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Ministry of Business, Innovation and Employment

New Zealand Green Building Council submission on the 5th edition of the Government Procurement Rules

Thank you for the opportunity to provide feedback on the Government Procurement Rules consultation.

The New Zealand Green Building Council was created by the property and construction sector to help improve the health and efficiency of New Zealand's buildings.

Our members include construction firms, architects, building owners, energy companies, engineers, banks, product suppliers, government departments, local authorities and many others. We're passionate advocates representing over 700 members who believe that better buildings can deliver a country that has lower running costs for families and businesses, greater resilience in our energy system and less climate pollution.

To aid the sector in its green transformation, we develop and administer several sustainability rating tools that can be used by planners, builders, owners, and operators to identify opportunities to reduce waste, energy use, and emissions. Of particular relevance to this consultation, NZGBC develops and operates the New Zealand specific Green Star rating system, and administers the NABERSNZ energy use rating system licensed by EECA and developed and owned by the NSW Government of Australia.

Submission summary

For many reasons, the proposed changes are a backward step, and fail to deliver value for taxpayers, or growth for Aotearoa. This submission focuses on the proposed removal of procurement requirements for trusted, independent sustainability and energy efficiency benchmarking using the NABERSNZ and Green Star rating systems. We have concerns about the consultation process and lack of transparency around the scope of the proposed changes. While we support

the government's aim of delivering growth and value through its procurement, we argue strongly that the existing requirements around efficient, sustainable buildings deliver not only better value for government, but also support action on its climate, energy, health and social commitments.

We submit that:

- The proposal contradicts the requirements for public value and wise use of taxpayer funds laid out in the proposed rules
- There is a concerning lack of transparency with no mention in the proposed new procurement rules or consultation that the requirements for NABERSNZ and Green Star will be removed.
- There doesn't appear to have been any cost/benefit analysis, evidence gathered, or stakeholder engagement in the lead up to this decision, violating the Coalition agreement requirement that 'decisions will be based on data and evidence'.
- These changes send a strong signal that this government doesn't believe it needs to lead or walk the talk, and goes against the global current of responsible government procurement
- Better buildings support lower government running costs, reduce pressure on the energy grid, and contribute to wider health, productivity, and government debt initiatives.

Background to the current procurement requirements for buildings

The current procurement requirements around the energy efficiency and sustainability of buildings are the result of a long period of engagement between our sector and government.

This period of engagement allowed the property and construction industry to understand government requirements, and for government to gain a better understanding of opportunities to reduce energy use, operating costs, and emissions, as well as the various systems on offer. The decision involved months of discussions and exchange of data, with officials only backing the amendment of the procurement guides once they were convinced that doing so was cost-effective and practical.

These changes were made via creating new guides within the construction procurement guides, which agencies must follow in accordance with rule 69 of the current Procurement Rules.

Energy Efficiency benchmarking

In November 2020, the government agreed to require agencies to use NABERSNZ to assess the energy efficiency of their buildings.

From 1 January 2021, these standards were published for all agencies who occupy single-tenant, co-tenanted, or co-located government office accommodation. Non-mandated agencies have been encouraged to follow the standard. By December 2025, government tenancies/buildings have to comply with:

- For existing buildings – agencies entering a new lease or renewing an existing lease should target a NABERSNZ rating above 5 stars and achieve a minimum of 4 stars.
- For new buildings – agencies planning a new build project need to achieve a minimum of 5-star NABERSNZ rating.

Sustainable new builds

In 2014, the Government announced that new schools would be built to Green Star standards. In 2021, the Government agreed to use the Green Star rating system to lift the sustainability and energy efficiency of its all its non-residential builds.

- From 1 April 2022, new non-residential governments buildings with a capital value over \$25 million have had to meet a minimum Green Star rating of five
- The same standard has applied to government buildings with a capital value over \$9 million from 1 April 2023

Proposal to remove NABERSNZ and Green Star requirements inconsistent and unclear

At the outset, we are deeply concerned this new proposal appears to have been hurried through without internal or external stakeholder engagement, and fails to accurately set out the extent or impact of the changes.

