



**National Framework**  
for Energy Efficiency



## **National Green Leasing Policy**

## **POLICY OVERVIEW**

A significant opportunity exists for Australian, State and Territory governments to work together to drive lasting environmental improvement in the operation of buildings through government leasing. The National Green Leasing Policy is the first nationally consistent approach to capitalise on this opportunity.

This Policy facilitates environmentally beneficial practices and outcomes associated with the leasing of buildings, through the use of a Green Lease Schedule. It provides guidance and information for a collaborative approach to improve operational performance. This Policy sets performance targets (which individual jurisdictions may elect to exceed) and it outlines the requirements of building owners and government tenants. These targets and requirements will be implemented by individual governments through their respective legal and policy frameworks and the use of appropriate Green Leasing tools and instruments that are to be developed with due regard to the principles set out in this Policy.

The National Green Leasing Policy represents a fundamental step in the development of a national Policy by Australian, State and Territory governments, as tenants of buildings, to drive a reduction in the environmental impact of buildings through improved operational performance.

This Policy was developed under the auspices of the Ministerial Council on Energy (MCE) and the Australasian Procurement and Construction Council (APCC).

This Policy:

- Establishes a nationally consistent Green Leasing Policy, initially covering building energy and with additional provisions to support water performance targets and management approaches (incorporated in “Green Lease” documentation) for buildings leased by Australian, State and Territory governments;
- Enables maximum consistency across jurisdictions with sufficient flexibility to accommodate differing jurisdictional contexts;
- Enhances the availability of tools and information to facilitate the integration of Green Leases into building management activities and assists building owners and government tenants to operate and maintain the buildings at optimum levels;
- Assists the acceleration of private sector uptake of Green Leases;
- Seeks to improve building owners’ and government tenants’ understanding of sustainable building operation, and in doing so generate benefits for both parties;
- Will be reviewed 2 years from its release to ensure it remains a ‘driver’ for environmental improvement.

## **POLICY PRINCIPLES**

- Reduce the impact of buildings on the natural environment;
- Respond to adaptation challenges associated with climate change;
- Improve the cost effectiveness and efficiency in the use of office buildings;
- Enhance the health, well-being and productivity for occupants;
- Demonstrate Government leadership procurement and management of government office accommodation.

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## 1 INTERPRETATION

Unless otherwise specified, the following terms and definitions are used throughout this Policy:

- a) **Green Lease:** in addition to setting out the usual rights and obligations found in leases, provides a management framework for shared environmental commitment and places obligations on a building owner and government tenant to ensure that the environmental impact of the building is reduced, through improved operational performance.
- b) **Green Leasing:** is the full set of environmental activities, considerations and impacts that occur throughout the entire leasing process. This process includes the period leading up to the lease agreement, the term of the lease and the end of a lease. Namely, it includes (but is not limited to):
  - Building selection and assessment;
  - Drafting of the 'Heads of Agreement';
  - Dialogue and collaboration between parties on realistic performance targets;
  - Definition of obligations of building owner and government tenant;
  - Preparation and finalisation of legal documentation;
  - Activities to be undertaken to achieve performance ratings;
  - Remedial actions to address deviations from obligations.
- c) **Government:** refers to governments within participating Australian, State and Territory jurisdictions. Each jurisdiction may, at its discretion, identify additional government agencies, statutory bodies or Public Private Partnerships to which this Policy applies within its jurisdiction. This Policy is not required to be applied by local government (but local governments may choose to apply it).
- d) **Building:** refers to an office building (but may be expanded to include other building types in future).
- e) **Office Building:** is a building that falls into one or both of the following categories: i) Class 5 building as defined in Part A3 of Volume One of the Building Code of Australia; and ii) an office building, as defined by the National Australian Built Environment Rating System (NABERS) Energy Validation Protocol, as a workplace primarily used for administration, clerical and other similar information-based activities, including the use of office support facilities. A typical office also includes areas that are not technically considered "office" spaces but support the people carrying out those tasks. This includes meeting rooms, kitchenettes, storage spaces, computer rooms, and specialist areas used exclusively by the office tenants such as child minding facilities and gymnasiums.
- f) **New Building:** is a newly constructed building first occupied or completed after the date of this Policy's launch.
- g) **Existing Building:** is a building not classed as a new building.
- h) **Major refurbishment:** includes work to an existing building, completed after the Policy launch date, that impacts at least 2,000m<sup>2</sup> and represents:
  - Over 50 per cent of the base building, such as changes to the building envelope, HVAC system, other plant and equipment, and common areas; and/or;

- Over 50 per cent of the tenanted area, such as changes to workstation layout, lighting, switching, floor and window dressings, and office appliances and equipment.

