revised erosion prone

area and storm tide inundation mapping will take effect through the land-use planning framework.

There is no accompanying plan for retreat or adaptation in these communities to the changing climate; instead the central principle of the CMD strategy effectively removes property rights on a site by site basis without compensation or opportunity for transition.

The Property Council has emphasised the need for coastal planning requirements to be developed in conjunction with the Department of Infrastructure, Local Government and Planning within the existing policy framework to ensure the land use planning implications are considered in a holistic manner.

Queensland's Coastal Management District achieves no environmental outcome, other than retreating development from coastal areas at risk of climate change related inundation. This imposes a significant economic handicap on property owners without any environmental value for the broader community.

### **Environmental Chain of Responsibility**

The Government's *Environmental Protection (Chain of Responsibility) Amendment Bill 2016* aimed to establish a legal chain of responsibility to increase environmental protections for sites and to avoid the taxpayer bearing the cost for managing and rehabilitating these sites.

The amendments establish 'related persons' who will be made responsible for remedying environmental defaults of companies. These 'related persons' include any holding company, the landowner of the land on which the relevant activity has taken or is taking place, or any other person or company who DEHP can determine meets the comprehensive 'relevant connection' test.

As such, the reforms have placed the owner of the land on which a company carries out an environmentally relevant activity as responsible for this activity. This does not recognise the fact that many landowners will not have had any involvement in, or control over, the activities in question.

While the Government should not be liable for funding remediation works caused by the environmentally damaging activities of private entities, other individuals and companies who have no responsibility for these activities should also not be liable for these costs.

The reforms create a disincentive to invest in property in Queensland and create a new potential liability on many landholders.

The Property Council encourages the Government to fully consider the economic implications of potential new policies aimed at achieving better environmental outcomes. Crucial to accurate assessments of these policies will be extensive public and industry consultation.

## 6. Conclusion

---

The Property Council would like to again thank the Government for the opportunity to provide a submission on the *Advancing Climate Action in Queensland: Making the transition to a low carbon future* Discussion Paper. We look forward to continuing to work with the Government in the development of the Queensland Climate Adaptation Strategy and the other components of Government's climate response.

If you have any further questions about the Property Council or the detail included in this submission, please contact 07 3225 3000, or [cmountford@propertycouncil.com.au](mailto:cmountford@propertycouncil.com.au).

Yours sincerely



**Chris Mountford**  
Executive Director

## 7. Contacts

---

### **Chris Mountford**

Queensland Executive Director

Property Council of Australia

Phone: 07 3225 3000

Mobile: 0408 469 734

Email: [cmountford@propertycouncil.com.au](mailto:cmountford@propertycouncil.com.au)

### **Jen Williams**

Queensland Deputy Executive Director

Property Council of Australia

Phone: 07 3225 3000

Mobile: 0448 432 936

Email: [jwilliams@propertycouncil.com.au](mailto:jwilliams@propertycouncil.com.au)

