ENERGETIC COMMUNITIES
SOWING A COMMON THREAD

SUBMISSION - QPC CONSTRUCTION PRODUCTIVITY – INTERIM REPORT

Energetic Communities Association Inc (ECAI) is writing to make a submission regarding the ***2025 Opportunities to improve productivity of the construction industry - Interim report***.[1] The updated NCC reduces bills and running costs, cuts emissions, makes our homes more comfortable, and reduces pressure on the grid. Rolling back the NCC energy efficiency (and liveability) standards, even making them voluntary, will increase cost to homeowners and tenants, impact their health and likely increase future public health costs. Having a code that is standardised across states also reduces costs of construction as builders don't have to manage disparate codes across several jurisdictions.

Key Recommendations

- Queensland keeps 7-Star standard for new homes as a bare minimum.
- The Queensland government work with Nation Cabinet and advocate to improve the NCC.
- Maintain ethical procurement, professional codes of conduct and local benefits in government and industry practice.
- Queensland departments of housing, community, energy and health work together to understand the health impacts of poor housing and cost benefits to public health spend of improved housing.

Benefits of the NCC

Cost benefits

The has been a lot of reviews and assessments demonstrating that there are significant benefits, both financial and non-financial, to households and society, including public health spending, from an improved National Construction Code (NCC). The benefits have not been included in the ACBC analysis, nor the QPC Interim Report.

Recommendation 11: Impacts arising from NCC 2022 recommends the Queensland government opt out of the NCC, while recommendation 12 recommends the Queensland government should "*only adopt future NCC changes in Queensland codes where these have been through robust regulatory impact analysis to demonstrate they provide net benefits to the community*". Page 30 of the Interim Report states that "*Recent changes to energy efficiency and accessibility standards in the NCC were adopted despite having been assessed as imposing net costs on the community*." This assertion is not referenced, and there is in fact evidence to the contrary.

[1] https://qpc.qld.gov.au/content/inquiries/construction-productivity.html

A Regulation Impact Statement (RIS) was completed in 2022. A review of work leading up to the RIS, however, has roundly and objectively criticised the ABCB for its assumptions, such as inadequate consideration of benefits to residents' health from better quality housing, including mould, air quality and heat, or climate impacts,[2,3] with these failures continued in the ABCB RIS,[4] including criticism by the Victorian Government.[5] For this reason, we agree with the QPC that the Queensland government advocate for improved regulatory processes at the national level, including for NCC. Nonetheless, it is not only the RIS but also other evidence and responses to the RIS that should be considered.

There are a wide range of views held by industry, and these differ to those of the HIA and Master Builders Association of $20,000 to $80,000. We have heard similar claims before, where HIA and Masters Builders "calculated" cost increases to improve homes from 5 to 6 star and these cost increases were in fact cost reduction of up $7,475 in Brisbane[6]. The cost reduction was due to the rapid building industry learnings, bringing down costs, International evidence backs this up.[7] The Australian Glass and Window Association (AGWA) for example, challenges these estimates, with upgrades costing an average of $4300 ($2,972 in Brisbane), using real 2024 building product prices.[8] It has been shown that what is actually causing cost increases is supply chains and wages, which has little to do with the NCC. Some reporting of cost increases has been checked, with these figures related to overall cost increases, not those related to the NCC changes.[9]

In their RIS modelling, ACIL Allen also found that lower running costs resulting from the higher standards outweigh increased mortgage costs,[10] which is further backed up by modelling by Renew.[11]

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[2] https://thefifthestate.com.au/innovation/gbca-renew-eec-and-asbec-weigh-in-on-new-ncc-cost-benefit-ris/
[3] https://www.asbec.asn.au/wordpress/wp-content/uploads/2016/08/1608-Energy-efficiency-policy-analysis-Isaacs-and-Pears-FINAL.pdf
[4] https://thefifthestate.com.au/innovation/residential-2/the-madness-of-freezing-the-national-construction-code/
[5] https://thefifthestate.com.au/business/government/the-bean-counters-have-spoken-on-the-cost-benefits-of-the-new-building-code-time-to-go-to-the-mattresses/
[6] https://www.dcceew.gov.au/sites/default/files/documents/evaluation-5-star-energy-efficiency-standard-residential-buildings-report.pdf
[7] https://www.iea.org/reports/net-zero-by-2050
[8] https://hvacrnews.com.au/news/report-7-star-homes-not-as-costly-as-thought/
[9] https://www.aap.com.au/factcheck/coalitions-evidence-doesnt-show-rules-added-60000-cost-of-building-a-home/
[10] https://consultation.abcb.gov.au/engagement/consultation-ris-proposed-ncc-2022-residential/supporting_documents/Consultation%20RIS%20%20Proposed%20NCC%202022%20residential%20energy%20efficiency%20provisions.pdf
[11] https://renew.org.au/advocacy/climate-resilient-homes/households-better-off-lowering-energy-bills-with-the-2022-national-construction-code/

