

ATTACHMENT D

## **ATTACHMENT D**

**OFFICE SSP PHASE 1  
ENGAGEMENT REPORT**



# Engagement Report



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## Sydney's Sustainable Office Building Plan Plan development phase



# Engagement Report

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# Summary

**The stakeholder engagement shows the sector is in agreement about the barriers to and drivers for environmental improvement. There is a willingness and desire to improve environmental performance within some parts of the sector while other parts are highly disengaged and will be a challenge to motivate to act.**

Targeted stakeholder engagement was conducted throughout 2016 and 2017 to gain insights and to further develop relationships with the sector in the city. The City engaged the sector via one on one meetings, workshops and phone meetings. Over 40 organisations directly participated in the engagement.

An external technical and policy reference group was convened to provide the City with strategic advice and influence the development and delivery of the plan. The City met with the Better Building Partnership to gain their advice on the future priorities and understand how the City can further support their leadership.

The City commissioned detailed carbon emission modelling to understand the most effective opportunities for the sector to reduce emissions. This modelling was tested during tailored briefings for owners, managers and tenants. Over 40 stakeholders representing 24 organisations attended. The City then held a follow-up session to report back how stakeholder feedback had been incorporated in the modelling.

Opportunities identified in these meetings and briefings will be included in the plan's suite of actions. Feedback during the consultation also reinforced the need and desire for continued engagement with industry stakeholders.

Common opportunities, barriers, drivers, ideas and roles for the City were identified across the consultation events. These were:

Opportunities	Barriers	Drivers
Mandatory data disclosure	Building code	Government Policy
Commitment Agreements (5.5 & 6 star) NABERS	Lack of monitoring of compliance	Market signals from Government and Corporate tenants
Whole building approach / Mandating tenant ratings	Lack of engagement with tenants	Incentives for tenants
Upskilling BMs and FMs	Lack of understanding/education	Shorter time frame for action (sooner than 2050)
Building optimisation	Lack of finance	
Climate bonds		
GRESB		
Offsite renewables		
Out of hours operations		
Refrigerants – low hanging fruit		

Ideas	The role of the City
A levy associated with data provisions with options for exemptions	Communication and education to the Industry
Government specifying procurement minimum standards	Promotion of incentives and support available
Mandatory disclosure of a tenancy rating for a tenancy of certain size	Provision of incentives
Establish tenant reps	Implementation of strong building standards
Climate bonds	

# Background

**The City's sector sustainability plans identify sectors with potential to make significant environmental improvements with benefits for business and the community and contribute to the City's Sustainable 2030 targets.**

The office sector was prioritised for its significant impact, untapped opportunity and leadership to date through program such as the better Building Partnership and City Switch. Commercial office buildings make up the majority of the floor space in the City of Sydney area.

The aim was to:

- Test the City's assumptions on barriers, motivators, existing initiatives and outcomes around sustainability improvements in the sector
- Collaboratively create solutions and generate ideas around what options stakeholders and the City could pursue to improve sector sustainability
- To build stronger relationships, gain support for action by stakeholders and foster cooperation.

Key external agencies were engaged to provide strategic advice and influence on the development and delivery of the plans; build a common understanding of the issues, barriers and opportunities; advocate for the solutions and resources required for implementation and support the delivery of action/s determined by the Sector Plans.

The external technical and policy Reference Group included representatives from a number of government and private organisations, which included: NSW Office of Environment and Heritage; NSW Department of Planning and Environment; Urban Growth NSW; NSW Department of Trade and Investment; Transport for NSW; Green Building Council Australia; Property Council Australia; Better Buildings Partnership; Energy Efficiency Council; Facilities Management Australia; Engineering Association Australia; Sydney Water; and Jemena.

Further engagement was delivered on the basis of ownership as defined by Pitt & Sherry in their Office Emissions Modelling Foundation Report (October 2016), as follows:

**Institutional Offices** – those owned by large institutions with very large portfolios, over \$5 billion in value. Property is their business and generally they have dedicated sustainability resources. In the City of Sydney LGA, 15% of the buildings, but almost 40% of the space are owned by property institutions.