For several years NABERSNZ has been successfully used to benchmark and improve the energy efficiency of government tenancies and offices, while Green Star has helped ensure government build projects reduce waste, use more sustainable materials, and embed efficiency, good air quality, and a raft of health and wellbeing, and productivity initiatives into their design and construction.

These requirements were introduced after long, careful analysis and discussion between MBIE's procurement team and key stakeholders, and have had a broader positive impact on our sector.

So, it was with shock and disappointment that we learnt of the government's plan to withdraw these requirements without notice or any engagement.

Despite a strong ongoing relationship with MBIE, we, as the administrator of both NABERSNZ on behalf of EECA and the New Zealand version of Green Star, only

became aware of the intent to remove certification requirements from the Minister's press release. The release mentioned the government plans to "dispense with" the requirement to "build new non-residential government buildings to a five-star rating standard".

We have had to seek subsequent confirmation from officials that NABERSNZ is also planned to be scrapped. We are informed the government intends to remove all the Broader Outcomes requirements in the procurement rules and guides, and that this includes NABERSNZ and Green Star (despite not being part of the Broader Outcomes guide).

When we have asked officials about NABERSNZ it was unclear whether they were aware the procurement rule changes will remove the need for NABERSNZ certificates on buildings.

There appears to be a disconnect between what was announced, officials understanding of what was announced, and the details New Zealanders have been invited to provide a submission on. There are several examples of how the announcement is at odds with the actual text of the proposed rules.

Rule 9 of the proposed rules, which replicates Rule 69 of the current rules, states:

"Agencies must apply the good practices set out in the Construction Procurement guides, where appropriate, when procuring construction works, and be able to produce documented evidence of the rationale where they have not been followed."

The NABERSNZ and Green Star requirements are found within those Construction Procurement guidelines and yet there's no mention of changes to those guidelines in the consultation document.

Indeed, the proposed new Rule 8, which states "agencies must consider the environmental benefit of the proposed solution to New Zealand" and the Procurement Charter statement that "We need to ensure that government procurement delivers public value for all New Zealanders while supporting the delivery of better public services throughout New Zealand" would, at face value, speak to a continuation of the NABERSNZ and Green Star requirements.

The announced changes are clearly at odds with the Procurement Charter and proposed Rules 8 and 9, as well as the concept of public value in the procurement rules which includes "fewer negative/more positive" environmental impacts within its definition.

The lack of clarity and public transparency on this consultation is deeply worrying, and is neither good policy making, nor good engagement with stakeholders.

No grounds or evidence provided for proposed changes

In keeping with this consultation's worrying lack of detail or consistency, MBIE has failed to produce any logic, reasoning or supporting documentation for this proposal.

We have asked procurement officials at MBIE for the "sound public policy principles, including problem definition, rigorous cost benefit analysis and economic efficiency" for removal of the NABERSNZ and Green Star requirements, as required by the government's coalition agreements. They failed to produce any. Therefore, we cannot specifically rebut any misapprehensions or erroneous information that may have led to this decision.

We believe there's been a violation of the coalition agreement requirement that "decisions will be based on data and evidence".

This consultation appears to have been launched without any analysis of the costs or implications of the proposed changes. Given the popularity and demonstrable value of more energy efficient, better buildings, it is difficult to see the rationale for the change or how it furthers the outcomes the Procurement Charter aims to drive.

We hope the government will recognise the value for taxpayers that NABERSNZ and Green Star requirements are delivering, and that cancelling them would be self-defeating.

Buildings can deliver better value for government and all New Zealanders

In the absence of official analysis or interrogation of value, this submission aims to highlight valuable opportunities for government, and demonstrate why, as the country's largest developer and occupier of buildings, procurement must continue embedding efficiency and sustainability.