Australia has fallen well behind internation best practice[12] and should be improving our standards, not rolling them back. Climateworks modelling found that delaying cost-effective changes to the Code by just three years could cost $2 billion in household energy bills, and lock in 9 million tonnes of emissions to 2030 and 22 million tonnes to 2050.[13]

On productivity, we note the narrative around innovation and restricting size (page 76 of Interim Report). We don't hold a view on this per se, but note that while larger builds and land area can achieve economies of scale, Australia has a problem of overbuilding homes. It should be noted that star ratings express the energy demand per square metre, and Australian homes are among the largest in the world. There is a need to encourage building smaller homes and garages for example (i.e. sufficiency).

The interim report also notes that the "change would not restrict the market, that is, builders or consumers, from adopting the stronger energy efficiency or accessibility standards set out in the current NCC if they believe there are benefits from doing so." The problems with this statement are that:

- The owners are not the builders and not always the ones making the decisions in day to day construction. Of course, owners make the financial decision on what they pay for, but this is not the same as life cycle decisions (i.e. consequent costs of running an inefficient and poorly built home), and these are based on information from the builders who wish to minimise their own costs, and builders are themselves reliant on the information of peak bodies.
    - This also discriminates against renters, including social housing tenants and build to rent tenants. They won't get a say in the quality of homes they live in.
- This assumes consumers understand sustainable and economic building techniques and practices. This should not be left to consumers to research and understand the nuances of the construction industry and building practices, and the lifetime impacts of the NCC. The very existence of the NCC is to ensure buyers get a fit for purpose and high standard of home and to have a building industry they can trust.
    - This would also increase costs to households who decide to retrofit homes that should have been built to higher standard in the first place.
- Consumers (who stand to benefit from the NCC) did not generally contribute to the initial QPC consultation in May, and therefore their voice (and their representatives) is not being heard in the current process.
- The cost increases in construction, albeit limited, are not the costs of managing the home once built.
- As noted, the actual benefits to consumers have been discounted in the modelling.

[12] https://www.sciencedirect.com/science/article/abs/pii/S0301421519303878?via%3Dihub
[13] https://www.climateworkscentre.org/news/construction-code-review-a-chance-for-australian-governments-to-demonstrate-their-commitment-to-net-zero/

Page 29 of the Interim Report also notes concern around the "rate at which building standards and code changes occur". Some peak bodies have clearly advocated against improving the NCC, even as the need for improvements become more urgent. This has had the effect of further increasing the urgency of improvements needed as climate impacts occur.

In addition, the rapid rate of changes is not a reason for not having improvements, but only that those improvements must occur through planned implementation and continuing professional development, which builders and designers must already do (and therefore not a cost due to the NCC itself). Furthermore, a moratorium only delays cost increases to a later date.

Grid Impacts

The benefits of improved energy performance on the grid are well documented. The RIS however uses blunt metrics, overstating the proportion of retail energy prices that are based on fixed costs distributed among consumers.

The updated NCC includes improvements in thermal performance of the homes themselves and energy efficiency of appliances and the use of technologies such as solar. Improving the thermal efficiency of the home also improves the utility of technologies like solar and air conditioning, allowing load shifting and for homes to stay cooler or warmer for longer, improving both affordability and health, but also reducing the need to import from the grid during peak times.

Other Impacts

Climate resilience

The updated National Construction Code energy efficiency measures for new homes not only improve health, affordability and emissions, but also improves climate resilience to heat, floods and fire.