**Property Groups** – a sector of groups holding portfolios of buildings that are valued at less than \$5 billion. Property is their business. There is usually a partial sustainability and/or building management resource. 10% of the office buildings in the city and 12% of the space is owned by property groups.

**Private Owners** – the largest sub-sector in the LGA, with 69% of buildings and 44% of space. Property is not necessarily the core business of the owner. Sustainability management is generally not present or is reactive.

**Owner Occupiers** – is the smallest sub-sector with 5% of buildings and 4% of space in the City. Government is an important tenant. Sustainability and property management expertise are of variable capability.



# Engagement activities and key outcomes

The development phase engagement involved thorough consultation with over 40 organisations active in the commercial office sector in the City.

## 1. Face to Face meetings

Face to face meetings and briefings were undertaken with representatives of the organisations in the Better Buildings Partnership (BBP), as well as key industry associations and Government organisations.

A briefing on the modelling and assumptions was delivered to the Property Council of Australia Round Table on the 12<sup>th</sup> October 2016 where 7 representatives were in attendance. A presentation on the draft plan was delivered to the BBP Annual Planning Workshop 15 February 2017.

Individual meetings were held with in excess of 20 organisations. The outcomes of these meeting informed the modelling undertaken by Pitt & Sherry. The following organisations were consulted face to face:

Organisations	
Jones Lang LaSalle	CBRE
Brookfield	Knight Frank
Charter Hall	Savills
Eureka FM	Mirvac
GPT	Stockland
Dexus	Frasers Property
Investa	AMP Capital
Lendlease	ISPT
Colliers	Green Building Council of Australia
Government Departments	Industry Associations
NSW Office of Environment and Heritage	Air Conditioning and Mechanical contractors Association of Australia
Department of Environment and Energy	Property Council of Australia
Department of Trade and Investment	Australian Institute of Refrigeration Air Conditioning and Heating

The key opportunities that were raised during these meetings, include:

- Tenant disclosure and engagement
- Data ordinance (connected to financial incentives)
- Federal and state government policy as drivers
- Supply chain opportunity (Government and corporates demanding carbon neutral)
- Whole building approach
- Off-site renewables
- City emissions trading schemes
- Education and upskilling of building managers
- Building optimisation opportunities

BBP members, at their Annual Planning Workshop, recommended accelerating action to Net Zero, as 2050 does not provide an immediate driver for action.

## 2. Workshops

The City commissioned detailed carbon emission modelling to understand the most effective opportunities for the sector to reduce emissions. This was tested with stakeholders with targeted engagement. Tailored briefings were held for owners, managers and tenants to provide feedback on initial modelling assumption and inputs. The City then held a follow-up session to report back how stakeholder feedback had been incorporated in the plan.

Four workshop sessions were convened to test key data and assumptions in the modelling undertaken to support the development of the sector sustainability plan. All four sessions were held on the 12th September 2016 and were chaired by a consultant from Pitt & Sherry. In excess of 80 organisations were invited to attend the sessions. On the day, 24 organisations were represented. Each session was tailored to a sub-sector:

1. Institutional office
2. Property groups
3. Facility and building managers
4. Tenants (collectively representing private/owner occupier)

The following organisations were represented:

Jones Lang LaSalle	PWC
Commonwealth Bank Australia	WT Consultancy
NSW Office of Environment and Heritage	Savills
Eureka FM	GT Law
GPT	Stockland
Northrop	BUPA
Veolia	IAG
Mirvac	Frasers Property
Colliers	Green Building Council of Australia
KMH	AMP Capital
Sustainability Victoria	ISPT
Property Council of Australia	GHD

## Key Discussion Points

The four workshops resulted in useful clarification and information sharing that the consultants required to refine their modelling to support the plan. A number of issues and ideas were raised and discussed at the workshops, including:

