

28 March 2018

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To Whom It May Concern

**GREENHOUSE AND ENERGY MINIMUM STANDARDS - REVIEW OF ACT**

ClimateWorks supports the Greenhouse and Energy Minimum Standards (GEMS) Act and the Equipment Energy Efficiency (E3) Program, which delivers harmonised efficiency standards and labelling for equipment and appliances. The GEMS Act is critically important for transitioning to a low carbon built environment sector in Australia; however, the standards are currently lagging behind world's best practices<sup>1</sup> and need a forward trajectory to be set to enable an agreed and orderly transition.

ClimateWorks Australia is a leading independent organisation acting as a bridge between research and action to identify, model and enable end-to-end solutions to climate change. Since our launch in 2009, ClimateWorks has made significant progress and earned a reputation as an expert and impartial adviser to key decision makers from all sides of politics and business.

Australia has committed to the UN Paris Agreement and the Prime Minister acknowledged that this means "achieving a net zero-emissions world". That is what we need to do in order to safely arrest global warming. Buildings currently contribute almost a quarter of Australia's greenhouse gas emissions. ClimateWorks' *Pathways to Deep Decarbonisation in 2050*<sup>2</sup> report identified energy efficiency of buildings as a key measure to reduce Australia's emissions while still growing the economy. The Australian Sustainable Built Environment Council's *Low Carbon High Performance* report<sup>3</sup>, authored by ClimateWorks, demonstrates that energy efficiency of buildings could contribute 10 per cent of the emissions reductions required to meet Australia's 2030 emissions reduction target<sup>4</sup>. Even though Australia's electricity supply is increasingly coming from zero emissions sources, increasing the energy efficiency of buildings reduces the amount of new large-scale renewable energy generation infrastructure required to achieve net zero emissions, lowering the cost of meeting Australia's commitments under the Paris Climate Change Agreement.

The efficiency of equipment and appliances are an important component of the overall energy use for buildings. According to *Low Carbon, High Performance*, improved appliance and equipment efficiency can deliver a total of \$8 billion in energy cost savings between 2015 and 2030. Strong mandatory minimum standards can drive improvements in the overall energy performance of our buildings, ensuring that the equipment and appliances available on the market are consistent with Australia's emissions reductions targets.

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<sup>1</sup> See CLASP, 2014: Improving Global Comparability of Appliance Energy Efficiency Standards and Labels

<sup>2</sup> Available at <https://www.climateworksaustralia.org/project/national-projects/pathways-deep-decarbonisation-2050-how-australia-can-prosper-low-carbon>

<sup>3</sup> Available at <http://www.asbec.asn.au/research-items/low-carbon-high-performance-report/>

<sup>4</sup> 26 to 28 per cent reduction in emissions below 2005 levels by 2005

Recommendation 2.4 from *Low Carbon, High Performance* recommends the implementation of the recommendations of the 2015 GEMS Review to expand, strengthen and accelerate future improvements in minimum equipment and appliance standards. The 2015 review of the GEMS program provided a compelling summary of evidence showing how effective and financially rewarding mandatory minimum standards for equipment can be. Currently Australian standards are lagging behind other countries and the pace of development of new technologies.

It's important that Australia continues the GEMS program and raises its ambition by setting a plan, or a forward trajectory, for progressively raising the mandatory minimum standards. This will allow Australia to harness the financial benefits of the standards and ensure we align with best practice internationally. Just five years of delay in implementing the energy efficiency opportunities in buildings (including appliance and equipment efficiency) could lead to \$24 billion in wasted energy costs. A forward trajectory will deliver the long-term certainty needed to support industry planning and spur industry investment and innovation, and efforts are already underway to set an energy performance trajectory in other areas of regulation. ClimateWorks is currently partnering with ASBEC to map a forward trajectory for the energy requirements in the National Construction Code, with support from both industry and the Australian Building Codes Board. Based on the lessons from this project, we recommend that the GEMS program adopts a trajectory for increasing minimum standards.

On behalf of ClimateWorks, I thank you for the opportunity to provide input into the review of the GEMS Act.

Please do not hesitate to contact me if you have any further questions.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Anna Skarbek', with a stylized flourish at the end.

Anna Skarbek  
Chief Executive Officer  
ClimateWorks Australia