

Inquiry Into Energy Efficiency  
Productivity Commission  
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### **BPIC Response to the Productivity Commission Draft Report on Energy Efficiency**

The Building Products Innovation Council Limited (BPIC) welcomes the opportunity to respond to the Commission's early considerations on energy efficiency as outlined in the draft report. BPIC will limit its comments to those areas that relate to the impact of energy efficiency measures on building materials and systems.

To refresh the Commission's memory, our earlier submission concentrated on a few major points. Firstly, the close links between the energy efficiency inquiry and the then concurrent work on building regulations, secondly, the value of and need for a nationally consistent approach to determination of efficiency outcomes, and thirdly, the need to ensure that the assessment of energy efficiency, like sustainable development, is assessed on a scientifically sound basis and that the outcomes bear in mind the need to maintain affordability in construction. BPIC also responded to a number of the questions posed by the Commission in their discussion paper.

Having had the time to consider the draft report BPIC offers the following comments. It should be noted that there are a number of submissions direct to the Commission by BPIC members. We would also add that when considering the issue of energy efficiency it is important to remember that the consideration should be of the system and the end result, which must be to reduce energy consumption and therefore have a positive impact on the environmental outcomes. Thus, while we have noted the Commission's comments on particular aspects or materials and their impact or potential for improvement in terms of energy efficiency, our focus is on total energy outcomes.

*Draft Recommendation 11.1 – The ABCB should examine ways to reduce the scope for local governments to erode the uniformity of minimum energy efficiency standards for new houses.*

BPIC has strongly supported any push for national consistency and again we see this as essential if we are to gain maximum efficiencies. BPIC fully supports this recommendation.

*Draft Recommendation 7.2 – Before the States and Territories mandate energy performance ratings for existing dwellings at the time of sale or lease, the Ministerial Council on energy should commission an independent evaluation of the ACT rating scheme that has operated since 1999. The evaluation should include an assessment of:*

- *the accuracy of home energy ratings in predicting the actual energy performance achieved by home buyers and tenants;*
- *the costs, benefits and effectiveness of the scheme, taking account of the diverse preferences and financial circumstances of individual home buyers.*

BPIC notes the varying views expressed through the discussion in the draft report on this topic. BPIC is of the opinion that if there is to be an assessment of performance of either materials, systems or completed buildings then that assessment should be soundly based. As with assessments in areas of ecologically sustainable development there is no point in a well-meaning yet subjective assessment if it is not able to be linked to demonstrable outcomes. BPIC perhaps would go a little further and point out that while we support the approach to independently verify outcomes of regulations such as that imposed by the ACT Government, there is little dispute to the claim that better insulation, glazing or window systems will assist in delivery of positive energy outcomes. It would seem to us that the debate in large part is about degrees and with this in mind we reiterate our support for further investigation. BPIC would suggest that this should begin immediately and have a responsible timeline for completion within the next six months.

*Draft Recommendation 7.3 – New or more stringent efficiency standards for residential buildings should not be introduced until existing standards have been fully evaluated.*

*The evaluation should be commissioned by the Australian Building Codes Board to –*

- *consider whether defining building standards in terms of simulated heating and cooling loads is an effective way to raise actual energy efficiency;*
- *investigate whether weaknesses in energy rating software distort the housing market in favour of particular building designs that are not necessarily the most cost effective, particularly over the longer term as innovations are made in building design;*
- *evaluate the costs and benefits in a way that takes account of the diverse preferences and financial circumstances of individual home buyers;*
- *assess how effectiveness and compliance costs differ between deemed-to-satisfy and performance based standards;*
- *analyse the distributional impacts of standards on different socioeconomic groups, including first home buyers and less affluent groups; and*
- *examine the process used to set the stringency of standards in the Building code of Australia, including the impact of any increase in stringency by individual States and Territories.*

BPIC understands that this is one of the less popular draft recommendations with many areas of the community. However there is a real need to ensure that if we are to achieve the greenhouse gas savings envisaged by the modelling then of course there should be a system of feedback into the system. The BPIC position is that there is a commitment by other areas of Government to move to a five star rating system for housing and to introduce measures for other classes of building. The fundamental questions posed by the Commission should in fact be built into the BCA referencing system to ensure that there is a continual questioning of determinations in areas such as energy efficiency outcomes. There is, in our view, no need to hold back on further, already advised, regulatory minimum levels of outcomes as the findings and recommendations of any subsequent or concurrent research or review can be filtered through as if there had been no inaction on improving the minimum standards. Perhaps this is best explained by looking at possible outcomes from the review.

If the review of the existing standards finds they are appropriate then nothing is lost, in fact a lot is gained, by proceeding as the Government has announced through the Australian Building Codes Board. If the review finds that the existing standard underestimate gains then there needs to be a review of the regulatory impact to determine the net benefits of moving to a five star rating for housing or the introduction of

measures for other buildings based on the new scale of outcomes resulting from the evaluation. Such an outcome would not justify delaying proceeding as currently scheduled. If the review found that we were overestimating the gains then a complete re-examination is appropriate. BPIC does not believe that any of these alternates drive the recommendation to hold back from already announced higher (presumably) standards.

*Draft Recommendation 8.2 – Energy efficiency standards for commercial buildings should not be introduced without a more thorough evaluation of the costs and benefits of such a policy and a comprehensive analysis of the other policy options. In such an evaluation the Australian Building Codes Board should give greater consideration to:*

- *the sensitivity of regulatory impact statement estimates of cost savings to the assumptions used;*
- *the cost of introducing energy efficiency standards, including administration and compliance costs; and*
- *the effectiveness of standards in achieving higher actual energy efficiency.*

BPIC understands that the Commission has approached this area with a reference directed towards private cost-effectiveness. However, it would appear that in considering the benefits of energy efficiency the Commission has balanced the actual cost of implementation of the measures against the wider costs of administering any new regulation and the cost of compliance by the industry. BPIC would suggest that if this approach is to be adopted then the wider benefits of the efficiency measures must be included to provide a fair balance.

BPIC also suggests that the Commission's observations regarding the potential factors that could impact on the relationship between design and actual energy use are issues outside the actual building design and relate to human factors. The best anyone can hope for in the real and active environment is for those responsible for development of the regulations to assist the environment and to provide the guidelines to the users. If they choose to ignore the potential, then that is an enforcement issue a little distant from the concept of requiring a minimum design/build standard.

While we do not support the inaction proposed by the above recommendation for class 5 to 9 we would encourage the investigation of alternatives for not only class 5 to 9 but for any type of building.

BPIC hopes that the above is of some assistance in the Commission's further consideration of this report. Please feel free to contact us for any clarification.

Yours sincerely



Tony McDonald  
Chief Executive

2 June 2005