Queensland Productivity Commission
Construction Productivity Inquiry

Submitted via online form

5 August 2025

Re: Submission to the Queensland Productivity Commission Interim Report: Opportunities to Improve Productivity in the Construction Industry

The Affiliated Insulation Industry Coalition (AIIC) is a collective of insulation trade associations including the Australian Modern Building Alliance (AMBA), Insulation Australasia (IA) and the Insulation Council of Australia & New Zealand (ICANZ). Collectively, the AIIC represents Australian insulation manufacturers, insulation installer organisations and polymers-based insulation supply chain manufacturers.

The AIIC welcomes the opportunity to respond to the interim report and respectfully offer the following comments on proposals that suggest deprioritising energy efficiency measures in Queensland homes as a means of lifting construction sector productivity.

Energy, climate and productivity

Australia's energy future, and that of Queensland, depends on delivering housing that supports our broader national goals: energy affordability, emissions reductions, and resilience. Energy efficiency underpins each of these objectives.

According to the International Renewable Energy Agency, energy efficiency is expected to contribute 25% of the world's emissions reductions to 2050 – on par with renewable energy – with electrification contributing a further 20%.[1] Australian research shows a similar pathway: efficiency and electrification can respectively deliver 14% and 26% of our national emissions reductions, affordably and at scale.[2]

To meet Queensland's 2035 emissions targets and Australia's 2050 net zero commitment, it is essential that new homes are efficient, electric, and built to draw minimal power from the grid. Removing or delaying National Construction Code (NCC) provisions that support better thermal performance and energy efficiency would increase household costs, reduce resilience, and ultimately hinder economic productivity.

The Australian Government's Productivity Commission has made clear that climate adaptation, including the optimisation of our housing stock, is not only about resilience, but also essential to sustaining national productivity. Without action, the cost of climate related risks is projected to

[1] International Renewable Energy Agency (IRENA), World Energy Transition Outlook 2022.
[2] Northmore Gordon, Energy efficiency scenario modelling, 2023.

rise from $9 billion to $35 billion annually by 2050.[3] Failure to improve the resilience of homes, through both future ready construction and retrofits, could result in cumulative economic losses of up to $423 billion by 2063.[4] As the Commission notes, early adaptation reduces impacts and saves costs, freeing up resources for more productive uses. This stands in contrast to the position on energy efficiency in housing currently put forward by the Queensland Productivity Commission.

Strong energy performance standards reduce long-term costs

High-performing buildings reduce demand on household budgets and the energy system. Good insulation and thermal performance:

- Allow right-sizing of appliances like air conditioners, batteries, and rooftop solar systems;
- Improve the impact and uptake of rooftop solar by reducing peak loads; and
- Support grid reliability and reduce the need for costly infrastructure upgrades.

Poorly built homes lock in waste for decades. Without strong standards like those in the NCC, homes are more likely to be underperforming, leaky, and expensive to run, further exacerbating energy hardship already affecting 1 in 5 households in Australia.[5]

Healthy homes are productive homes

There is compelling global evidence that better building thermal and energy performance leads to improved health and productivity outcomes:

- Victoria's Healthy Homes Program (which targeted health vulnerable households) found a 10:1 return on healthcare savings compared to energy bill reductions, including almost $900 in winter healthcare savings per person.[6]
- New Zealand's insulation programs returned $5–$7 NZD in health and wellbeing benefits for every dollar invested, reducing hospitalisations, medical visits, and missed work or school days.[7]
- UK and Japanese studies confirm better comfort, reduced cardiovascular strain, and improved mental wellbeing and social benefits from well insulated homes.[8]

In Queensland's hot and increasingly extreme climate, thermal performance is not just a comfort issue – it is a public health imperative. Insulation not only retains warmth in winter but is the primary barrier against dangerous heat when air conditioning is unaffordable, unavailable, or inaccessible during blackouts.

[3] Productivity Commission, Investing in cheaper, cleaner energy and the net zero transformation: interim report, August 2025.
[4] Ibid.
[5] Energy Consumers Australia (ECA), Consumer Energy Report Card: Understanding and measuring energy hardship in Australia, June 2025.
[6] Sustainability Victoria, The Victorian Healthy Homes Program Research findings, 2022
[7] Grimes et al., Cost Benefit Analysis of the Warm Up New Zealand: Heat Smart Programme Ministry of Economic Development, 2012 and Pierse et al., Healthy Homes Initiative: five year outcomes evaluation, 2024.
[8] Gilbertson et al. 2006, 'Home is where the hearth is: Grant recipients' views of England's Home Energy Efficiency Scheme (Warm Front)', Social Science & Medicine vol. 4 issue 4, pp. 946-956, and Umishio et al., Effect of living in well-insulated warm houses on hypertension and cardiovascular diseases based on a nationwide epidemiological survey in Japan: a modelling and cost-effectiveness analysis, BMJ Public Health 2024;2:e001143.

Placing additional strain on the health system and contributing to avoidable absenteeism at work or school, due to preventable physical and mental health impacts, ultimately undermines broader productivity and wellbeing goals. A policy and regulatory approach that prioritises long-term public outcomes over short-term industry convenience will deliver far greater value to the community.

Fragmentation undermines productivity

Weakening energy efficiency standards in one state runs counter to the national approach being pursued through the NCC. Piecemeal, state-based approaches increase regulatory complexity and compliance burden for builders and manufacturers, ultimately undermining the productivity gains they seek.

Australia already trails its global peers in terms of energy performance requirements for new buildings. Abandoning a consistent national trajectory risks putting Queensland further behind.

Concluding remarks

It is shortsighted to treat energy efficiency as a barrier to productivity when, in fact, it is a driver of it. Strong minimum standards unlock long-term savings, create healthier homes, reduce future retrofit needs, and better match supply and demand in a renewable-powered economy.

We urge the Queensland Productivity Commission and Government to reject the false trade-off between construction productivity and efficient, resilient housing.

Queenslanders deserve homes that are affordable to run, safe to live in, and aligned with the state's clean energy ambitions. The construction industry has many available levers for reform – reducing energy performance should not one of them.

The AIIC welcomes the opportunity to collaborate further with government on this matter. If you would like to organise a discussion, please contact our Advisor, Rachael Wilkinson at [redacted]

Sincerely,

[redacted]

Janine Strachan
Chair, Affiliated Insulation Industry Coalition