Certified energy efficient buildings;

- improve energy resilience and take pressure off the electricity grid
- provide better value and save taxpayers money
- align with government priorities including improving the health and wellbeing of government employees
- deliver certainty for construction projects
- help reduce the cost of government debt
- support the sector to invest and transform
- align with global obligations, initiatives and similar economies

Improve energy resilience and take pressure off the electricity grid

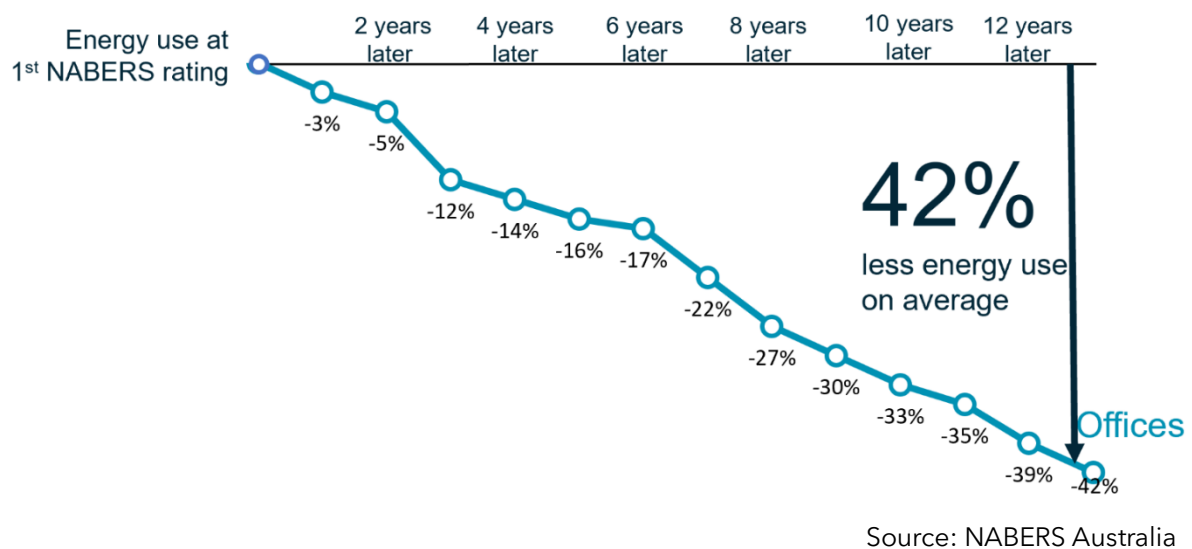
New Zealand is in an energy crisis and it is increasingly common during winter for our cities to experience black outs and severe price hikes at short notice.

Climate change is expected to make these challenges worse with higher risk of dry years, and high projected growth in electricity demand. Some scenarios project demand will increase by 2 to 3 times

While government and the private sector grapple with the costly task of improving supply, there are major, immediate steps we can take now to minimise the burden by reducing demand. Buildings provide a great opportunity to free up energy supply through efficiency. The technology and knowledge exists to deliver considerable savings.

As we move more of our energy usage to electricity (for example, as more people buy electric cars, and industry transitions from coal), it will be increasingly important to ensure we aren't using electricity unnecessarily during peak periods. [Transpower estimates that every gigawatt of peak demand avoided would save consumers approximately \\$1.5 billion.](#)

In Australia, where NABERS energy benchmarking has been compulsory for the majority of large buildings for more than a decade, there has been a remarkable impact on energy use.



As the saying goes, what gets measured, gets managed. Without these procurement requirements, there is no measurement, no management, and therefore the government is missing out on better performance.

Not only does NABERSNZ provide an independent, comparable benchmark for energy use by government departments, it provides valuable information and incentives to improve energy use over time. By establishing a minimum level of

performance for government buildings, procurement plays a vital role in establishing which assets are contributing to the energy crisis, and which require investment and improvement.

Stats from NABERSNZ shows Green Star buildings are on average 28% more energy efficient than non-Green Star buildings, and use half the amount of gas.