## 2 INTRODUCTION

The National Green Leasing Policy (“this Policy”) is a fundamental step for Australian, State and Territory governments to collectively seize on the significant opportunity to achieve lasting environmental improvements through Government leasing.

The National Green Leasing Policy sets out the principles for a collaborative relationship between government tenant and building owner that will drive improved environmental performance in buildings. This Policy forms a mechanism for Australian, State and Territory governments to develop their jurisdictional Green Leasing tools and instruments, and work with Australia’s building owners to improve building operation by delivering on mutual obligations.

Office buildings account for approximately 2-3% of Australian CO<sub>2e</sub> emissions<sup>1</sup>, but will play a leading role in achieving early emission reductions due to the potential for cost-effective emission reductions in the building sector. With Australian, State and Territory Governments leasing approximately a quarter of the Australian commercial office market and with a focus on both base building and tenancy performance, this Policy will be a major driver of environmental change in the property sector.

Newer buildings, less than 4 years old, account for less than 10% of building stock<sup>2</sup>. The overwhelming majority of building stock is older than 4 years and typically has poorer operational performance. Moreover, the energy embodied in these existing older buildings is significant. Thus, replacing these buildings with newer, more efficient buildings may not always yield a positive environmental outcome. Greater overall environmental gains will be achieved by focusing on both incremental improvements in existing buildings as well as new buildings where the environmental targets can be achieved.

This Policy provides clear performance targets for building owners and government tenants alike. It utilises government’s large scale procurement practices to move the market toward more sustainable buildings and complements other environmental performance initiatives provided by government. This Policy focuses on building performance in the areas of energy use (and its related greenhouse gas emissions), with additional provisions for water use, and provides for future consideration of other performance areas such as waste and indoor environment quality. It uses the NABERS suite of rating tools to assess and monitor environmental performance in these areas.

This Policy supports both those building owners that are advanced with achieving environmental performance in their portfolios and those building owners who are new to improving building environmental performance. In driving improved sustainable operation of buildings by both building owners and government tenants it assists in maintaining and future proofing these property assets. Overall, this Policy encourages building owners and government tenants to prepare their properties and tenancies for a future of higher energy and water costs and greater environmental performance expectations from the market and required by regulation.

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<sup>1</sup> Calculated from CIE ‘Capitalizing on the building sector’s potential to lessen the costs of a broad based GHG emission cut’, 2007; and Australian Greenhouse Office, Australian Building Sector Greenhouse Gas Emissions 1990-2010, Commonwealth of Australia, 1999

<sup>2</sup> Based on 15-year historical average of 272,448sqm, PCA July 2009 Office Market Report, 6 August 2009

Some of the regulatory changes that will drive these changed circumstances for property are the introduction of:

- The National Greenhouse and Energy Reporting scheme (NGERS);
- Higher Renewable Energy Targets under the *Renewable Energy (Electricity) Act*; and
- The *Building Energy Efficiency Disclosure Act 2010*.

By establishing a set of high level Green Leasing principles, this Policy enables maximum consistency across jurisdictions while sufficient flexibility is allowed to accommodate differing jurisdictional contexts, such as different leasing practices, legal and policy frameworks and market situations. Attachment A contains a summary of relevant jurisdictional policies; through which respective governments will implement the Green Leasing targets and requirements.

It is noted that other sustainable development practices are important considerations for the procurement of leased office premises. This includes the Green Building Council of Australia Green Star rating tools. These tools are adopted in line with relevant jurisdictional targets under separate processes including incorporation of the Green Building Council of Australia rating tools directly into lease procurement documents (i.e. Agreement for Lease documents and Base Building Briefs).

### **3 OBJECTIVE**

To use government leasing to drive a reduction in the environmental impact of buildings through improved operational performance.

