

Queensland Productivity Commission
enquiry@qpc.qld.gov.au

28 August 2025

To whom it may concern,

Re: Inquiry into construction sector productivity

Thank you for the opportunity to provide a submission to the Queensland Productivity Commission inquiry into construction sector productivity.

The EEC is the peak body for energy management and energy efficiency in Australia. Our members include technology suppliers, energy service providers, major energy users, governments, education providers and NGOs. Energy efficient products and services are essential for a cost-effective, equitable, and orderly transition to net zero.

This submission focuses on section 12.0 of the interim report, Building Design and Codes. A lack of comment on other areas of the report does not indicate an EEC position.

Queensland should maintain energy efficiency standards in the National Construction Code (NCC) and continue to support regular updates to the Code.

The NCC is an important national process that provides consistent standards and a clear framework for the construction industry.

The development of a national code was a critical productivity measure introduced to reduce the costs faced by industry of compliance with multiple and divergent building standards managed by state and territory jurisdictions. A regular review cycle provides a clear and predictable process for additions or amendments to the NCC, allowing industry to engage and plan accordingly while achieving nationally consistent building standards.

The measure as proposed in the interim report to roll back existing decisions by lowering standards would be taken outside of standing processes and would provoke uncertainty for industry, reduce the quality of homes for Queenslanders, and risk an increase in compliance costs. Industry participants have already taken steps to comply with NCC 2022 provisions on energy efficiency and the Whole of Home energy budget through investment, planning, design, and procurement of materials or appliances.

The energy efficiency provisions of NCC 2022 deliver a net benefit for the Queensland community.

Standards in the NCC have had a demonstrated success in improving the energy performance of Australian homes. Homes built before the introduction of minimum

energy efficiency standards in 2003 are understood to have an average NatHERS energy efficiency rating of under 2 Stars. Improved home energy performance delivers a wide range of benefits: lower household energy bills; improved comfort and resilience to extreme weather conditions; lower greenhouse gas emissions; and reduced costs of energy systems due to reduced energy demand at peak times.

The 2022 NCC Decision RIS noted a preference for the adopted policy option of increased energy efficiency standards as it provides the highest level of greenhouse gas emissions savings at the lowest net cost to the economy, while meeting a range of other objectives and delivering benefits both quantified and unquantified. At a household level, the Decision RIS found the adopted standards would deliver a positive benefit cost ratio of 1.23 for Class 1 houses in Queensland and a 0.95 cost benefit ratio for Class 2 apartments.

Significant increases in energy prices since 2022 have increased the benefits and savings to Queensland households from improved energy efficiency. Projected 2025 wholesale electricity prices for Queensland assumed in the Decision RIS were around \$70/MWh, whereas monthly wholesale prices in Q2 2025 ranged from \$103/MWh in May to \$197/MWh in June.¹ Projected Queensland wholesale gas prices in the Decision RIS were around \$8.50/GJ, whereas in Q2 prices ranged from \$10-13/GJ and at the time of lodging this submission are trading at over \$12/GJ.² These prices are significantly lower than peaks during the 2022 energy crisis that drove government intervention to protect consumers, and have correlated to higher retail tariffs. Reducing the energy performance of new homes would expose households to these energy costs and would impact productivity.

More broadly, we note our view that the benefits considered in the Decision RIS analysis of social benefits were conservative on a range of factors including the projected cost of energy including gas; the projected savings on energy infrastructure from avoided demand; the projected cost of carbon emissions; and a high discount rate undervaluing the future benefits of energy and emissions savings. The Decision RIS undertook sensitivity testing on assumptions applied in the analysis of society-wide costs and benefits, finding that higher energy costs, a higher cost of carbon emissions, or a discount rate lower than the applied 7% would result in net societal benefits.

Ensuring Queensland construction contributes to productivity in the energy transition.

The cost of retrofitting homes is significantly higher than the cost of delivering standards at the time of construction, and often prohibitive. Locking in future costs of upgrades or limiting the ability of Queensland homes to be integrated with a changing energy system due to outdated construction standards would have a significant negative productivity impact.

The speed of the energy transition from fossil fuels to renewables means that regular updates to construction standards are an important tool for managing and optimising

¹ Queensland monthly prices drawn from public data provided at openelectricity.org.au

² Short Term Trading Market prices at Brisbane hub. <https://www.aemo.com.au/energy-systems/gas/short-term-trading-market-sttm/data-sttm/data-dashboard-sttm>

energy use in households and the built environment sector, including thermal efficiency, fixed appliances, and integration of consumer energy resources (CER).

As a participant in the Energy and Climate Change Ministers meeting process, Queensland has recently agreed to an update to the Trajectory for Low Energy Buildings. The updated Trajectory highlights the role of further updates to the NCC to support the delivery of 2030 targets through a least cost pathway to zero carbon ready residential buildings, including through consideration of issues including energy efficient and all-electric appliances, renewables and consumer energy resources, climate resilience, and embodied carbon emissions.

The Federal government has furthermore outlined its intention to work with states and territories to finalise NCC 2025 and deliver the next NCC update at the end of the National Housing Accord period from mid-2029. The statement includes a commitment to maintain residential standards adopted in 2022, including energy efficiency standards.

Measures to facilitate construction industry compliance with NCC provisions are welcome and may appropriately be an outcome of this review. Measures should focus on industry capacity building while maintaining the performance outcomes of the NCC, including energy performance. We note the commitment of the Federal government to improve NCC useability through AI and remove barriers to the uptake of modern methods of construction, and encourage Queensland to engage closely with these emerging national processes.

Thank you for your consideration of our comments. Should you require further information or clarification, please contact Rob McLeod, Senior Advisor at EEC at rob.mcleod@eec.org.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Jeremy Sung", with a stylized flourish at the end.

Jeremy Sung
Head of Policy
Energy Efficiency Council