Providing better value and saving taxpayer money

Lower running costs

Since its introduction in Australia, 76% of the country's office space has been rated with NABERS, and businesses have saved an estimated \$1.9bn in energy costs.

The value case isn't new. In fact, over two decades ago the Ministry for the Environment found for those who own and occupy property, the marginal cost increase of sustainable building is [likely to be repaid between five or six times by operating cost savings alone over 20 years.](#)

That's before factoring in higher property value, the productivity and health benefits associated with green buildings, or the wider environmental, economic, and social benefits. If the government had built their buildings to a better standard when that report came out, the government would have saved millions in operational expenses across its portfolio.

The value proposition is simple – use less, pay less. Green Star provides a framework for projects to be designed and built in a way that reduces energy and water use, while NABERSNZ provides a benchmark for how existing buildings are performing and offers insights into how building occupants can reduce electricity consumption.

Green Star buildings and NABERSNZ rated office buildings deliver markedly lower energy bills. This means substantially lower operating costs every year for the departments running the buildings.

Government agencies will often need to lease buildings that may not have been built to Green Star standards. By requiring a 4 star NABERSNZ rating or above, government is incentivising the private sector to provide energy efficient buildings to secure government leases, at no cost to government. The government departments then also benefit from ongoing operational savings comparable to less energy efficient tenancies.

Analysis of Green Star certified projects across Australia and New Zealand has shown [average electricity savings of 66%, a 55% reduction in GHG emissions, and a 51% saving in potable water use. Specific analysis of Green Star community centres, libraries and civic buildings undertaken shows average savings of \\$100,000 per year in energy bills.](#)

Higher property portfolio value

[Recent research by JLL](#) found 'Green Star certification demonstrates a premium of 3.7% - 7.5%. Further, the most significant green premiums are found in buildings that achieve the prestigious combination of a high Green Star certification and a NABERSNZ 5 Star energy rating demonstrating 9.8% sales price premium and a 6.7% in rental values.' Buildings with both certifications also had the lowest vacancy rates, demonstrating the value the sector places on high quality, sustainable assets.

Wider economic impact

As a large developer and tenant, government has immense buying power and influence. This influence sets the bar and the direction of travel for industry. By building to Green Star, the government has an opportunity to incentivise a massive shift in New Zealand's building sector. This would have major flow on effects for our economy.

[A 2022 report by leading economic researchers BERL](#), found building low emissions office building starting 2025 through to 2050 would result in an additional \$1.57 billion direct contribution to GDP and an additional 14,600 years of full-time equivalent employment (FTE) compared to building standard offices. When the indirect and induced benefits that flow through the economy are included, the GDP contribution is \$5.2 billion, at an average of \$187 million per year. Additionally, the report found building low emissions offices would contribute almost one million fewer kWh (one gWh) of electricity demand, and save an average of 46,200 tonnes CO₂e emissions each year.

[Align with government priorities including improving the health and wellbeing of government employees](#)

There are several key government priorities and policies which are impacted by this decision.

A strategic objectives within the Government National Property Strategy & Principles includes 'Raise workplace satisfaction and productivity by investing in consistent quality working environments across Government' and to 'Minimise injury and illness'. There is a growing library of [international research](#) showing the connection between green buildings and productivity. A 2015 Harvard study

found that occupants in high-performing, green certified office environments scored 26% higher on tests of cognitive function, had 30% fewer symptoms of sick building syndrome and had 6% higher sleep-quality scores than did those in high-performing but non-certified buildings. A post-occupancy study by Precinct Properties of tenants at its Mason Bros building in Auckland's Wynyard Quarter [found up to 25% reductions in absenteeism, a rise in personal productivity of 8.5% and more than double the number of employees cycling to work.](#)

Deliver certainty for construction projects

Removing these requirements, especially in the case of Green Star, sends a mixed message to industry who, in some cases, have upskilled and invested in order to win government contracts. As well as a stable pipeline of government projects, the industry benefits from a consistent approach to procurement. The construction sector has spent years agreeing a common methodology for measuring and delivering energy efficient sustainable buildings. Construction firms, architects, engineers and suppliers have trained up on Green Star.