### **4 AIMS**

For both the government tenant and the building owner, the National Green Leasing Policy promotes an understanding of and a commitment to environmental improvement in the leasing of buildings. In conjunction with the Green Lease Schedule templates, it formalises the obligations of building owners and government tenants. This Policy establishes an effective and consistent framework across jurisdictions while maintaining sufficient flexibility to accommodate different requirements in different jurisdictions.

This Policy aims to:

1. Embed a nationally consistent Green Leasing Policy, initially covering building energy performance targets and management approaches, with additional provisions to support water targets and management for buildings leased by government.
2. Accelerate uptake of Green Leases within the commercial building market by:
  - Informing government decision makers of their obligations under this Policy and the benefits of Green Leases;
  - Informing the private investment, building and construction sectors of this new Policy and the broader benefits from Green Leases.
3. Provide guidelines to the development of appropriate tools and information by individual governments to facilitate the integration of Green Leases into jurisdictional building management activities and to assist building owners and government tenants to operate and maintain their buildings at optimum levels.

4. Facilitate maximum consistency across government jurisdictions while allowing flexibility for individual government jurisdictions to provide further leadership through a commitment to higher performance targets or wider application than the requirements set out in this Policy.

Through the above, this Policy seeks to reduce the environmental impact of buildings by encouraging building owners and government tenants to work together for mutual benefit and by supporting improved communication and understanding of sustainable operational management of buildings.

## 5 BACKGROUND

Over the past years, Australian, State and Territory governments have independently developed policies to reflect a commitment to environmentally sustainable practices in their government operations. These policies are complementary in nature and serve to support national policy changes and initiatives such as the Commercial Building Disclosure Scheme, the expanded Renewable Energy Target scheme, National Greenhouse and Energy Reporting System (NGERS), the amendments to minimum energy performance standards in the Building Code of Australia (BCA) and the National Strategy on Energy Efficiency (NSEE).

In addition to the activities at the jurisdictional level, the Council of Australian Governments (COAG), as the peak intergovernmental forum in Australia, engages in developing and implementing policy reforms of national significance that require cooperative action by Australian governments. Consultation and cooperation between governments in specific policy areas is facilitated through over 40 ministerial councils.

In December 2007, the Ministerial Council on Energy (MCE) met and agreed on 'Stage II' of the National Framework on Energy Efficiency (NFE). 'Government leadership through Green Leases' was one of the five energy efficiency measures to be delivered by the framework. The measure sought to generate energy and greenhouse gas savings by increasing the operational performance of buildings within the commercial office market by:

- Adopting nationally consistent commercial office policy frameworks that establish building energy performance requirements and management approaches (incorporated in "Green Lease" documentation) for all government owned buildings and new leases that are greater than 2000 m<sup>2</sup>, from 2010 – noting that the area is a target and that a jurisdiction may elect to apply this framework to buildings less than 2000m<sup>2</sup>.
- Accelerating private sector uptake of Green Leases within the commercial office market through informing :
  - Government decision makers of their obligations / benefits; and
  - The investment and building/construction sector of the new government policy and broader benefits from Green Leases; and
  - Improving the availability of tools and information to facilitate the integration of Green Leases into building management activities in order to ensure buildings are operated and maintained as designed.

In 2008, the Australasian Procurement and Construction Council (APCC) through the Government Property Group (GPG) began efforts to develop a consistent 'plain English' approach for implementing environmental and energy efficient green lease practices. These efforts aim to formalise the obligations of a non-government entity as a building owner and government tenant to:

- Achieve energy performance under an agreed rating system, and

- Support waste and water performance under an agreed rating system.

In August 2008, the MCE and APCC agreed to consolidate their respective efforts and jointly progress the development of a National Green Lease Policy.

In addition, COAG agreed in October 2008, to develop a National Strategy on Energy Efficiency (NSEE), to accelerate energy efficiency efforts, to streamline roles and responsibilities across all levels of governments, and to help households and businesses prepare for the introduction of the CPRS. This initiative stemmed from Australian governments agreeing that the need to transition to a low carbon future gives renewed impetus to deliver a step change in energy efficiency and to realise the benefits from cost-effective energy-saving initiatives.

On 2 July 2009, COAG adopted NSEE as a key component of the overall approach to combat climate change. Measure 4.1.1 (c) of the strategy specifies the development and implementation of a National Green Lease Policy for government buildings. The National Green Leasing Policy developed jointly by the MCE and APCC is identified as the pathway to achieve this measure.

