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## Submission RE: draft Ministerial Building Standard 007 NCC 2022

The South Australian Council of Social Service (SACOSS) welcomes the opportunity to provide our feedback on the draft Ministerial Building Standard (MBS) 007 under the National Construction Code (NCC) 2022. SACOSS is the peak body for the community services sector in South Australia, with a long-standing interest in the efficient delivery of safe, affordable, and accessible housing - especially for those facing disadvantage, poverty, and injustice.

While the majority of our submission is focused on exemptions relating to energy efficiency, we also have some concerns around exemptions associated with flood risk and livable housing design (LHD).

SACOSS is deeply concerned that under the draft MBS 007, South Australia would be exempt from *B1P4 – Buildings in flood prone areas* and *B1D6 - Construction of buildings in flood hazard areas*. We are unclear what the rationale for these exemptions is, particularly as significant new developments in Dry Creek and Riverlea are known to be at high risk of flooding<sup>1</sup>. The decision to not require developments built on known flood plains – which in itself goes against the Insurance Council of Australia’s recommendations to limit development in high-risk areas<sup>2</sup> and to stop developing on floodplains<sup>3</sup> – to at the very least have to be designed in accordance with B1P4 and B1D6 puts households and businesses at risk. The Insurance Council of Australia has also found that strengthening building standards to improve home resilience against extreme events could save billions of dollars – such as \$1.48 billion for flood affected homes alone<sup>4</sup>. These are costs that households and businesses will be forced to bear in the face of a flood – particularly the costs of rebuilding – but such a decision can entrench ongoing unaffordable costs for homes as well, particularly when it comes to their insurance<sup>5</sup>. There is the further risk that, overtime, developments

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<sup>1</sup> InDaily (2023) *Dry Creek housing development site ‘will be inundated by 2100’*

<https://www.indaily.com.au/news/local/2023/11/14/dry-creek-housing-development-site-will-be-inundated-by-2100>

<sup>2</sup> Insurance Council of Australia (2021) *Building Resilience* <https://insurancecouncil.com.au/issues-in-focus/building-resilience/>

<sup>3</sup> Insurance Council of Australia (2023) *Building Australia’s Resilience* [https://insurancecouncil.com.au/wp-content/uploads/2023/07/20894\\_ICA\\_Resilience-Advocacy-Asks-FINAL.pdf](https://insurancecouncil.com.au/wp-content/uploads/2023/07/20894_ICA_Resilience-Advocacy-Asks-FINAL.pdf)

<sup>4</sup> Insurance News (2023) *Building code strengthening would save \$4 billion: ICA report* <https://www.insurancenews.com.au/daily/building-code-strengthening-would-save-4-billion-ica-report>

<sup>5</sup> AFR (2024) *Home owners left exposed in disaster insurance cost spiral* <https://www.afr.com/companies/infrastructure/home-owners-left-exposed-in-disaster-insurance-spiral-20231222-p5etcc>

could become uninsurable<sup>6</sup>. SACOSS therefore strongly recommends that these exemptions are removed from MBS 007. While we would argue that developing on flood plains is ill-considered, if these developments must go ahead at the very least the buildings constructed on them should be as resilient as possible and be constructed in accordance with B1P4 and B1D6. We recognise that these provisions only apply to Class 2, 3, 4, 9a and 9c of buildings, however, we still consider it appropriate that these classes of buildings be suitably flood resilient, particularly as these classes of buildings still potentially contain residences.

As we have previously canvassed, SACOSS is determined that there are minimal if any exemptions to the National Construction Code in South Australia, particularly when it comes to livable design and energy efficiency. By making it easier for more residences to be built that are inaccessible and unaffordable to run, risks entrenching disadvantage in some of these new developments while also making them inaccessible – and making them costlier to live in in the long run.

