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Australian Building Codes Board
Via Consultation Portal
Response ID: ANON-7GZH-JXSY-E

cc: Amber.Jade.Sanderson@mp.wa.gov.au

Proposed NCC 2022 residential energy efficiency provisions

Thank you for the opportunity to provide feedback on the consultation of the proposed National Construction Code (NCC) 2022 residential energy efficiency provisions. The Urban Development Institute of Australia (UDIA) WA is the peak body representing the property development industry in Western Australia. UDIA is a membership-based organisation with members drawn from the residential, commercial and industrial property development sectors. UDIA members include both private and public sector organisations. Our industry represents approximately 10.1% of Western Australia's Gross State Product, contributing \$27.8 billion annually to the Western Australian economy and \$270.5 billion nationally. As well as helping to create sustainable and liveable communities, the industry employs a total of 205,100 Western Australians and 2.023 million Australians across the country.

Comments

UDIA WA fully supports the intent of the proposed amendments to the NCC and is supportive of the adoption of measures designed to ensure our homes are constructed in a cost-effective and energy-efficient manner that also minimises greenhouse gas emissions. Yet despite these intentions, the proposed NCC amendments only consider the performance of residential buildings in relation to thermal comfort and performance once built. The failure to take into consideration input costs and whole of life costs is a fatal flaw of the NCC that will undermine the transition towards net-zero carbon buildings, rather than supporting it. Furthermore, whilst failing to reduce emissions, the proposed amendments will add significantly to the cost of constructing homes, undermining housing affordability. Given the failure to satisfy the policy intent, UDIA WA does not support the proposed NCC 2022 residential energy efficiency provisions.

To prepare an effective regulatory framework that supports housing affordability through both reduced housing construction costs and ongoing operational costs, whilst also helping to foster the transition towards net-zero carbon emission housing, we encourage the Australian Building Codes Board (ABCB) and WA Government to work with industry to prepare such provisions.

As our energy supply continues to transition increasingly towards renewable sources of energy, to reduce our carbon emissions, the energy efficiency of our homes is (and is becoming ever increasingly) a less important factor than the embodied energy required to construct our homes. Yet despite this, the proposed NCC provisions are solely focused on the operating performance of new homes.

Within climatic zone 5, which includes Perth, the proposed NCC energy provisions favour insulated brick cavity designed homes due to the higher thermal mass that this form of construction has over other construction methods. Whilst the thermal mass achieved with brick, concrete and tile may mean that a building is able to be operated more efficiently, this form of construction can have a significantly larger whole of life carbon footprint than other construction methods, particularly timber-framed construction. If adopted, the provisions will simply lock in front loaded emissions that far exceed the

amount of emissions that will ever be saved through energy performance efficiencies. Conversely, for every 1m³ of concrete within a building that is replaced by a 1m³ of timber, 1 tonne of CO² is saved ¹.

Similarly, the NCC's bias towards double brick construction within climatic zone 5 will also increase external lot construction inputs, specifically in some circumstances increasing requirements for fill and the need for the construction of retaining walls. The production, transportation and onsite construction of these materials is a further cost to the environment that is not taken into consideration by the proposed NCC amendments or its modelling assumptions.

In addition to failing to reduce emissions generated from housing, the proposed provisions will also have a negative impact on housing affordability. As the Consultation Regulatory Impact Statement (CRIS) states *"on average, the amount saved on energy bills is less than the increased cost of construction"*. We are particularly concerned by the cost implications for apartments which have a return on investment of just 0.53 and 0.55 under option A and B for every dollar spent. Even considering the wider potential benefits of the proposed amendments to the broader economy, environment, and the health of our communities, both reform Options A and B have a negative cost-benefit ratio. The CRIS estimates that the adoption of Option A will cost Australia -\$2.25 billion and Option B -\$1.78 billion.

Further to the negative cost of adopting the proposed amendments, the CRIS report also notes that the amendments will have minimal impact upon energy demand, with any *"reductions in energy use and a reduction in peak demand will result in a 'barely perceptible' change to wholesale energy prices"*.

As well as failing the cost-benefit tests under favourable conditions, the CRIS does not examine the impact of the proposed NCC amendments on pre-existing residential lots and/or lots with all the necessary planning and regulatory approvals that have yet to be released to the market. Many of these lots are likely to be orientated and have dimensions that make complying with the code in a cost-effective manner extremely challenging, and potentially make development on these lots unviable. The proposed provisions will in effect, be retrospectively applied to any lot pre-approved where a building approval has not yet been granted, further jeopardising housing affordability. As such, UDIA strongly encourages the ABCB to establish a set of transitional provisions, that provides pathway for building on lots already approved to be assessed against NCC 2019 standards or an alternatively appropriate framework.

In closing, we reiterate that the provisions as proposed will increase housing costs and not reduce emissions and therefore encourage the ABCB to work with industry to develop an effective set of NCC energy provisions. Should the proposed NCC provisions be adopted, we strongly urge the WA government to adopt appropriate variations to ensure that the construction and operation of new homes in WA remains affordable and also helps to foster the transition towards net-zero.

Should the ABCB require any assistance or further information regarding these comments, UDIA would be delighted to assist. Please contact Chris Green, Director of Policy and Research at cgreen@udiawa.com.au or 9215 3400.

Yours sincerely



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Chief Executive Officer

¹ Forest Industries Federation (WA) www.forestindustries.com.au/infographic.html