There is a significant concern that if departments are left to create their own standards or briefing requirements, construction firms will have to deliver to a wide range of different levels and standards across different departments. For construction there is a preference for sticking to the standard the sector has created - Green Star and NABERSNZ. Different standards from different departments adds complexity and confusion. Additionally, without specifying good standards and a sole focus on upfront cost, it's a race to the bottom in terms of quality.

As well as industry benefiting, the government also gains more certainty of outcome by using third-party verification.

A major issue in the current building system is that builders, engineers, and project managers can frequently change specifications during the design and build process. Pressures like product availability and time constraints can lead to deviations from the original vision, affecting goals like energy efficiency and reducing waste.

Green Star offers a framework to maintain these important elements, ensuring that what the government specifies is delivered. More clients are choosing Green Star because it locks in key outcomes like energy efficiency, lower emissions, and health initiatives.

Help reduce the cost of government debt

Net core Crown debt is increasing in real terms and also as a percentage of GDP relative to previous years.

Green bonds are nominal fixed income bonds which provide finance for specific Government projects with climate change mitigation and environmental outcomes. Attributed crown debt to green bonds helps improve the attractiveness of government issued bonds

Alongside nominal bonds and inflation-indexed bonds, green bonds are expected to be an important and enduring part of the New Zealand government bond portfolio. Green bonds will help ensure high quality government projects with robust environmental outcomes are financed, delivered, monitored and reported on.

New Zealand Debt Management (NZDM) will also focus on ensuring issuance is consistent with its core objective of minimising costs over the long term while accounting for risk and that liquidity in all its products is supported.

In addition, the issuance of Green Bonds is expected to provide further diversification of its investor base and support development in the broader New Zealand sustainable finance market.

As industry trusted, robust third-party certifications, Green Star and NABERSNZ provide ready-made reporting and verification towards green finance. [Industry are increasingly using these ratings to access lower-interest sustainable lending or green finance.](#) By verifying the construction and performance of their buildings, government can assign the whole build cost to a Green Bond, significantly helping improve the attractiveness of the government bond portfolio and helping to meet key objectives of Treasury.

Support the sector to invest and transform

There is a great deal of support for green buildings. The sector knows that greater uptake is better for New Zealand.

A report commissioned by the Facilities Management Association of New Zealand found [improving the quality of the air people breathe inside offices and schools would reduce sickness and improve concentration levels so much that it could benefit New Zealand to the tune of \\$1 billion.](#)

Its Chief Executive Jo Duggan says; "Better, healthier buildings mean a better, healthier Aotearoa, powered by healthier New Zealanders driving a better economy.

"Scrapping requirements for government buildings to be built and operated to the standards lots of other countries do routinely is a backwards step, and could mean lower productivity and higher bills – both of which fly in the face of government talk of efficiency and cutting costs.

“Our members form the backbone of the built environment, looking after places and the people that use them every day of the year. They form a multi-billion dollar New Zealand industry, which employs tens of thousands of people. And our members are telling me that ditching these building requirements is not supported by this vital sector.”

Since the government’s announcement, we have received many messages from concerned NZGBC members and industry supporters. There is overwhelming appetite for government leadership, as we know it has a key role in strengthening industry knowledge, investment, and broader supply chain transformation.

Manager and Principal of Sustainable Buildings at leading consultancy firm Beca, Ben Masters, says;

“Green Star is more than just a sustainability framework - it’s an investment in long-term economic value creation and a resilient, high-performing built environment. By driving lower whole-of-life costs, holding project teams accountable, and preventing short-term decisions from compromising quality outcomes, Green Star reduces demands on our infrastructure and enables better environmental, social, and economic outcomes. Removing Green Star risks inconsistent outcomes, higher lifecycle costs, and unnecessary complexity for government building projects. We need to stick with what works - Green Star is proven, trusted, and well-understood by the construction industry.”

