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Queensland Productivity Commission

Submission - Retaining the National Construction Code and Maintaining Energy Efficiency Standards

Executive Summary

The Insulation Council of Australia and New Zealand (ICANZ) urges the Queensland Productivity Commission to maintain Queensland's alignment with the National Construction Code (NCC) and retain strong energy efficiency provisions as a core part of construction regulation. Consistency in building regulation is essential for productivity in the insulation manufacturing sector, and for delivering long-term benefits to Queensland households and the economy.

Building new homes with high levels of thermal insulation from the outset is the most cost-effective way to future-proof Queensland's housing stock. Homes that are built to strong thermal performance standards today will be far more resilient in a changing climate, reducing the need for costly and disruptive upgrades in the decades ahead. This approach avoids locking in poor performance and ensures that as the climate changes, fewer homes will require upgrades to meet comfort, health, and energy needs.

Weakening or fragmenting the NCC will:

- Create compliance complexity for industry, undermining productivity gains.
- Lead to poorer thermal performance in housing, locking in high operating costs for households and the Queensland electricity grid for decades.

- Reduce the resilience of Queensland homes to a changing climate, with consequences for public health, grid stability, and cost of living.

1. The Case for a Consistent, Nationally Applied Construction Code

The Interim Report identifies that fragmented and inconsistent regulation across jurisdictions and local government areas creates delays, increases costs, and undermines innovation. For the insulation sector, which supplies products and services nationwide, a nationally consistent NCC:

- Reduces administrative and compliance costs for manufacturers, installers, and builders.
- Retains the valuable technical contribution made to Australian Standards, which serves to govern the manufacturing of compliant building products.
- Encourages investment in innovation and plant upgrades by providing long-term regulatory certainty.
- Supports national supply chains, ensuring timely delivery of products to market without the need for multiple state-specific compliance variations.

Any move away from the national approach will exacerbate the regulatory complexity, particularly for smaller operators who dominate Queensland's residential construction industry.

2. Energy Efficiency: A Driver, Not a Drag, on Productivity

The Commission's own analysis recognises that regulation should support long-term economic gains without compromising quality and safety outcomes. Energy efficiency is a clear example where energy efficiency standards drive productivity rather than hinder it:

- **Lower Long-Term Operating Costs:** High-performing building envelopes allow for smaller, more efficient heating and cooling systems, lowering capital costs and ongoing bills.
- **Reduced Grid Strain:** Insulated homes reduce peak electricity demand, improving grid reliability and avoiding expensive network upgrades.
- **Avoided Upgrade Costs:** Building to strong NCC energy efficiency standards today means fewer homes will need future upgrades to remain comfortable and efficient in a hotter, more variable climate.
- **Health and Productivity Gains:** Evidence from Victoria's Healthy Homes Program shows a 10:1 return on healthcare savings for vulnerable households, while New Zealand programs report \$5–\$7 in health benefits per dollar spent.

Treating energy efficiency as a “cost” to productivity ignores its proven role in reducing future public expenditure, freeing resources for more productive uses, and increasing workforce participation by reducing illness-related absenteeism.

3. Climate Resilience is a Productivity Issue

The State of the Climate Report 2024 confirms Queensland will face hotter conditions, more frequent extreme heat events, and greater climate-related risks. Insulation and a robust NCC energy efficiency standard are frontline defences against these impacts:

- **Queensland’s hot and increasingly extreme climate means 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.
- 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.
- Poor thermal performance increases heat stress, emergency health costs, and reduces labour productivity due to illness.
- **If homes under construction today are built with high levels of insulation, they will be more resilient to future climate conditions, dramatically reducing the number of dwellings that will need costly upgrades as temperatures rise and extreme weather events increase.**

By embedding resilience in building regulation now, Queensland can avoid significant economic losses and protect both households and the workforce.

4. The Insulation Sector’s Role in Lifting Productivity

The insulation manufacturing and installation industry is ready to deliver higher performance homes at scale, but it requires:

- A stable and nationally consistent NCC framework to justify investment in production capacity and workforce training.
- Recognition of insulation installation as a skilled trade, with certification to ensure quality outcomes.

- Continued and targeted incentives for insulation upgrades to improve existing housing stock performance, reducing cost of living pressures and energy hardship.

Recommendations

1. **Retain Full Alignment with the National Construction Code** – Maintain Queensland’s commitment to a uniform national energy efficiency standard.
2. **Maintain and Strengthen Energy Efficiency Provisions in the NCC** – Recognise energy efficiency as a productivity enabler, not a barrier.
3. **Embed Current and Future Climate Data in NatHERS** – Ensure new homes are fit for Queensland’s projected climate conditions.
4. **Support Industry Capability** – Fund training pathways to support the qualification of insulation installers and support manufacturing plant upgrades in Queensland to meet future demand.
5. **Avoid Regulatory Fragmentation** – Reject piecemeal, state-specific changes that increase compliance burden and slow project delivery.

Conclusion

Queensland’s construction productivity challenge should not be solved by lowering housing performance standards. The NCC’s energy efficiency provisions are essential infrastructure for a resilient, affordable, and productive housing sector.

Building new homes with a high performing building envelope now means fewer homes will require costly upgrades later, keeping Queenslanders comfortable, healthy, and better protected as the climate changes.

ICANZ stands ready to work with Queensland Government to deliver the comfortable, efficient, and climate-ready homes Queenslanders deserve.

Kind regards

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