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14 Aug. 09

Rob Hansen Research Director Environment and Resource Committee Parliament House Brisbane QLD 4000

Dear Rob

RE: Environment and Resources Committee: Inquiry into Energy Efficiency Improvements.

I am pleased to attach HIA's response to the Environment and Resources Parliamentary Committee : Inquiry into Energy Efficiency Improvements.

As you maybe are aware, HIA is Australia's peak building industry body with more than 6000 members in Queensland - including builders, major building industry manufacturers and suppliers as well as contractors and consultants to the industry.

HIA services the businesses it represents, and lobbies for the best possible business environment for the building industry which in turn encourages a responsible and quality driven residential, building and development industry.

As an association we will be pleased to work with you as responses to the review are collated and also during the implementation of initiatives over time.

If any assistance is required in relation to this response, please do not hesitate to contact me.

Yours sincerely

Michael Roberts Assistant Director Environment and Planning Queensland Housing Industry Association

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SUBMISSION BY THE Housing Industry Association



HIA supports the policy objective of reducing carbon emissions in the economy, including housing.

In progressing with the Environment and Resources Committee Review it is important from the residential industry's perspective that the review committee has a good understanding of the steps that have already been taken and the work that is already occurring aimed at improving the building fabric and operational energy components of residential development.

Also relevant to this discussion is a quick summary in relation to the facts around operational energy use within Queensland homes.

From an operational energy use perspective in the Queensland context we know that the biggest energy user within the average home is the hot water system, followed by space heating/cooling, then depending on how the figures are collated household appliances (fridges, dryers, washing machines) and lighting.

Current State of Play and Proposed Reforms

From a legislative perspective in Queensland, in 2006 the Queensland State Government introduced into the Queensland Building legislation the Sustainable House Code requirements which required the installation of energy efficient hot water systems, energy efficient lighting, and water saving showers and toilets within all new homes.

In January 2007 the installation of water tanks became mandatory in all new homes. From March 2009 new homes in Queensland are required to meet 5 star (up from 3.5 star) thermal energy efficiency requirements. More stringent water efficiency, and lighting requirements were also introduced.

In September 2009 restrictions will be placed on the sale and installation of air conditioning systems into the residential sector and from 2010 electric storage hot water systems will be banned and mandatory disclosure of a households sustainability features at point of sale will be introduced. Discussion is also occurring on measures to prevent residential estate covenants from limiting the installation of sustainable features in homes.

At the Federal level, the Federal Government Minimum Energy Performance Standards (MEPS) initiative will commence in 2010 removing the least efficient lights from the market including poor performing halogen down-lights. This change will provide a nationally consistent benchmark for all manufacturers and importers and remove the discretion which is currently still available to home buyers to choose inefficient lighting.

The Federal Government has announced an expansion of the Water Efficiency Labelling Standards Scheme. The expansion involves the introduction of new minimum water efficiency standards for clothes washing machines, taps, dishwashers, combination washer dryers, showers, urinals and other products and raising the minimum standards for toilets to 4 stars.

The issue is also being considered by the AS 3500 – National Plumbing Code standards committee, which introduced the original 3 star requirement over a decade ago.

The Building Products Innovation Council (BPIC) is in the process of developing the Australian Life Cycle Inventory. This project will provide a single source of Australian data on building materials which should be the basis of any future decisions on rating systems and targets that relate to building products and materials.

The agreement by the Council of Australian Governments (COAG) in July to endorse the National Strategy on Energy Efficiency has confirmed the Commonwealth Government's intentions to include the building sector as part of the response to the climate change and carbon emissions reductions. The initial impact of this agreement will be the introduction of 6 star energy efficiency requirements for new homes in 2010. The Australian Building Codes Board has also recommended the introduction in 2010 of new requirements targeting the installation of more efficient lighting and hot water systems in new housing.

Initiatives must be cost effective and equitable:

HIA has an over-riding concern about the current historically low level of housing affordability and the economic and social impact that this is having on Queenslanders.

In this environment, and given the rate of regulatory change over the last three years. HIA is acutely sensitive to the need for any new regulation aimed at the residential sector to be thoroughly assessed, for its costs as well as benefits. Too often, new housing is seen as a soft target by governments keen to introduce new initiatives, with little or no effort made into gaining a comprehensive understanding of the true costs to home buyers, or of the real benefits derived.

HIA is concerned that new home buyers are being asked to bare a disproportionate share of the burden of improving environmental sustainability. Other sectors of the economy like commercial and industrial building, and power generation all have an important part to play in delivering more sustainable environmental outcomes.

If the residential sector is to further contribute to addressing climate change issues, common sense dictates that far bigger gains can be made by developing initiatives aimed at improving the performance of Queensland's 1.6 million existing homes rather than just targeting the approximately 35,000 new homes built annually in this state.

HIA would suggest that the modest reductions in energy use occurring in the residential sector now, are predominantly occurring through the new housing sector.

Regulatory objectives must be clear:

Government at all levels need to develop a consistent view regarding what the main goal is. Currently legislation is being put in place with no clear indication of the specific desired outcome. There appears to be a view that all reduction is good and that energy efficiency gains can be treated as an exact 'one for one' correlation with greenhouse gas emissions, however this is not correct.