### Workshop 1: Premium Office

- Air leakage
- End use data
- Refrigerants
  - There is low hanging fruit in refrigerant area
- Data disclosure
  - Financial incentives such as rates/levy
- Government specifying 4.5 star NABERS
  - State governments are currently reviewing efficiency polices. E.g Federal COAG policy, min 5.5 star or more
- Commitment agreements (5.5 and 6 star) NABERS
- Greenpower and the need for energy efficiency recognition reward
- Whole building approach
  - Need market signals from government to secure tenant engagement and action

### Workshop 2: Property Groups

- Mandatory disclosure for tenants
- Commitment agreements (5.5 and 6 star) NABERS
- Whole building approach
  - Accountability needed between base building and tenancy
  - Mandatory disclosure tenancy rating for tenancy of a certain size
  - Incentives for tenants to improve e.g. Singapore

### Workshop 3: Facility and Building Managers

- Air leakage
- Mid tier
  - Establish tenant representatives who can be engaged
  - Policy needed to drive the sector
  - Changes to the building code would get uplift
  - Upskilling is needed
  - Government procurement policies will have impact on building stock
- Net Zero
  - Mandatory tenant disclosure
  - There is more opportunity in base building
  - Owners need to push tenants (for their own reputation)
  - Global Real Estate Sustainability Benchmark (GRESB) is an opportunity to encourage owners to engage with tenants
  - Tenant education needed

## Workshop 4: Tenants

- Managing out of hours operation is an easy opportunity
- Tenant data disclosure is needed
- Offsite renewables. Onsite is not feasible. Buying groups are an opportunity
- What will a net zero building look like for a tenant? What will tenants get out of a net zero building? Needs to be clarified.
- Formal engagement as part of lease agreements, make assessment on what will work for the tenant specifically for the space.
- Make good provisions
- Main computer room units and lighting – over designed and oversized. A lot of wastage – widespread across the sector
- Money and not knowing where to start are both issues for tenants

## 3. Feedback Session

After hearing the comments and feedback from the four workshop sessions, a follow up session was convened to report back to stakeholders. The report back session was held on the 31<sup>st</sup> October 2016.

This session reported back to stakeholders on how their feedback had been addressed in the “Office Emissions Modelling Foundation Report (October 2016)” report by Pitt & Sherry.

This session was attended by 19 people, representing the following 15 organisations:

### Organisations attending feedback session

Jones Lang LaSalle	Lendlease
Commonwealth Bank Australia	WT Consultancy
NSW Office of Environment and Heritage	Property Council of Australia
Eureka FM	KMH
Northrop	AMP Capital
Veolia	ISPT
Mirvac	Dexus
Colliers	

## What we heard

A number of common opportunities, barriers and drivers for environmental improvement in the sector emerged from the engagement. This will inform the development of the actions in the plan.

Opportunities	Barriers	Drivers
Mandatory data disclosure	Building code	Government Policy
Commitment Agreements (5.5 & 6 star) NABERS	Lack of monitoring of compliance	Market signals from Government and Corporate tenants
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Upskilling BMs and FMs	Lack of understanding/education	Shorter time frame for action (sooner than 2050)
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Climate bonds		
GRESB		
Offsite renewables		
Out of hours operations		
Refrigerants – low hanging fruit		

In addition, innovative and useful ideas came from stakeholders as well as clear messages about the role of the City in helping to facilitate environmental improvements.

Ideas	The role of the City
Government specifying procurement minimum standards	Promotion of incentives and support available
Mandatory disclosure of a tenancy rating for a tenancy of certain size	Provision of incentives
Establish tenant reps	Implementation of strong building standards
Climate bonds	

The level of willingness to speak with the City and share information to inform the plan reflects a high level of engagement. This has clarified and confirmed a number of assumptions held by the City and demonstrated strong endorsement for the development of the plan.

## Next steps

The plan will be placed on public exhibition, when phase 2 of the stakeholder engagement process will allow the sector to provide feedback on the draft plan, prior to a final plan being submitted to Council. A subsequent consultation report will be prepared to capture and report on the next phase of the engagement.