Through its procurement the government is functioning as a market leader. Building owners hoping for government tenants have had to lift their game, and the standard expected by both private and government tenants from their buildings has risen.

The original procurement rules are partly designed to help New Zealand businesses thrive. By delivering on sustainability and efficiency for government, our industry is better equipped to deliver for the private sector which is increasingly demanding Green Star and NABERSNZ certifications.

Align with global obligations, initiatives and similar economies

Removing these measures goes against the direction of travel laid out in the Emissions Reduction Plan, New Zealand’s Nationally Determined Contribution under the Paris Agreement, and the environmental provisions of recent free trade agreements that New Zealand has signed.

Importantly, the government has [committed to tripling renewable energy capacity and doubling global energy efficiency improvements by 2030 as part of the COP28 Global Renewables and Energy Efficiency Pledge.](#)

This proposal goes against our climate obligations, and sets us further away from our goals.

Sustainable, responsible government procurement is a vital lever for meeting our climate commitments, as well as keeping up on the world stage. Over 70 countries have committed to leading by example by adopting ambitious policies regarding public procurement under the [Buildings and Climate Global Forum - Declaration de Chaillot](#).

The move away from NABERSNZ is particularly concerning, especially given its strong emphasis in the government's second [Emission Reduction Plan](#). It appears counter productive to be reducing government uptake, while also promising to expand the programme

Policies and initiatives

Expanding voluntary energy performance ratings for non-residential buildings

Currently, limited information on the energy performance of buildings is available for owners, buyers and renters.

Energy performance ratings provide verified and credible sustainability data to building owners and users. By enabling comparisons with other buildings, ratings can facilitate sustainable investments by revealing opportunities for building owners to improve energy efficiency at low cost.

Ratings also allow tenants to make informed choices when renting buildings. This can encourage landlords and developers to invest in energy efficiency.

New Zealand has a voluntary energy performance rating scheme called NABERSNZ. This scheme provides performance information about commercial office buildings and public hospitals. Some government agencies must obtain a NABERSNZ rating for office buildings they own or lease.

The Government intends to increase the availability of voluntary ratings by expanding the NABERSNZ scheme to other non-residential buildings such as shopping malls and hotels.

In Australia, NABERS ratings are available for 11 building types. Commercial office buildings over 1,000 square metres are required to have a NABERS rating. Rated buildings have reduced their energy use by over 40 per cent on average since 2010.⁸

⁸ NABERS. 2022. *Energy efficiency in commercial buildings*. Retrieved 3 December 2024.

Responsible procurement is embedded throughout Europe, and we need only look across the ditch to see the direction of travel.

The Australian Government's Energy Efficiency in Government Operations (EEGO) Policy, established in 2007, set a minimum NABERS Energy rating requirement for government-leased offices. State governments followed the lead, with almost all the states and territories adopting a sustainability strategy which included NABERS Energy targets.

More than 15 years of NABERS data shows the impact of these policies on the trajectory of energy efficiency in the office sector in Australia. The number of buildings annually obtaining a NABERS Energy rating quadrupled in a single year (2005) and kept growing until NABERS Energy ratings were mandated in the large offices sector in 2010. Energy use and emissions in hundreds of large office buildings in Australia fell at a scale and speed never seen before.

In early 2024, the Victorian Government transition to the most ambitious state-level policy (released in 2021), with a 5-star NABERS Energy target for new government office buildings. This raises to a 6-star target from 2025. Ratcheting up targets over time demonstrates government commitment to continuous improvement while giving the market time to adjust.

The NSW Government's Sustainable Buildings State Environmental Planning Policy (SEPP), introduced in 2023, requires new commercial developments over a certain size to achieve minimum NABERS Energy and Water ratings in operation, alongside the measurement of embodied carbon using the NABERS standard.