We are particularly concerned that section 2.2.4 in the MBS 007 would allow *Part H8 Livable housing design* to not apply to some developments that are lodged up until 1 January 2027. It is unclear to us why Class 1a buildings would not need to comply with H8 for such an extended period of time, particularly since significant development has been earmarked ahead of this date<sup>7</sup>. Allowing new construction that is not accessible, particularly given South Australia has an ageing population and already has the highest proportion of older people on mainland Australia<sup>8</sup>, reduces suitable housing stock for people with different access needs and can lead to them facing greater housing costs due to the need to retrofit their homes to be suitable. It is cheaper to build accessible homes upfront than to retrofit them, and it would be prudent to minimise the need to retrofit South Australian homes to be more accessible. This is also important to ensure equitable ageing, since the number of older people in private rental accommodation is increasing and they have more limited ability to retrofit or upgrade the rental property in which they live to meet their access needs<sup>9</sup>.

SACOSS firmly believes that full compliance with and delivery of the energy efficiency standards as outlined in the NCC 2022 is essential. Comprehensive energy efficiency standards are a fundamental strategy for advancing sustainability objectives and addressing critical environmental, social, and governance challenges. We therefore urge the South Australian Government to support the multifaceted benefits and wide-ranging implications of energy efficiency and remove exemptions under the MBS 007 relating to energy efficiency. Between rising energy prices and increasing

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<sup>6</sup> ABC (2021) *Flood insurance costing \$30000 highlights which areas should not be developed for housing* <https://www.abc.net.au/news/2021-03-23/flood-insurance-costing-30000-dollars-where-not-to-build/13268966>

<sup>7</sup> PlanSA (2023) *Development applications* [https://plan.sa.gov.au/development\\_application\\_register?](https://plan.sa.gov.au/development_application_register?)

<sup>8</sup> SA Health (2020) *South Australia's Plan for Ageing Well 2022-2025*

<https://www.sahealth.sa.gov.au/wps/wcm/connect/public+content/sa+health+internet/about+us/departmen+t+for+health+and+wellbeing/office+for+ageing+well/south+australias+plan+for+ageing+well+2020-2025/south+australias+plan+for+ageing+well+2020-2025#:~:text=South%20Australia%20has%20the%20highest,living%20in%20aged%20care%20accommodation.>

<sup>9</sup> Stone et al (2023) *Ageing in a housing crisis: Older people's insecurity and homelessness in Australia*, Swinburne University of Technology. <https://doi.org/10.26185/87bq-4190>

impacts of climate change, it is now more important than ever to support households to become more resilient in the face of these challenges.

The following information further sets out our position as to why full compliance with the energy efficiency standards outlined in the NCC 2022 is crucial, more especially, in terms of impacts on low-income households and on the environment.

From an environmental and climate resilience perspective, investment in measures that support and improve energy efficiency is not only essential but also one of the most cost-effective methods for achieving emissions reductions<sup>10</sup>. Australian homes are currently responsible for more than 10% of our total carbon emissions. The International Energy Agency is clear that “energy efficiency action is the unambiguous first and best response to simultaneously meet affordability, supply security, and climate goals”<sup>11</sup>. Rapidly improving the efficiency of homes needs to be a priority and, while we recognise this will be a challenge, SACOSS advises that the size of that challenge will only grow if more developments are approved without needing to meet the latest energy efficiency requirements under the NCC 2022.

From a socioeconomic perspective, poor energy performance in residential properties leads to high energy costs and low thermal comfort. In a cost of living crisis, the poor energy performance of South Australian housing exacerbates energy and housing affordability issues. People are being forced to choose between paying their energy bills, paying their rent, and paying for other essentials such as food and medication.

Marginalised and vulnerable communities may be disproportionately exposed to both climate change impacts and costs associated with energy transitions related to climate change mitigation and adaptation<sup>12</sup>. Further, climate change produces energy-related impacts such as increased cooling costs and higher electricity costs associated with 'climate proofing' energy network infrastructure may exacerbate fuel poverty<sup>13</sup>. As more households embrace rooftop solar and battery storage, those who cannot afford these technologies or cannot access them because they live in a rental property risk being left behind in the energy transition and consequently pay disproportionately more for their energy. Lack of access to healthy housing and measures to improve household energy performance can drive inequality and cause more households to slip into energy poverty.

