

Proposed Motion to Local Government NSW 2019 Annual Conference - Government Accommodation Procurement and Environmental Ratings

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Summary

This report recommends that Council endorse a motion to the Local Government NSW (LGNSW) Annual Conference to reduce greenhouse gas emission impacts from the accommodation sector.

The City's Making Sydney a Sustainable Destination sector plan outlines strategies and actions to reduce environmental impacts from accommodation and entertainment buildings, and the role the sector needs to contribute towards the City's Sustainable Sydney 2030 environmental targets.

Accommodation and entertainment venues are significant energy users in the built environment, and are responsible for 21 per cent of total greenhouse gas emissions in the City of Sydney. Accommodation buildings contribute a significant proportion of these emissions. Energy improvements in the accommodation sector will be critical to achieving City of Sydney and NSW Government shared targets of net zero emissions by 2050.

Making Sydney a Sustainable Destination emphasises that environmental ratings will be a critical mechanism for accommodation and entertainment businesses to understand their impact, identify opportunities and improve performance.

Uptake of environmental performance ratings across the sector is currently very low. Our research and consultation suggests that procurement is a key driver for changing this. The City is advocating to government agencies to establish a mandate that government officers only use hotels holding a third party environmental performance rating or certification for metropolitan based accommodation requirements. The City considers that NABERS Energy, Green Star Performance and EarthCheck Certified are credible third party ratings.

LGNSW is the peak organisation that represents the interests of NSW general and special purpose councils. The 2019 LGNSW Annual Conference in October is a key opportunity to communicate the City's position and advance the policy agenda across three levels of government.

Recommendation

It is resolved that Council endorse that the following motion be submitted to the 2019 LGNSW Annual Conference:

That the Local Government and Shires Association of New South Wales (LGNSW):

- (i) calls upon the Federal and NSW governments to establish a mandate that government officers only use hotels holding a third party environmental performance rating or certification for metropolitan based accommodation requirements; and*
- (ii) asks Councils to introduce policies to preference hotels holding a third party environmental performance rating or certification for metropolitan based accommodation requirements.*

Attachments

Attachment A. Proposed Local Government NSW Motion

Background

1. In August 2018, Council adopted the *Making Sydney a Sustainable Destination* sector sustainability plan. The plan outlines the impacts of the accommodation and entertainment sector, and lists strategies and practical actions to accelerate the sector's transition to a sustainable future.
2. Accommodation and entertainment venues are significant energy users in the built environment, and are responsible for 21 per cent of total greenhouse gas emissions in the City of Sydney. Accommodation buildings contribute a significant proportion of these emissions. Energy improvements in this sector will be critical to achieving City of Sydney and NSW Government shared targets of net zero emissions by 2050.
3. Emissions from the accommodation sector have also been identified as significant on a global scale. International Tourism Partnership (ITP) research reports that the hotel sector globally must reduce its absolute carbon emissions by 60 per cent by 2030 to play its role in meeting the COP21 Paris Climate Agreement. ITP is a credible global collaboration between industry, the not for profit sector and academia, that is committed to taking action on environmental and social sustainability issues. Members include Marriott International, Intercontinental Hotels Group, Four Seasons, Hyatt and Hilton.
4. *Making Sydney a Sustainable Destination* identifies significant opportunities to achieve environmental outcomes in buildings through changes to State and Federal Government policy. For existing accommodation buildings, the City advocates that government agencies procure accommodation venues with third party certified environmental performance ratings.
5. Ratings and certifications operate as a proxy for good environmental performance management. An accommodation business with an environmental rating offers assurance that the owner / operator is committed to understanding, improving and communicating sustainability performance. Rating schemes also provide a clear and transparent evaluation method for companies and government agencies procuring preferred providers.
6. Since 2010, it has been mandatory under the Building Energy Efficiency Disclosure (BEED) Act for office buildings in Australia to get an environmental rating each time they lease or sell space. This requirement has transformed Australia's office building sector, which has now led the world on the Global Real Estate Sustainability Benchmark sustainability index for the past 8 years. National Australian Building Environmental Rating System (NABERS) data shows that office buildings using the NABERS tool to measure energy performance report an average reduction in emissions of 11.5 per cent, and have saved over \$400 million since 2010.
7. In the absence of mandatory disclosure for non-office buildings, other sectors are significantly lagging in terms of energy efficiency and sustainability. The accommodation sector does not yet have a culture of obtaining sustainability ratings. Most operators do not know how their building's efficiency compares to their peers so there is a reduced drive to implement efficiency measures.

