

Debate on Green Building Index fees

BY Rosalynn Poh

Malaysia's own Green Building Index (GBI) was launched in May last year. Initiated by building professionals with initial funding from Pertubuhan Akitek Malaysia (PAM) and in collaboration with the Association of Consulting Engineers Malaysia (ACEM), the GBI is now being funded by the Malaysia Investment Development Authority (Mida). Greenbuildingindex Sdn Bhd was incorporated in February 2009 as a wholly-owned subsidiary of PAM and ACEM to administer GBI accreditation and train GBI facilitators and certifiers.

That the government supports the GBI is clearly seen from the incentives announced in Budget 2010, including income tax exemption for developers equivalent to the cost of obtaining GBI certification between Oct 24, 2009 and Dec 31, 2014. Those purchasing buildings with GBI certification will also be given stamp duty exemption on instruments of transfer of ownership. The exemption amount is equivalent to the cost incurred in obtaining GBI certification.

Be that as it may, some developers are complaining about the charges they have to pay to get their properties GBI-certified. PAM president and chairman of the GBI accreditation panel Boon Chee Wee begs to differ, adding that many people are misguided.

Real Estate and Housing Developers' Association (Rehda) official Datuk Eddy Chen feels the cost of getting a building GBI-certified is too high. "Rehda also believes that the government should not recognise only GBI certification for tax waivers, for example, thereby allowing a monopoly to exist," he says.

Two charges are involved in GBI certification. According to Chen, the certification process itself consists of two parts, the first being the submission of the design to get a

provisional certification and the second, the actual measurements about a year after the building has been completed to determine that it is performing accordingly, for example, whether the amount of energy saved is as per the design.

The second cost is related to the actual construction of the green features. This can cost as much as 30% to 40% more, depending on how far a developer wants to take the greening process. On the other hand, requirements for a basic certification, for example for water harvesting or energy glazing, may cost only 5% more.

Rehda president Datuk Ng Seing Liong is clearly unhappy about the cost of GBI certification. "Why should developers pay so much for certification? If you want to encourage more people to go green, then it should be cheap," he says.

During the launch of the GBI non-residential existing building rating on April 26, Energy, Green Technology and Water Minister Datuk Peter Chin Fah Kui also raised concerns about the charges and hoped that it would not deter developers from getting their buildings certified.

"Many developers complain about this as they feel there is no justification for such charges. Perhaps one way to mitigate this is to include the charges in the original professional fees [for design and implementation]. After all, most of the green features are quite standard and we don't need to reinvent the wheel," comments Rehda's Chen, who is also

PICTURES: HARIS HASSAN/THE EDGE



Chen: Many property buyers believe going green will save Earth



Boon: If we wanted to profit from GBI, we would have made it mandatory

the group managing director of Metro Kajang Holdings Bhd.

However, he agrees that having a GBI rating can be a property's selling point.

"Although green consciousness is still relatively new, there is already a niche market, big enough for many developers to give it some attention and cater to. This is a market that doesn't mind paying for some of these green features. Many of these buyers genuinely believe that going green will save the earth, with or without ROI [return on investment]. So yes, this means GBI does sell," he says.

The sales gallery of Chen's Kajang Resources Corp Sdn Bhd in Kajang was one of the recipients of provisional GBI Design Assessment certification under residential new construction and non-residential new construction on April 26. "It took us about six months from submission to get provisional certification. The building is already completed and we expect to start the second part of the certification process within the year. This will determine whether the design performance is achieved as stated," says Chen.

The completion verification assessment is carried out within a year or once the property is 50% occupied.

Certification voluntary

Boon says green building certification is done on a voluntary basis the world over except in Singapore.

"We continue to be approached by people saying we should lobby to make green building rating mandatory or at the very least penalise people who don't conform to green building ratings. If we wanted to actually profit from the GBI, we would have made it mandatory," he says.

He stresses that the only fixed charge that goes directly to GBI is a one-time fee for registration in the first stage (see Table A).

There are three stages to get your property certified:

- Stage 1 — application and registration
- Stage 2 — design assessment
- Stage 3 — completion and verification assessment

"I think many people are misguided on this matter. You cannot take the final cost of making a property/building GBI-certified and say the fees are exorbitant. Only the registration fee is paid to the GBI [Stage 1] for us to evaluate the submission and see which ranking range [platinum, silver, gold or basic] it deserves.

"Facilitator fees [see Table B] however are a separate dealing between the owner/developer and the GBI facilitator. We have no control over these facilitators; we merely provide the guidelines for their fees," Boon explains.

