

## **Property Council New Zealand**

---

# **Submission on Te Hau mārohi ki anamata Towards a productive, sustainable and inclusive economy—Aotearoa New Zealand’s First Emissions Reduction Plan**

23 June 2022

<b>For more information and further queries, please contact</b>
Sandamali Gunawardena sandamali@propertynz.co.nz 0210459871

## **Te Hau mārohi ki anamata Towards a productive, sustainable and inclusive economy— Aotearoa New Zealand’s First Emissions Reduction Plan**

### **1. Recommendations**

1.1 Property Council New Zealand (“Property Council”) welcomes the opportunity to provide feedback on Te Hau mārohi ki anamata Towards a productive, sustainable and inclusive economy—Aotearoa New Zealand’s First Emissions Reduction Plan (“the Plan”). Our comments relate to the building and construction section of the Plan, and we make the following recommendations to Government:

- Take a leadership role within the building and construction space to work closely with the sector and develop and provide incentives to shift behavioural changes;
- Investigate the gap in the market for crucial materials that are low in carbon such as concrete and reinforced steel;
- Investigate options of seed funding and support to businesses with viable ideas and concepts;
- Investigate ways to create better alignment between the use of low carbon materials and methods with urban intensification;
- Change current risk and liability settings by capping council liability at 20 per cent;
- Establish an educational and information sharing group to create consistency, and allow for better understanding of the market; and
- Create a database to ensure we have an accurate understanding of New Zealand buildings performance and how we can best build on this. This in turn will help drive behavioural change.

### **2. Introduction**

2.1 Property Council is the leading not-for-profit advocate for New Zealand’s most significant industry, property. Our organisational purpose is, “Together, shaping cities where communities thrive”.

2.2 The property sector shapes New Zealand’s social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand. We aim to enable opportunities to build sustainable and resilient communities, capable of meeting future needs.

2.3. Property is New Zealand’s largest industry and fastest growing source of employment. There are nearly \$1.6 trillion in property assets nationwide, with property providing a direct contribution to GDP of \$41.2 billion (15 percent) and employment for around 200,000 New Zealanders every year.

2.4. Property Council is the collective voice of the property industry. We connect over 10,000 property professionals and represent the interests of over 650 members organisations across the private, public and charitable sectors.

- 2.5 This document provides Property Council's feedback on [Te Hau mārohi ki anamata Towards a productive, sustainable and inclusive economy—Aotearoa New Zealand's First Emissions Reduction Plan](#). Comments and recommendations are provided on issues relevant to Property Council's members.

### **3. General comments**

- 3.1 We applaud the Government for the actions taken in this workstream. Property Council would also like to thank MBIE for working with Property Council and our members in relation to its Building for Climate Change work programme.
- 3.2 We are strong supporters of Government investment in the sector to investigate ways to lower building emissions across the entire process; (e.g., design, planning, construction, and deconstruction). It is important that a whole-system approach to reduction of emissions is considered, and trade-offs are made for better sustainability outcomes, rather than an over-focus on legislative changes with too much red tape.

### **4. Focus Area 1: Reduce embodied carbon of construction materials**

- 4.1 The actions in this focus area put in place requirements and support for people to measure or reduce their buildings' embodied carbon. We are supportive of the proposal and would like to see more Government action in attracting products to New Zealand and incentivising the use of low carbon materials.
- 4.2 When it comes to carbon reduction, incentives will be critical to its success. For example, providing tax reductions for retrofit strengthening, lowering GST when purchasing eco-friendly products or making subsidies available to local government rates for high performing buildings. One example that has encouraged change is utilising rating tools/frameworks. Consequently, the achievement of a Greenstar rating (through the decreased use of embodied carbon in the design and development of a new building or retrofit of an existing building) has arguably created behavioural change across the sector.
- 4.3 New Zealand will continue to rely on crucial material such as concrete and reinforced steel in the construction of both commercial and residential buildings. Therefore, more Government action needs to be taken to invest in low carbon equivalent concrete and reinforced steel into the market. New Zealand is a small player within the international market which creates barriers in having products readily available. We recommend that the Government investigate how the public and private sector can work together to prioritise products and create certainty in securing future low carbon products into the New Zealand market.
- 4.4 As this may take time in the long term, the building and construction sector need to be provided with alternative materials that are readily available and affordable now. For example, one of the lowest embodied carbon materials is timber. However, the building and construction sector has been faced with supply chain issues which has delayed the development process. Stimulation of the supply chain will mean the design and development of buildings can happen quicker and be more energy efficient.
- 4.5 Businesses that are shifting to low emission methods and materials, will have to adapt to new practices and therefore will have to shoulder the brunt of extra costs, levies and charges. We recommend the Government investigate supporting start-ups or providing seed funding to

businesses with viable ideas and concepts. This would alleviate the pressure on businesses to have to fund innovative ideas and source materials themselves.