In November 2023, the Australian Government released its Net Zero in Government Operations Strategy, which superseded the aforementioned EEGO Policy from 2007 and outlines the approach to achieve net zero in government operations by 2030. This includes a commitment to NABERS Energy rated government office space. From 1 July 2025, where a lease is entered into for 4 or more years of an office space of 1000 square metres or more, then the office space and the building in which it is located must have and maintain 5.5 star or higher base building and tenancy NABERS Energy ratings.

In April 2024, the Australian Government published its Environmentally Sustainable Procurement Policy which will be implemented in three phases, the first of which covers government construction services (for projects over \$7.5 million) from July 2024. This policy includes an option to use the new NABERS embodied carbon tool for reporting on construction, with a requirement for a 4-star NABERS embodied carbon rating.

The 2025-6 Albanese Government's Federal Budget extends Australia's Environmentally Sustainable Procurement Policy, launched in 2024, to capture an additional \$4.5 billion in public procurement.

Recommended changes to the proposed rules

The proposed Procurement Rules would significantly weaken the requirements on agencies to consider the environmental impacts of their procurement decisions.

It makes no sense, and the consultation does not even attempt to provide a justification for it.

i) We strongly recommend that the weakened language around the environment in the proposed Charter be reverted to the previous language. This is, in the proposed text:

1. Deliver economic benefits to New Zealand

Work to create opportunities for local businesses and small-to-medium enterprises to participate in your procurement processes. Consider if your procurement offers opportunities for delivering social, environmental and cultural outcomes.

The second sentence should be replaced with the text from the second point of the Charter in the current rules and should read:

1. Deliver economic benefits to New Zealand

Work to create opportunities for local businesses and small-to-medium enterprises to participate in your procurement processes. Ensure that economic and social development can be implemented on a sustainable basis with respect for the protection and preservation of the environment, reducing waste, carbon emissions and pollution.

ii) Under the proposed rules, Rule 20 would be removed with no replacement, negating any requirements for agencies to support the procurement of low-emissions and low-waste goods, services and works and encourage innovation to significantly reduce emissions and waste impacts from goods and services. We cannot believe that this is an intended outcome from a government that says it is dedicated to the environment. Therefore, we recommend restoring this rule in full:

Rule 20: Transitioning to a net-zero emissions economy and designing waste out of the system

1. Agencies should:

a. support the procurement of low-emissions and low-waste goods, services and works.

b. encourage innovation to significantly reduce emissions and waste impacts from goods and services.

2. For designated contracts, agencies must support the procurement of low-waste and low emissions goods and services and encourage innovation to significantly reduce emissions and waste impacts from goods and services.
3. Agencies must have regard to guidance published by MBIE on the procurement of low waste and low-emissions goods and services.
4. Agencies must conduct sufficient monitoring of designated contracts to ensure that commitments made in contracts are delivered and reported on.

iii) As mentioned above, the procurement rules do not at present directly contain the NABERSNZ and Green Star requirements. Those are in the Construction Procurement guides, which proposed Rule 9 indicates will still exist, but which officials have informed us will be edited to remove the NABERSNZ and Green Star requirements.

We recommend fixing this ambiguity and keeping the NABERSNZ and Green Star requirements. To that end, we recommend editing proposed Rule 9 to explicitly reference the NABERSNZ and Green Star requirements

Rule 9: Planning for new construction works and non-residential building leases

Primary requirement

1. Agencies must apply the good practices set out in the Construction Procurement guides, where appropriate, when procuring construction works and leases, and be able to produce documented evidence of the rationale where they have not been followed.
2. Procurement mandated agencies are required to use an approved sustainable building rating tool when building a new government owned non-residential building with an estimated capital value of \$9 million and over.
3. Agencies that are subject to the Property Functional Lead mandate with office accommodation over 2,000m² are required to begin the NABERSNZ assessment process at the next available opportunity (such as a lease renewal)

iv) We have a recommendation for simplifying the process for meeting NABERSNZ requirements. Currently the policy is set out as follows:

- Tenancy assessments are usually paid for by the agency.
- We would expect a Base Building assessment to be paid for by the landlord; this can be negotiated between the tenant and the landlord.