The output of the joint MCE/APCC initiative includes a National Green Leasing Policy that formalises and facilitates the energy efficiency measures and sustainability obligations, including additional provisions for water efficiency, between building owner and government tenant. This Policy facilitates maximum consistency across government jurisdictions while allowing flexibility for individual jurisdictions to provide further leadership through a commitment to higher performance targets or wider application than the requirements set out in this Policy. To serve this aim, Green Lease Schedule templates (discussed below) will be developed by individual governments in accordance with this Policy. Although the schedule templates will be available for broader industry adoption, they are designed primarily to support the objectives of government operations, specifically as outlined in this Policy.

## **6 SCOPE**

This Policy is to be implemented by Australian, State and Territory governments. It sets targets while supporting individual governments who may choose to set higher targets for their jurisdiction. This Policy endorses and encourages governments to seek to negotiate a Green Lease in all buildings and leasing scenarios.

As a minimum this Policy applies to new leases (gross and net) or lease renewals of buildings where the leased area is at least equal to or greater than 2,000 m<sup>2</sup> and the lease term is two years or longer, where government is the tenant.

## **7 BENEFITS, COSTS AND COLLABORATION**

The National Green Leasing Policy supports the property industry to improve the environmental performance of its building stock by providing:

- A single, clear and simple Policy specifying environmental performance targets for all government tenanted buildings;
- A set of guidelines to assist government jurisdictions to develop appropriate documents to encourage building owners and government tenants to improve building performance, particularly in relation to NABERS ratings, and to implement the Green Lease Schedule;

- Flexibility to seek exemptions to negotiate alternative targets and approaches on a case-by-case basis.

Based on current and predicted trends, improved environmental performance of a building is expected to help the building owners as regulatory and market demands increase. Well designed and implemented performance improvement programs can also result in significant reductions in a building's operational expenses, reduced exposure to increasing utility costs, increases in the effectiveness of building management and brand recognition for the building or building owner.

### **7.1 Dispute resolution**

The focus of this Policy is the generation of environmental benefits, not the pursuit of punitive action. This Policy supports a collaborative and non-punitive approach to 'prevention and rectification' in the case where obligations are not met. Further, in the case where remedial action is sought, the dispute resolution process provides a flexible, fair and open mechanism to resolve issues and address obligations within the management framework established by this Policy. If a particular government deems it necessary, penalties may be applied within that jurisdiction in pursuit of the Policy objective of achieving real environmental improvement.

### **7.2 Supporting each party's endeavours**

As a rule, the NABERS Energy base building rating and the NABERS Energy tenancy rating are mutually exclusive. As such, the rating achieved by one party, whether high or low, cannot be used by the other party as a reason for non performance in their rating. However, a building may have design limitations which mean that it cannot efficiently provide services to meet some tenant operational needs. During lease negotiations, both parties shall endeavour to understand the tenancy operational needs and the design capabilities of the building to ensure the compatible and appropriate use of the building.

### **7.3 Minimisation of waste produced at the end of lease**

Building owners and government tenants are encouraged during the course of Green Lease negotiations, to reach agreement on ways to minimise waste produced at the end of the lease term, by defining how best to utilise the existing fit-out and environmental performance features for future tenants.

Building owners and government tenants are to carefully review the environmental impacts of provisions which address actions at the end of the lease, and develop revised clauses that seek to:

- Retain any existing fit-out elements that might be re-useable by future tenants;
- Retain higher efficiency equipment for future use;
- Ensure that materials are reused or recycled where possible.

## **8 PERFORMANCE AREAS AND RATINGS**

The operation of buildings has a significant environmental impact in numerous areas including energy, greenhouse gas emissions, water, and waste. This section of the Policy details the performance areas which this Policy aims to address, the level of performance which is to be achieved, and the approach to be adopted for determining the operational performance of buildings.

### **8.1 Environmental performance areas**

The initial environmental performance focus of this Policy is energy (including greenhouse gas emissions) with additional provisions for water. Energy provisions will be applicable in all jurisdictions at the commencement of this Policy. Each government will decide the commencement date for the inclusion of water provisions in its jurisdiction. It is intended that this Policy will be adjusted in the future to incorporate other performance areas associated with the operation of buildings.

Individual jurisdictions are supported in committing to higher performance targets or wider application than the requirements set out in this Policy.

