

Submission: Response to Interim Report – Preliminary Recommendations 11 and 12

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Queensland Productivity Commission
Opportunities to Improve Construction Industry Productivity
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Dear Commissioners,

I welcome the opportunity to comment on the Interim Report: Opportunities to Improve Productivity of the Construction Industry. My submission addresses Preliminary Recommendations 11 and 12, which propose that Queensland should consider opting out of recent National Construction Code (NCC) 2022 provisions on energy efficiency and accessibility.

I am supportive of increasing productivity in construction, however I am deeply concerned that adopting these particular recommendations would undermine the long-term wellbeing of Queensland households and impose avoidable costs on the broader community.

The purpose of the NCC energy efficiency provisions

The NCC 2022 energy efficiency measures are not simply compliance requirements; they are essential safeguards to ensure that Queensland homes are:

- Thermally comfortable and resilient, protecting residents from rising temperatures and extreme weather events.
- Affordable to operate, by reducing the need for excessive heating and cooling, and insulating families against rising energy bills.

- Economically responsible, by limiting growth in peak energy demand and the costly network upgrades it necessitates—costs that are ultimately borne by all electricity consumers.

Evidence of benefits to Queenslanders

- Household energy bill savings: The NCC 2022 Decision Regulation Impact Statement estimates average savings of \$183 per household per year, with a benefit-to-cost ratio of 1.37, even after accounting for additional construction costs.
- Enhanced savings potential: Research by Renew Australia shows that 7-Star homes with solar and efficient appliances can save households more than \$1,000 annually. In some all-electric scenarios, bills were reduced by up to 80%, significantly improving affordability and financial resilience.
- Wider economic and health benefits: A Deloitte report for ACOSS estimated that energy upgrades in low-income housing would save households \$3,350 per year, boost GDP by \$17 billion over seven years, create nearly 13,000 jobs annually, and reduce health burdens linked to extreme heat and inefficient housing.
- Infrastructure cost avoidance: The Australian Energy Market Operator (AEMO) has confirmed that inefficient housing drives peak demand, requiring costly upgrades to electricity networks. Efficiency standards slow this demand growth, saving all Queenslanders from higher network costs passed on through power bills.
- The Queensland Department of Energy and Public Works, as well as numerous Queensland small and medium-sized businesses, have invested significantly in understanding and adapting their legislation, work processes, practices and products to comply with the 7 Star Standards. The hard work over the last two years has been done, and industry has found innovative ways to adapt both design and construction materials to achieve 7.0 Stars without significant cost increases.
- If Queensland opts out of 7 Star compliance and reverts back to the previous code there will not only be industry confusion, but industry will need to again invest significantly to incorporate working across numerous codes (NCC 2009, NCC 2010, NCC 2019 and NCC 2022) in order to provide the required energy efficiency compliance documents for the current and previous Queensland Development Code MP 4.1.
- The move back to 5.0 and 6.0 Star homes will put Queensland behind all other jurisdictions except for Tasmania. The move back to 7.0 Stars would almost certainly happen again in the near future, and so the work undertaken to move backwards would be an unproductive short term measure.

Equity and long-term productivity

Exemptions or opt-outs would not only create industry confusion, but it would also create a two-tier housing market: one where some households benefit from efficient, affordable-to-run homes, while others—often the most vulnerable—are left in dwellings that are thermally unsafe and costly to live in. By contrast, consistent application of energy efficiency standards ensures:

- Lower economy-wide energy demand,
- Stronger community resilience to climate change, and
- Long-term productivity gains through avoided health, social, and infrastructure costs.

The interests at stake

Building associations may argue in favour of Recommendations 11 and 12 on the grounds of reduced compliance costs. However, it is Queenslanders who will live in these homes for decades. Short-term savings for builders (who are not all Queensland-owned) must not come at the expense of Queensland households' financial security, health, and comfort.

Recommendation

For these reasons, I strongly urge the Commission to reject Preliminary Recommendations 11 and 12. Instead, I encourage the Commission to affirm the value of the NCC 2022 energy efficiency provisions as critical for:

- Protecting Queensland households from rising energy costs and heat-related health risks,
- Reducing infrastructure cost pressures,
- Ensuring equity across all households, and
- Supporting long-term productivity and resilience in Queensland's Energy Efficiency sector
- Supporting long-term productivity and resilience in Queensland's housing stock.

Thank you for the opportunity to contribute to this important inquiry. I would be pleased to provide further information or evidence if required.

Yours sincerely,

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