8. There is evidence that ratings and certifications would drive environmental improvements in the accommodation sector. For example, a Tui Hotel Group survey found that, compared with non-certified hotels, hotels with sustainability certifications achieve 10 per cent lower CO2 emissions per guest night, 19 per cent less potable water use per guest night, 24 per cent less waste volume per guest night, and higher guest satisfaction scores for accommodation overall.
9. During *Making Sydney a Sustainable Destination* consultation, hotel owners and operators told us that they would obtain an environmental rating when guests / clients started asking for it. Similar to the office sector, market demand is a key driver for the accommodation sector, and Government and corporate procurement is critical to move the sector as a whole.
10. In 2004, the NSW Government announced that it would only rent offices with a NABERS energy star rating. The NSW Government later introduced a minimum star rating, which it gradually increased. This requirement provided an economic incentive for building owners to rate their buildings and invest in energy efficiency upgrades. This procurement policy was a critical step prior to mandatory disclosure legislation for the Australian office sector.
11. As some of the largest accommodation procurers across the nation, Federal and NSW Government leadership is essential to catalyse improvements across the sector. If these government entities were to require that any metropolitan-based hotels their staff stay in hold a third party environmental performance rating, this would transform the accommodation sector in the same way it did in the office sector. In the longer term, minimum standards could be set.
12. The City of Sydney has demonstrated leadership, amending its own employee travel policy this year so that staff preference hotels with a third party environmental performance rating, where accommodation costs are in line with the applicable ATO accommodation rates. An increasing number of leading corporate businesses are also introducing similar policies.
13. While the pool of rated hotels is currently small, this should not be a barrier to State and Federal Government introducing such a procurement policy. Before the NSW Government office tenancy ratings requirement was introduced in 2004 there were only 66 NABERS rated offices. Within a year, there were nearly 300 rated offices.
14. Local Government NSW (LGNSW) is the peak organisation that represents the interests of NSW general and special purpose councils. At its 2019 Annual Conference in Sydney (14 October to 16 October), delegates will vote on motions which determine the policies and priorities for LGNSW but also advocacy positions to State and Federal Government. The conference is a key opportunity to communicate the City's position and advance the policy agenda across three levels of government.
15. It is proposed that the City submit a motion to the LGNSW conference that calls on NSW and Federal Governments to establish a mandate that government officers only use hotels holding a third party environmental performance rating for metropolitan based accommodation requirements; and asks Councils to also preference such hotels.

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

16. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 2 provides a road map for the City to become A Leading Environmental Performer. The recommendation in this report supports the City's advocacy position that government agencies adopt policies to procure accommodation with third party certified ratings, and leverages a key strategic opportunity to communicate and advocate our position.

Environmental

17. The City's *Making Sydney a Sustainable Destination Plan* states that actions within that plan will see the sector reduce its emissions by 61 per cent. The plan frames uptake of environmental ratings as a foundation stone of transforming the sustainability of the sector. This report recommends that the City use a key strategic Local Government forum to communicate and drive its environmental policy agenda.

Economic

18. Australia's key national multi-sector rating scheme is NABERS. It is neither expensive nor onerous to get a NABERS rating, with costs ranging from approximately \$3,000 to \$5,000. Hotels may choose to consider other third party accredited certification tools in the market such as Green Star Performance or EarthCheck Certified.

Critical Dates / Time Frames

19. The LGNSW Conference is scheduled from 14 to 16 October 2019. Proposed motions to the conference must be submitted by 16 September 2019.

Public Consultation

20. Actions within *Making Sydney a Sustainable Destination* including the advocacy positions outlined in this report were informed by:
- direct (face-to-face) engagement with 40 organisations from the accommodation and entertainment (and events) industry;
 - 83 phone surveys; and
 - 16 online surveys.
21. The City's stakeholder engagement showed the sector is willing to adopt environmental practices and sustainability ratings where financial advantage and a point of difference can be gained. The voluntary nature of environmental ratings for the sector was identified as a barrier to uptake, and market demand as a critical driver.

ANN HOBAN

Director City Life

Kate Read, Sustainability Engagement Coordinator