### **8.2 Performance ratings**

The building performance for each performance area will be measured using the NABERS suite of rating tools, which incorporate a well established and industry accepted performance-based rating methodology.

During the lease term, if a Party believes that the Landlord's Energy Rating, the Landlord's Water Rating (if included in the Green Lease) or the Tenant's NABERS Energy Rating should be reviewed because it cannot be achieved it may give notice to the other Party outlining why the particular rating cannot be achieved and requesting an adjusted rating target. An adjusted rating target will apply where the Parties agree or where an agreed Expert determines an adjusted rating target.

### **8.3 Energy**

The energy performance of the base building will be assessed using a NABERS Energy base building rating. The Building owner will be responsible for obtaining the rating. The costs associated with the preparation of the NABERS base building rating and any work required to obtain the rating (such as provision of sub metering) will be the responsibility of the building owner.

An existing NABERS Energy base building rating is required at the commencement of lease negotiations to inform the development of the Environment Management Plan. Where this is not possible the initial base building rating will be obtained by the start of the lease, or at the latest must be attained within 15 months of commencement of the lease.

The NABERS Energy base building rating is required to be carried out annually and within 3 months of the lapse of the previous NABERS Energy base building rating.

The government tenant is required by this Policy to obtain a NABERS Energy tenancy rating. The preparation of the tenancy rating will be the responsibility of the tenant. It is acknowledged that the procurement of tenancy ratings may be delivered through other government mechanisms and can be undertaken independently of the Green Leasing arrangement between the landlord and the government tenant.

The initial NABERS Energy tenancy rating must be attained within 15 months of commencement of the lease. If the tenancy ratings requirement is governed by and delivered through the Green Leasing arrangement between the landlord and the government tenant, a tenancy rating should be undertaken annually. If the procurement of tenancy ratings is delivered through other government mechanisms and undertaken independently of the Green Leasing arrangement, that mechanism will determine the minimum rating frequency.

Regular confirmation of building and tenancy performance is important as performance can vary significantly over time.

## 8.4 Water

The water efficiency of the building, if such provisions are included in the Green Lease, will be assessed using the NABERS Water rating for the whole building. The building owner will be responsible for obtaining an accredited NABERS Water rating. An existing NABERS Water rating is required at the commencement of lease negotiations to inform the development of the Environment Management Plan. Where this is not possible the initial water rating will be obtained by the start of the lease, or at the latest must be attained within 15 months of commencement of the lease. The accredited NABERS Water rating assessment is to be completed on an annual basis and within 3 months of the lapse of the previous accredited rating.

The government tenant will collaborate with and not hinder the building owner in completing this obligation to provide the rating and any necessary performance improvement or management initiatives.

## 8.5 Rating targets

The Rating Target Table below defines the target energy (and water if applicable) performance rating level to be achieved under this Policy. The rating targets in the table will be assessed during policy reviews to ensure the rating targets remain relevant within the context of the property market and the government’s sustainability objectives.

**Rating Target Table**

Area of Performance	Responsible Party for Rating	NABERS Performance Rating Target
Energy	Building owner	4.5 star NABERS Energy base building rating
	Government tenant*	4.5 star NABERS Energy tenancy rating
Water (if applicable)	Building owner	4 star NABERS Water rating

\* A NABERS Energy whole building rating may be considered through the exemptions process where a government tenant is the sole tenant in a building.

## 8.6 Metering

Sufficient energy metering within the base building and tenancy is required to ensure that a NABERS Energy base building and NABERS Energy tenancy rating can be obtained. It is the building owner's responsibility to ensure that adequate base building energy metering and sub-metering is present for this purpose and provide the required infrastructure to enable the installation of separate tenancy metering.

As part of the reporting, the landlord is required to provide to the tenant data information for energy (and water if applicable) for the building and common areas. The tenant will also be required to provide to the landlord, data information for energy for the premises.

This Policy supports and encourages the use of tenancy 'smart metering'<sup>3</sup> provided that the meters meet the accuracy requirements outlined in the NABERS program.

## 8.7 GreenPower

This Policy fully supports and endorses the use of GreenPower to fulfil building energy needs as a complementary initiative in reducing the overall greenhouse gas emissions from Australia's building stock, after all cost-effective building energy efficiency opportunities are fully explored. GreenPower is to be applied on the following basis for this Policy:

- For Existing buildings, GreenPower may only contribute up to a one star improvement for the purpose of reaching the target NABERS Energy ratings set by this Policy;
- For New buildings, GreenPower cannot be used to achieve a NABERS Energy rating required under this Policy.