- To reduce the burden of annual re-rating, agencies that meet the target rating only need to re-rate every three years.
- If the target rating hasn't been met, an agency must implement a work programme within 12 months to achieve the target rating, and re-rate the building annually until the minimum star rating is achieved.

By tweaking the existing policy to ensure that a building already meets the target, before leasing, would:

- reduce the cost for government agencies,
- while simultaneously creating the market incentive for building owners to achieve target ratings,
- and drive uptake of ratings

In Australian government procurement requirements, the landlord is responsible for both obtaining the NABERS rating and meeting targets required, in order to attract and retain government tenants – the same applies to attracting premium private sector tenants. This ensures that the market is incentivised to target higher ratings, and raises the average NABERS rating across the whole sector.

Further consultation on guide changes

As discussed above, the removal of the requirements for agencies to use NABERSNZ and Green Star is not explicitly presented or explained in the consultation material that MBIE has provided. It is only known through the Minister's statement and the statement of an MBIE official.

This is not a satisfactory manner for MBIE to conduct itself.

We strongly request that any changes to the guides are discussed with key stakeholders before substantive decisions are made. Without real engagement trust in government starts to erode.

Summary

The proposal is arbitrary, illogical, and violates the decision-making principles laid out in the government's coalition agreements.

It is particularly reckless to remove requirements designed to improve energy efficiency when the country is in the midst of an electricity shortage.

We recommend that the proposal to remove the NABERSNZ and Green Star requirements is dropped, and that the proposed rules restore the requirements regarding environmental protection that are included in the current rules.

This also provides certainty and stability to the market which has been ramping up for these procurement requirements. It is only December 2025 that government agencies have to obtain 4 star ratings, so it is still early days to see impact.

Using NABERSNZ and Green Star provide a huge opportunity to save government agencies money, improved the habitability of buildings, leading to better productivity, and enable government to help lift the quality and sustainability of New Zealand's non-residential buildings.

This submission shows that the proposal to remove the NABERSNZ and Green Star requirements contradicts the requirements for public value and wise use of taxpayer funds laid out in the proposed rules, and goes against the Government's domestic and international commitments to reducing emissions.

Appendix 1

The NABERSNZ and Green Star requirements in action

In a few short years, these requirements have already realised significant benefits to the government, and are set to unleash more gains in coming years.

Examples of government agencies that have achieved NABERSNZ ratings of 4 or higher for buildings ahead of the December deadline include:

- The Treasury Building at 1 The Terrace, Wellington
- Worksafe's Hamilton office
- EECA's Auckland office
- Ministry of Health National Office in Wellington
- Ministry of Primary Industries Head Office in Wellington
- Wellington Regional Council Building
- MBIE's Stout St office in Wellington
- ACC Cashel Street in Christchurch
- MBIE Herriot drive in Porirua
- Auckland MPI Centre
- Tertiary Education Commission office in Wellington
- Te Puni Kōkiri House in Wellington
- Ministry of Social Development Peacock Drive, Auckland
- MSD Head Office, Wellington

Important Green Star rated government building projects include:

- The New Parliament Buildings, which have 6 Green Star ratings for their design
- The new East Wing Building at Taranaki Base Hospital, New Zealand's first 5 Green Star rated public health building
- Chapels Downs Primary School
- Waitakere Hospital
- NZ High Commission Suva, Port Moresby and Rarotonga
- The Plant Health and Environment Capability Programme
- Waitakere Hospital Primary Birthing Unit
- E Tū Wairua Hinengaro

- Mental Health and Addiction Service
- Waikato Regional Renal Centre
- Blenheim Police Hub Rebuild
- Mount Maunganui College
- Taranaki Cancer Centre
- Te Whatu Ora Counties Manukau Specialist Rehabilitation Centre
- Manaaki Hōhonu: Waitakere Hospital Urgent Beds and ICU