GBI facilitators are involved in Stage 2 (see Table A) and according to www.greenbuildingindex.org, their role is to provide services to enable buildings/projects to achieve GBI accreditation, including preparing and submitting GBI design briefs for the project in the conceptual stage, design development, contract documentation, contract administration and simulations and modelling.

Boon stresses that developers need to understand that it is not compulsory for them to engage a GBI facilitator. "They can send their representative to join our training to become a registered GBI facilitator. This way, they will have an in-house facilitator and don't have to spend on engaging an external facilitator.

"It is our wish that one day, all developers in the country will have their own GBI facilitator. To date, 700 professionals have passed GBI training and 153 of them have registered as GBI facilitators."

GBI offers facilitator courses to not only professionals, but also to the public. Boon says it is not just for architects and engineers, but also for those who have five years of building industry experience.

The registration fee for GBI certification is also relatively low compared with other green ratings. For example, Boon says, the registration fee for a project with 80,000 sq m gross floor

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TABLE A

Green Building Index registration fees			
SIZE OF PROJECT	TOTAL GROSS FLOOR AREA (SQ M)	REGISTRATION FEES (RM)	PROJECT ASSESSMENT
Single residence	Below 2,000	5,000	Fee as per prescribed includes: • 1 design assessment (DA) • 1 completion & verification assessment (CVA)
Small	Up to 4,000	8,000	
Intermediate	4,001 to 10,000	10,000	
Medium	10,001 to 30,000	20,000	
Large	30,001 to 50,000	32,000	
Extra large	50,001 to 100,000	45,000	
Mega project	Above 100,000	Assessment fees will be determined on a project by project basis	

• Rates shown are as of the date of the application and registration and may be revised from time to time as appropriate.
 • Rates shown are excluding government service tax

TABLE B

Recommended scale of fees for GBI facilitators							
ITEM	CONSTRUCTION COST (RM) START	CONSTRUCTION COST (RM) END	COST RANGE (RM)	MIN FEES (RM)	% ON ADD	MAX FEES (RM)	MAX FEES (%)
1	0	10,000,000	10,000,000	10,000	0.400	40,000	0.40
2	10,000,001	50,000,000	39,999,999	40,000	0.350	180,000	0.36
3	50,000,001	150,000,000	99,999,999	180,000	0.250	430,000	0.29
4	150,000,001	300,000,000	149,999,999	430,000	0.100	580,000	0.19
5	300,000,001	500,000,000	199,999,999	580,000	0.075	730,000	0.15
6	500,000,001	above	—	730,000	—	negotiable	—

Note: Recommended fees exclude optional services (pls refer to www.greenbuildingindex.org)

For example:
 1. If Project A's construction cost is RM13 mil, the recommended fee would be:
 (RM13 mil - RM10 mil) x 0.35% + RM40,000 (min fee) = RM50,500
 2. If Project B's construction cost is RM50 mil, the recommended fee would be:
 RM50 mil x 0.36% (max fee) = RM180,000

Full support from government

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area under LEED (Leadership in Energy & Environmental Design) may be RM116,450 and the same project would cost only RM45,000 for GBI.

Apart from paying for manpower and expertise, the fees received by GBI are used to fund its website, free conferences and so on, he adds.

Prior to the establishment of the local rating, developers looked at other rating tools such as the Building and Construction Authority of Singapore's Green Mark and the LEED in the US.

"The need for a green building rating was brought to our attention by property owners and developers about two years ago as there was a demand for green-rated buildings. If we don't have our own rating, they will just go somewhere else to get rated.

"So, we did our research, namely on Singapore's Green Mark and Australia's Green Star, and found that green building ratings have to be localised to reflect the climate, environment and local concerns. Most ratings out there, except for Green Mark, are more suitable for temperate countries,"

Boon says, adding that Green Mark addresses the concerns of Singapore, not Malaysia.

According to Boon, some 81 applications have been received since the GBI's launch, with 35 applications being processed (certifiers assigned). GBI has certified six properties, out of which one has been verified while the other five have been certified at the design assessment stage.

"I believe we have just begun, but have achieved a lot. We have been approached by the manufacturing industry to rate industrial buildings and we feel happy that people are stepping up to be GBI-certified," Boon says.

In the tabling of the 10th Malaysia Plan on June 10, Prime Minister Datuk Seri Najib Razak announced that the use of renewable energy and increasing energy efficiency will be emphasised to ensure the sustainability of the environment.

Najib also stated that the government will take the lead in adopting green building standards and that the prime minister's office complex will be upgraded to meet the GBI's gold standard green rating. **E**