For both new and existing buildings, neither building owner nor government tenant are precluded from purchasing additional GreenPower to achieve a higher base building or tenancy rating than that required under this Policy target rating. For example, an existing base building would need to achieve a minimum of 3.5 stars on its NABERS Energy rating excluding GreenPower, if it was to use GreenPower to reach 4.5 stars or above.

The NABERS Energy rating tools account for the inclusion of GreenPower into the accredited assessment process. Where GreenPower is used, the component of GreenPower utilised by the base building and tenancy is identified in each NABERS Energy rating.

### 8.7.1 Prioritising performance improvement

Driving increased energy efficiency of existing buildings is central to this Policy's objective of reducing environmental impact. Thus, the emphasis in meeting the NABERS Energy performance targets is placed on building operational performance improvements, rather than the purchase of GreenPower as a substitute for such improvements. However, where a target rating cannot be achieved in accordance with this Policy (as specified above) or where staged improvements have been agreed in the Environmental Management Plan to achieve the target rating, then there is a preference to bridge the gap between feasible performance and target performance by buying GreenPower, rather than seeking an exemption for a lower target.

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<sup>3</sup> Smart meters are digital meters which can provide real time information about actual consumption amounts and patterns of energy consumption at specified intervals (e.g. 1, 15 or 30 minutes).

Subject to local jurisdictional requirements a government tenant may also seek an exemption where a contribution from GreenPower higher than one star is sought to meet the target NABERS Energy ratings. Each jurisdiction has its own exemption process which includes a requirement for a rigorous business case analysis to verify the use of Green Power as the optimal means of achieving the target energy rating. This requirement ensures all reasonable measures of building improvement are assessed and implemented prior to utilising additional GreenPower to achieve the target rating, while not unduly penalising those buildings which cannot cost-effectively be improved to meet the target energy rating.

### **8.7.2 New Buildings and major refurbishments**

This Policy will not recognise the contribution of GreenPower towards the target NABERS Energy ratings where new buildings or buildings that have undergone recent major refurbishment are concerned. These buildings are deemed to have been designed to be capable of achieving high levels of operational performance, and therefore the target NABERS Energy ratings should be achievable without the use of GreenPower. The emphasis is therefore placed on the optimal operation and maintenance of new buildings to maintain a level of performance in accordance with their original design capability.

## **9 IMPLEMENTATION AND MANAGEMENT**

This Policy provides high level principles of Green Leasing; based on which each government will develop appropriate guidance documents and templates to support the implementation and management of this Policy in their respective jurisdictions. These supporting documents, when available, will form the National Green Leasing Policy Toolkit and assist the building owner and government tenant to:

- Achieve the overarching Policy objective and aims;
- Understand their respective obligations;
- Devise strategies to meet Green Lease obligations;
- Take action to achieve and maintain performance targets;
- Work in partnership towards mutually beneficial outcomes;
- Develop remedial strategies to address any deviations from performance obligations; and
- Resolve disputes relating to environmental obligations.

## **9.1 The Green Lease Schedule Templates**

A Green Lease that is in accordance with this Policy incorporates a Green Lease Schedule (GLS), based on GLS templates developed by individual jurisdictions in accordance with this Policy and relevant jurisdictional policies and programs. These GLS templates will facilitate the specification and delivery of obligations of building owner and government tenant as outlined in this Policy and relevant jurisdictional policies and programs. A GLS is to be appended to new leases and lease renewals.

## **9.2 The National Green Leasing Policy Toolkit**

The National Green Leasing Policy Toolkit is an on-line repository of the GLS templates along with guidance notes, fact sheets and other supporting documents when they become available. This Toolkit assists both building owners and government tenants to meet their obligations under this Policy. Relevant documents will be added and updated from time to time.

## **9.3 Environmental Management**

Achieving the targets outlined in this Policy will require ongoing collaboration, support and open dialogue between government tenant and building owner. To facilitate productive engagement between the parties, this Policy establishes two essential elements of environmental management consisting of an Environment Management Plan (EMP) and a Building Management Committee (BMC). These elements are key requirements of the National Green Leasing arrangement with components designed to provide both a forum and a mechanism for identifying proactive and remedial actions to achieve and maintain the obligations as defined by this Policy.