More Australians are hospitalised[14] and die[15] from extreme heat than all other extreme weather events combined, with many of society's more vulnerable households living in the poorest quality homes. Failure to maintain and improve the NCC, and keeping it mandatory, commits Queenslanders to future impacts for the life of these homes. This is also likely to transfer costs from homes to the public health system. The Victorian Healthy Homes program, for example, found that for every dollar spent on upgrades, $10 were saved from

[14] https://www.aihw.gov.au/reports/australias-health/extreme-weather-injuries
[15] https://www.csiro.au/en/research/environmental-impacts/climate-change/state-of-the-climate/australias-changing-climate

public health spending.[16] While this refers to the impacts of elderly Victorians in a colder climate, the potential and unknown potential impacts on the Queensland health system are easy to see. ECAI recommends the Queensland departments of housing, community, energy and health work together to understand the health impacts of poor housing and cost benefits to public health spend of improved housing.

Condensation and Mould

Condensation management and ventilation within the NCC also need updating as it has been acknowledged that previous versions of the NCC still resulted in damp and mouldy homes. The health cost (measured in disability-adjusted life years[17]) due to respiratory and cardiovascular disease that can be attributed to mouldy or damp housing is about three times the cost attributable to sugary drinks in Australia.[18] This is just one example on how the update of energy efficiency in the NCC goes further than a narrow focus of upfront value for money through improving Home Energy Star Ratings to also fix the known flaws in previous guides. Making this a voluntary code will impact people's health.

Orientation

The updated code also allows the star rating to be achieved through different paths, including improved thermal performance and the whole of home energy budget, and ensuring they work together. Construction costs represented by stakeholders and modelling are averages, and that actual costs at the individual home level is highly dependent on design, building practice, size of the home, orientation, insulation, window design, construction systems and materials chosen to reach 7 stars. These are not adequately addressed in the Interim Report.

Orientation, for example, refers to the orientation of the home to naturally make use of the winter sun for passive heating and keep out summer sun for passive cooling, both of which reduce active heating and cooling, thereby reducing household costs. Orientation can also include placement of rooms to achieve passive heating and cooling. This is difficult or impossible to change once constructed but would have no or minimal effect on construction costs.

Ethics and Procurement

Preliminary Recommendation 3- Queensland government recommendation procurement policies

[16] https://www.sustainability.vic.gov.au/research-data-and-insights/research/research-reports/the-victorian-healthy-homes-program-research-findings
[17] https://www.who.int/data/gho/data/themes/mortality-and-global-health-estimates
[18] https://theconversation.com/mould-and-damp-health-costs-are-about-3-times-those-of-sugary-drinks-we-need-a-healthy-housing-agenda-147743

While noting that ethics and policies listed in this section are not black and white, it is highly disappointing to read this in a public QPC document in 2025. To narrow any policy to have a "sole objective of value for money" makes mockery of community expectations and social advances made by Queensland and Australia. Furthermore, a "fitness for purpose" is not just about money. Without such policies, we can expect risks to:

- Award and fair wages and fair contracts.[19]
- Ethical behaviour, good governance, addressing modern slavery, animal welfare, wasteful practices and dumping, transparency and domestic violence.[20]
- Managing ethical behaviours, conflicts of interest, standards of conduct, ethical business practices, workplace health and safety, domestic violence, fair treatment of employees, human rights, diversity and environmental outcomes.[21]
- Supporting local communities and businesses[22], when they're crying out for local benefits and the industry is putting serious effort to addressing this need, making a mockery of work completed by communities, community organisations and industry.[23,24,25]

While some of these are and could be addressed elsewhere, having them in stated procurement policies provides guidance, transparency and awareness in easily accessible forms, issues some stakeholders claim are missing.

Such recommendations will only serve to damage trust in the Queensland Government and the construction industry. The QPC should not be so openly promoting such narrow sighted and unethical behaviours in a code that the whole industry should be following, either as a regulated or voluntary code. The government should be setting best practice standards.

[19] https://www.forgov.qld.gov.au/finance-procurement-and-travel/procurement/procurement-resources/search-for-procurement-policies-resources-tools-and-templates/guidelines-ethical-supplier-threshold
[20] https://www.forgov.qld.gov.au/__data/assets/pdf_file/0021/367023/queensland-procurement-policy-2023.pdf
[21] https://www.business.qld.gov.au/running-business/marketing-sales/tendering/supply-queensland-government/supplier-code-conduct/code
[22] https://www.forgov.qld.gov.au/__data/assets/pdf_file/0020/182351/local-benefits-test.pdf
[23] https://cpagency.org.au/how-to-maximise-community-benefits-from-renewables/
[24] https://cpagency.org.au/wp-content/uploads/2025/07/Guide-to-Regional-Benefit-Sharing.pdf
[25] https://cleanenergycouncil.org.au/news-resources/benefit-sharing-for-renewable-energy-projects