For example according to the Your Home Technical Manual figures for 2008, the energy use of household appliances including lighting and refrigeration while accounting for 33 percent of household energy use, however they also account for 52 percent of household greenhouse gas emissions. To date the thrust of legislative requirements

aimed at housing have targeted improving the performance of the building envelope, and while heating and cooling accounts for around 38 percent of household energy it only accounts fro 20 percent of greenhouse gas emissions. HIA would suggest that you cannot achieve meaningful cost effective reductions in targeted areas until there is agreement on the focus of the desired reduction.

As a further example, the introduction of 6 star energy efficiency (as mentioned above) requirements for new homes in 2010 will achieve very little in the overall performance of homes in South East Queensland (see graph below) but will add significantly to the cost of construction.



The graph quite clearly shows that once you move beyond 5 star requirements in Brisbane the rate of derived benefit diminishes significantly.

HIA is keen to partner with the State Government to develop a coherent implementation road map for environmental regulation and initiatives as an essential first step. The home building industry and its suppliers need to be able to make medium to long term investment plans with confidence as we move to a lower carbon footprint.

The absence of this agreed roadmap to date has meant that industry has only been able to react to government announcements on environmental regulation rather than plan for it. It has also meant that the many State agencies involved in this area have operated with different and sometimes conflicting environmental objectives. Just in Queensland, Building Codes Queensland, the Office of Climate Change, Public Works, and Environment and Resource Management are all involved in environmental regulations that impact on the home building industry, and they all have a different focus. A number of Federal agencies are also involved. They are not all working to the same agreed objectives. An agreed roadmap among all of these agencies and the industry would enable environmental reforms to be driven with better coordination, long term efficiency and at least cost to Queensland home buyers.

HIA does not see the simple publication of a pre-set timetable for lifting energy efficiency requirements on new dwellings as an implementation road map: it needs to be much broader in its application. The implementation road map also needs to have regard for the practical effects of environmental regulation, especially as it impacts on the industry's supply chain, home designs, product specification and competitiveness, both domestically and internationally.

Unfortunately, for the construction industry Local Government has also joined the mix.

Planning scheme requirements regularly impose conflicting design criteria on housing, based on inconsistent views across councils about the need for housing to achieve a particular design aesthetic, often in the name of improving sustainability. These same requirements often result in the imposition of barriers to achieving good energy efficient design.

Some current examples of these types of local requirements include a north Queensland Council that specifies that dark coloured roofs must be installed on houses constructed in hilly areas resulting in the need to install additional insulation or a larger air conditioner. A south east Queensland Council requires in older areas within its boundaries that all new homes must incorporate a veranda on the front of the house. For a north facing house (the ideal orientation) the veranda will restrict access of good natural light into the home and remove the benefits derived from access into the home of winter sun.

Education is essential:

Ongoing education must be a key component of any strategy adopted by the government. As the home buying public is a shifting population, a comprehensive information and education program will be essential to the ultimate success of any new initiatives. The community benefits from more sustainable homes will only be maximised if there is an ongoing program to promote the sustainable operational use and maintenance of homes.

The State Government Sustainable Homes Program provides the perfect vehicle for an ongoing education program that is based on real life information. HIA has been disappointed to learn that funding has been cut to this program at a time when the program should be expanding. The renovation sector in Queensland is a burgeoning market which currently accounts for approximately forty seven percent of total expenditure on housing and is an area that is ideally placed to benefit from a targeted education program which the Sustainable Homes Program is ideally placed to deliver.

There has been no better demonstration of the impact a well constructed education program can have than the success of water saving initiatives in South East Queensland during the recent drought, which has unequivocally demonstrated that far more can be achieved through a coherent strategy of regulations supported by whole of community education and incentives, than through just the introduction of new regulation on new homes alone.

Conclusion

As mentioned above HIA has an over-riding concern about the current historically low level of housing affordability and the economic and social impact that this is having on Queenslanders. Further, HIA is acutely sensitive to the need for any new regulation aimed at the residential sector, to be thoroughly assessed for its costs as well as benefits.

As has also been highlighted the residential sector in Queensland has in recent years been subject to a number of regulatory changes aimed at improving the environmental performance of new homes, with a number of additional requirements to be introduced over the next twelve months. While it can be argued that individually each change has had a minor impact on the cost of a home, collectively they will have added tens of thousands of dollars to the construction cost which is being borne by new home buyers.

HIA is of the view that with the introduction of five star building requirements in Queensland the point of diminishing returns has been reached in relation to improving the thermal performance of the building fabric of a house in the Queensland climate. Further cost effective gains will be delivered through the improvement in the performance of appliances and changes in how a house is occupied.

HIA believes the greatest barriers to improving energy efficiency are:

- 1. the assumption that the most appropriate level to address energy efficiency is at the individual house level;
- 2. lack of focus of regulatory efforts on higher order greenhouse gas generators;
- 3. the uncoordinated nature of energy regulation and the confusion it creates amongst builders, manufacturers, suppliers and consumers, and
- 4. the lack of public infrastructure investment to underpin substantial environmental and economic gains.