### **9.3.1 Building Management Committee**

The Building Management Committee (BMC) acts as the vehicle for representatives of the government tenant and building owner to meet and discuss strategies, actions and provide recommendations and solutions to achieve and maintain their obligations.

The BMC must be established within 3 months of the start of the lease (for both new leases and renewals). The BMC operates for the entire term of the lease and will meet a minimum of twice yearly or at other intervals as agreed between the building owner and government tenant.

The BMC forms the first point of contact for dispute resolution.

A guidance note for BMCs will be included within the National Green Leasing Policy Toolkit.

### **9.3.2 Environment Management Plan**

The Environment Management Plan (EMP) assists the government tenant and building owner to achieve and maintain their obligations as defined in this Policy.

The EMP sets out the strategies, actions, activities, and timeframes to undertake agreed improvements and the responsibilities of the BMC. It facilitates upfront planning and provides clearly articulated responsibilities for all parties. Where staged rating

improvements have been agreed to achieve the target ratings, the EMP establishes the improvement strategies and initiatives to be undertaken by building owner to achieve these staged rating targets.

The EMP is a key element in securing an effective Green Lease and should be addressed at the beginning of the lease procurement process and early lease negotiations. The EMP is required to be in place at the commencement date of the lease and throughout the lease it shall monitor the performance and obligations of both parties and to report on performance against the EMP.

An EMP template will be included within the National Green Leasing Policy Toolkit. This template will form the default EMP and may be amended to address case needs. Alternatively the building owner and government tenant may agree to an alternative EMP. The EMP is to be monitored and reviewed by both Parties annually or at other agreed intervals to ensure that the EMP remains relevant and effective for the duration of the lease.

## 9.4 Exemptions

This Policy recognises the substantial embodied energy in existing building stock, and the significant environmental gains achievable through improved operational performance of these buildings. In certain circumstances it may be too costly for some of these buildings to be upgraded to the levels specified in this Policy. In other circumstances some buildings may need to be upgraded in stages, over a number of years to achieve the target ratings in this Policy. In such circumstances, the obligations for government tenant and building owner, as defined in this Policy, may not be achievable at the time of lease commencement. Where the full requirements of this Policy cannot be met, the Policy exemption process provides flexibility for governments to seek a staged or partial delivery of these requirements. The exemptions process is as follows:

- Implemented by each government in respect of its jurisdiction;
- Implemented by each government in respect of its jurisdiction with a rigorous assessment process reflecting the jurisdiction's own particular circumstances;
- Delivered in accordance with the set of agreed exemptions, which will be developed and managed by the jurisdictions;
- Delivered in accordance with the rules of exemption and the documentation/reporting requirements set out in the exemptions guidance note.

## **9.5 Dispute resolution and Remedial Opportunities**

A Green Lease sets out a clear process for dealing with disputes, rating adjustments and remedial actions that may arise during the lease term.

The process reflects the spirit of partnership outlined in section 7.1 of this Policy.

The remedial action and dispute resolution regime takes a practical step-by-step approach to ensure that a compliance failure can be resolved in a timely and cost-effective manner.

## **10 REPORTING**

Reporting on the implementation of the National Green Leasing Policy will be carried out on an annual basis via the GPG; through its annual reporting process. Each government jurisdiction will be responsible for collating their own data through the appropriate government department/s. This reporting is to provide insight into the:

- Extent of implementation of the National Green Leasing Policy, nationally and by jurisdiction;
- Effectiveness and influence on the improvement of building performance;
- Barriers to base building and tenant performance improvements that have resulted in exemptions being sought.

Where exemptions apply, the annual reporting process recognises building owners and government tenants for the environmental benefit they achieve in meeting the adjusted performance levels.

In order to avoid duplication, data collection and reporting will leverage any existing processes that satisfy the requirements of this Policy. The reporting will include an appropriate level of data for each performance area for the base building, whole building (in respect of NABERS Water only if applicable) and tenancy. The reporting guidance note provides specific detail on the reporting and data requirements.

## **11 FUTURE POLICY REVIEW**

A Policy review will be undertaken two years after the Policy release date. The review will assess the impact of this Policy to date (including any voluntary implementation of the Policy in sectors where it is not required to be used) and include an analysis in support of revising the scope of this Policy.

