



13 April 2018

Neil Savery
Chief Executive Officer
Australian Building Codes Board
GPO Box 2013
Canberra ACT 2601

Dear Mr Savery

NATIONAL CONSTRUCTION CODE 2019

The NSW Federation of Housing Associations commends the Australian Building Codes Board on its intent to increase the stringency of energy requirements for commercial buildings, and its efforts to improve compliance measures for the energy efficiency requirements for residential buildings.

There is a strong national imperative to improve the energy performance of buildings. At a time that householders and businesses are impacted by high energy prices and poor thermal comfort, Australia has committed to reducing emissions to net zero by 2050 under the Paris Agreement on climate change.

Improved building energy efficiency presents a win-win-win solution, reducing stress on the electricity network and supporting a least-cost pathway to decarbonisation while also delivering cost savings and improved comfort to building occupants.

We support strong mandatory minimum standards, such as Section J of the Code, which are essential to address the current market failures that obstruct the delivery of better energy efficiency and emissions reduction in buildings, and we encourage ambitious improvements in this space.

Targets for Building Code Energy Performance

There is currently a lack of regulatory certainty in relation to whether and how energy requirements will be updated each time the Code is upgraded. This regulatory uncertainty undermines the overarching public policy drivers of reducing greenhouse gas emissions in line with the Paris Agreement, and other public policy drivers such as improving energy productivity (as per the National Energy Productivity Plan) and reducing demand in the context of improving energy system reliability and affordability.

There is a need for targets to be established by the Building Ministers' Forum (BMF) that align with the transition to net zero emissions, along with a forward trajectory for the Code energy requirements to achieve these targets. If designed to incorporate a stable and predictable future trajectory, mandatory minimum standards can support this transition by sending a signal that regulation will be tightened in the future. This incentivises consumers and suppliers to prepare and innovate to develop solutions ahead of the tightened standards.

Residential Provisions

The recent report by ASBEC and ClimateWorks Australia, entitled *The Bottom Line - household impacts of delaying improved energy requirements in the Building Code*, highlights the urgency with which the stringency of energy requirements need to be updated.

Although no stringency increase is proposed for residential buildings in the 2019 Code, *The Bottom Line* demonstrates that Australia can cost-effectively strengthen residential energy efficiency standards in the Code and cut heating and cooling energy use by up to 51 per cent. Therefore, there is a need to commit to an ambitious increase in stringency for residential buildings in the Code by 2022 at the very latest.

Commercial Provisions

There are also additional opportunities identified for commercial buildings. The Consultation RIS demonstrates that when measures are combined and aggregated to a national level, the benefit cost ratio ranges between 6.1 for the low realisation scenario up to 12.4 for the high realisation scenario; significantly higher than the 1-1.5 range targeted by the analysis. This suggests that the measures, when combined, can realise greater benefits than when the measures are considered in isolation, and that there are significantly more opportunities to increase the stringency of the commercial energy requirements cost-effectively than proposed for NCC 2019.

As technology and electricity prices change over time, we anticipate that further cost-effective opportunities are expected to be unlocked in addition to the proposals for the NCC 2019.

We strongly support the Australian Building Code Board's efforts to improve building energy performance and encourage stronger ambition for these requirements in both the short term and long term.

For further information, please contact Leoni Lynch, on 02 9281 7144 or by email LeoniL@communityhousing.org.au.

Yours sincerely,

Leoni Lynch
Service Delivery Coordinator
NSW Federation of Housing Associations