- 4.6 We also recommend that the Government change the current risk and liability settings, as innovation and low carbon products will continue to have barriers in entering the New Zealand market. The Government should cap council liability at 20 per cent and introduce a fairer allocation of risk and responsibility across the sector.

## **5. Focus Area 2: Accelerate the shift to low-emissions buildings**

- 5.1 Property Council sees a lack of alignment between urban intensification and a shift to the development of low-emissions buildings. Both the Resource Management (Enabling Housing Supply and Other Matters) Act and the National Policy Statement on Urban Development seek to achieve intensification of residential housing. It is up to industry, central and local Government to ensure that good urban design is achieved, whilst also being designed and built to be environmentally friendly. We recommend that the Government investigates incentives in this space. For example, encouraging and/or incentivising development of buildings to a greater area of height if designed utilising lower carbon materials and methods. Practically, feasibility will also be a factor in relation to development and intensification.
- 5.2 Education will be critical to accelerating the shift to low-emission buildings. Creating more awareness to promote the use of environmentally friendly products and approaches can be achieved by a public sharing platform/forum. This will not only educate but create consistency between businesses and allow for better understanding of the market.
- 5.3 We also recommend that the Government establish educational and information sharing groups. Establishing a similar group to Materials and Embodied Carbon Leaders' Alliance (MECLA) which brings together organisations to drive reductions in embodied carbon in the building and construction industry, is crucial to help shift behaviour and seeing change in New Zealand.
- 5.4 It is important to ensure that there is proper understanding of each building type. We are aware that current energy performance rating systems may not be appropriate for some building types. For example, there is no current framework in place for industrial buildings due to its management complexity. Industrial property is much more difficult to assess because the landlord is often not in control, as the tenant controls and manages the site. This means that separate rating systems will likely be required to separate the building owner and building operators obligations. We ask that the Government take into consideration, the separate metering of tenant and landlord electricity loads which will also be required. While this will be easier in new builds, this would be a significant undertaking in existing buildings.

## **6. Focus Area 3: Improve building energy efficiency**

- 6.1 The Plan looks to introduce mandatory energy performance certificates for buildings. Property Council supports a mandatory energy performance certificate or programme for commercial and public buildings. However, it is important to note that this poses difficulties for existing buildings as in the long run, it would likely see the need to retrofit buildings. Mass refurbishment for large buildings may be achievable but this would be a lengthy process and may not be able to be done within the Plan's timeframes.

- 6.2 Looking at the Plan as a whole, we are surprised to see such a significant focus on the commercial sector when New Zealand's residential market is two to three times the size of the commercial market. We encourage the Government to look at where smaller moves within the new-build residential market could result in bigger impacts. For example, incentivising installation of solar panels and water retention for new builds, making Homestar ratings mandatory on LIM reports and providing alternatives to gas. These proposals will help incentivise behaviour changes.

## **7 Focus Area 4: Shift energy use from fossil fuels**

- 7.1 In the past, Property Council has advocated for the phasing out of fossil gas in the energy system and supported reducing fossil fuel use in buildings. While this will occur by introducing measures to improve the energy efficiency of buildings, as mentioned before, this is easier for new builds and residential than existing commercial and industrial buildings. The biggest driver to shift away from the use of fossil fuels is to incentivise ways to retrofit existing buildings and introduce mandatory energy certificates in new buildings.

## **8. Focus Area 5: Establish foundations for future emissions reduction**

- 8.1 Data collection is important to ensure we have an accurate understanding of New Zealand buildings' performance and how we can best build on these. The main problem is that the property sector, and thus Government face, is the absence of data. An increase in the metrics and data will allow for a starting point, better comparison for proposed reductions and in turn will lead to the funding of further research and implementation of new materials and ways to reduce emissions, which in turn leads to behavioural change. Allowing data to be made public at the change of sale points, is one way this can be achieved. Once a wide data base is established, and along with the use of incentives, the appropriate targets can be put in place to achieve the Plan's emissions budgets.

## **9. Conclusion**

- 9.1 Property Council is grateful for the opportunity to provide feedback on Te Hau mārohi ki anamata Towards a productive, sustainable and inclusive economy—Aotearoa New Zealand's First Emissions Reduction Plan.
- 9.2 While support the Government's overall objectives in the Plan, in order to see behavioural change from the building and construction sector, we urge the Government take into consideration the importance of incentives, the availability of alternative products and more support to businesses to encourage energy efficiency for existing buildings.
- 9.4 We wish to speak to our submission. For any further queries contact Sandamali Gunawardena, Advocacy Advisor, via email: [sandamali@propertynz.co.nz](mailto:sandamali@propertynz.co.nz) or cell 021 045 9871.

Yours sincerely,



**Leonie Freeman**  
**Chief Executive, Property Council New Zealand**