The review will consider implementation of the following scope of the Policy within 12 months of the review:

- Reduction of the area threshold so that the Policy will apply to leased areas equal to or greater than 1,000 m<sup>2</sup>;
- Expansion of the Policy to include NABERS Waste and Indoor Environment target ratings.

## 12 GLOSSARY

A glossary of key terms and acronyms referred to in the body of this Policy but not specific to this Policy.

APCC	Australasian Procurement and Construction Council
BCA	Building Code of Australia
BMC	Building Management Committee
COAG	Council of Australian Governments
CPRS	Carbon Pollution Reduction Scheme
EMP	Environment management plan
GBC	Green Building Council
GLS	Green Lease Schedule
GPG	Government Property Group
HVAC	Relates to the Heating, Ventilation and Air Conditioning systems in a building
MCE	Ministerial Council of Energy
NABERS	The National Australian Built Environment Rating System
NFEE	National Framework for Energy Efficiency
NSEE	National Strategy on Energy Efficiency
NGERS	National Greenhouse and Energy Reporting scheme
RET	National Renewable Energy Target under the Renewable Energy (Electricity) Act

Definitions of terms referred to but not specific to this Policy:

Building owner	The legal entity from which the tenant obtains the contractual right to occupy leased area
GreenPower	Voluntary purchase of renewable energy, as defined in the National Green Power Accreditation Program
Gross lease	A lease where the rent paid by the tenant is gross and the building owner is responsible for the operating cost of the building, such as utilities
NABERS Energy	NABERS Office rating tool which rates an office building based on its greenhouse gas emissions associated with its energy use.
NABERS Indoor Environment	NABERS Office rating tool which rates the indoor environment quality of an office building
NABERS Waste	NABERS Office rating tool which rates an office building's waste management efficiency
NABERS Water	NABERS Office rating tool which rates an office building based on its water efficiency
Net lease	A lease where in addition to the rent paid by the tenant, the tenant is also responsible for a proportion of the operating cost of the building, such as utilities
Tenant	The legal entity to which the building owner provides the contractual right to occupy leased area

## **ATTACHMENT A – SUMMARY OF RELEVANT JURISDICTIONAL POLICY.**

Jurisdictions may take differing approaches to achieve the objectives of this Policy due to existing policies and approaches within their jurisdictions. Below is a summary of relevant jurisdictional Policies (as at 30 June 2010).

### **AUSTRALIAN CAPITAL TERRITORY**

- Weathering the Change – The ACT Climate Change Strategy
- People, Place, Prosperity – The ACT’s Sustainability Policy (2009)
- ACT Government Real Estate Policy (2009)
- Draft ACT Sustainable Energy Policy 2010-2020
- ACT Government Response to the Interim Report of the Standing Committee on Climate Change, Energy and Water’s Inquiry into Greenhouse Gas Reduction Targets

### **AUSTRALIAN GOVERNMENT**

- Energy Efficiency in Government Operations Policy
- Commonwealth Property Management Guidelines

### **NEW SOUTH WALES**

- NSW Government Sustainability Policy (DECCW)
- NSW State Property Authority and Government Property Principles (Premiers Memorandum 2008-6)

### **NORTHERN TERRITORY**

- Northern Territory Climate Change Policy
- Green Office Building Policy
- Draft Workplace Design and Management Policy

### **QUEENSLAND**

- Climate Smart 2050
- Sustainable Office Building Rating Policy (Department of Public Works)

### **SOUTH AUSTRALIA**

- Premier and Cabinet Circular 018 – Government Office Accommodation Framework
- Tackling Climate Change – South Australia’s Greenhouse Strategy 2007-2020
- South Australian Commercial Property Sector Agreement
- ‘Water for Good – A Plan to Ensure Our Water Future by 2020’
- Government Office Accommodation Policies

### **TASMANIA**

- The Tasmanian Framework for Action on Climate Change – Priority Area - Government Leadership
- Treasurers Instructions - Climate Change and Environmental Impact: building and construction/roads and bridges

### **VICTORIA**

- The Victorian Government Office Accommodation Guidelines (DTF)
- Greener Government Buildings (DTF)

### **WESTERN AUSTRALIA**

- Government Office Accommodation Policies