



Insulation Manufacturers Association of Australia Ltd

Mr Gary Banks  
Chairman – Productivity Commission  
Level 3,  
Nature Conservation House  
Cnr Emu Bank & Benjamin Way  
BELCONNEN ACT 2616

15<sup>th</sup> October 2003

Dear Mr Banks,

**Re: Submission to the Productivity Commission Inquiry into First Home Ownership**

IMAA represents manufacturers of glasswool, rockwool, polyester and reflective foil insulation who between them supply over 65% of the insulation materials used in Australian housing. We make the following submission to your inquiry and trust that it will be given due consideration.

IMAA understands that the affordability of housing, especially to first home owners, is key to ensuring the ongoing viability of the housing industry. As suppliers of building materials (insulation as well as other building materials made by the parent companies) our members are key stakeholders in the industry and work hard to ensure its continued prosperity.

IMAA supports moves to make housing more affordable to first home owners, but cautions that this should not be done at the cost of initiatives which aim to provide greater social outcomes. An example of this is the move to improve the energy efficiency in residential buildings. While the initiatives being driven by the Australian Greenhouse Office may have the short term affect of making new homes marginally more expensive (5 star energy efficiency is estimated to increase the cost of a new home by less than 2%), this is a short term cost which is offset many times over by the homeowner over the life of the home through reduced energy usage. It should also be noted that making new dwellings more energy efficient provides the opportunity for them to be equipped with smaller capacity heating and cooling units which is a cost saving to a new house.

More importantly, the benefit to society from adopting these improved energy efficiency standards are enormous. Firstly, the benefits in terms of reducing greenhouse gas emissions is significant given that Australia produces the highest levels of greenhouse gases, per capita, in the world.

Secondly, there are real gains to be made by reducing the peak demand for energy which, in turn, reduces the need to supplement the current power generation capacity. The cost saving to Australia from not having to build as many power stations cannot be underestimated. We currently have enough capacity to meet the day-to-day requirements for electricity and it is only the peak demand (typically experienced during hot summer days when air conditioning usage is maximised) where we have a shortfall. By making the housing stock more efficient users of energy this phenomenon is being addressed.

All state and territory governments have adopted measures to make new homes more energy efficient to varying degrees. The Victorian government is now leading the way with its intention to adopt a 5 star requirement for new homes from July 2004. IMAA strongly supports this position and encourages other state and territory governments to follow the Victorian lead.

IMAA hopes that any measures adopted by the Productivity Commission Inquiry into First Home Ownership does not compromise the good work being done to improve the energy efficiency of Australia's new housing stock. We would like to offer our services as a working partner in helping the Commission develop strategies that provide the best of both worlds – affordable housing that is energy efficient. If you see merit in this proposal please feel free to contact the writer on (02) 9677.4444.

Yours faithfully,

Tony Dragicevich  
President - IMAA