The other important consideration is that many Class 2 buildings - such as apartments - are more difficult to electrify and retrofit for energy efficiency<sup>14</sup>. This is because buildings such as apartments, multi-dwelling buildings and strata properties face hurdles due to multiple ownerships, a blend of occupancy types (owner occupiers and renters), private and shared energy infrastructure, limits to consumer energy resource (CER) installation, and the presence of embedded energy networks – not to mention potential restrictions or limits on installations and retrofits due to strata requirements.

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<sup>10</sup> Enker and Morrison (2020) [\*The potential contribution of building codes to climate change response policies for the built environment\*](#)

<sup>11</sup> IEA (2019) [\*Multiple Benefits of Energy Efficiency \(from “hidden fuel” to “first fuel”\)\*](#)

<sup>12</sup> Carley and Konisky (2020) *The justice and equity implications of the clean energy transition* <https://www.nature.com/articles/s41560-020-0641-6>

<sup>13</sup> Byrne and Portanger (2014) [\*Climate Change, Energy Policy and Justice: A Systematic Review\*](#)

<sup>14</sup> RACEfor2030 (2021) *Pathways to scale; Retrofitting One Million+ homes* <https://racefor2030.com.au/wp-content/uploads/2023/03/One-Million-Homes-Final-Report-9.12.21.pdf>

When it comes to the energy efficiency of new buildings, SACOSS strongly advocates for getting it right the first time and for minimising the need for future, more expensive retrofitting activities. Alongside low-income households and renters, apartment dwellers are also disproportionately impacted by energy inefficient housing as their capacity to improve their homes is limited. By building these residences to a sufficient standard from the outset, we reduce costs for residents in the long term not just by avoiding retrofit costs but by also providing them with a home that is more affordable to heat and cool.

Better energy efficiency in homes reduces bills, emissions, and everyone's energy costs by reducing pressure on our shared energy infrastructure. It leads to homes that are healthier, more affordable, more comfortable, and more resilient to weather extremes. Housing affordability is not a one-off consideration that exists just at the point of purchase: the ongoing costs of living comfortably in the home must also be considered.

South Australians are already struggling to afford the energy they need to live comfortably in their homes, and many cannot afford it at all. South Australian households already face the highest energy prices and highest levels of energy debt<sup>15</sup> in the country, and prices are only set to increase<sup>16</sup>.

Genuine harm can be – and is being – caused to people living in homes that are not energy efficient. Poor energy efficiency can result in crippling bills and discomfort, but the impacts can also include potential health problems, particularly during weather extremes. Improving the energy efficiency of homes has been linked<sup>17</sup> to reduced time in hospital, lower blood pressure, and fewer days off from work or school.

Instead of delaying the implementation of energy efficiency improvements and standards – as would be the case if MBS 007 was accepted unamended – the South Australian Government should be investing in them and supporting their adoption. Improved energy efficiency in a home pays for itself and provides yearly savings on energy bills, as well as other benefits such as more comfortable homes. Even simple heating and cooling efficiency improvements can pay for themselves in as little as one year, and in no more than 7 years according to research we commissioned with Renew<sup>18</sup>. New research<sup>19</sup> also tells us that not only are the benefits of improving energy efficiency far greater than the costs for households, those benefits flow on to have society-wide impacts.

The Waverley Council 'Future Proofing Residential Development to Climate Change' report states that "results show it is possible the dwellings approved for construction now will be unsuitable for occupation by 2070, without extremely high levels of mechanical cooling to maintain comfortable,

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<sup>15</sup> SACOSS (2023) *New financial year brings new energy pain for SA households*

<https://www.sacoss.org.au/new-financial-year-brings-new-energy-pain-sa-households>

<sup>16</sup> AFR (2023) *Electricity prices will come down – just not yet*

<https://www.afr.com/companies/energy/electricity-prices-will-come-down-just-not-yet-20230120-p5ceb5#:~:text=The%20federal%20budget%20last%20October,per%20cent%20in%202023%2D24.>

<sup>17</sup> Maidment et al (2014) *The impact of household energy efficiency measures on health: A meta-analysis*

<https://www.sciencedirect.com/science/article/abs/pii/S030142151301077X?via%3Dihub>

<sup>18</sup> SACOSS (2023) *Efficient heating and cooling in Adelaide homes* <https://www.sacoss.org.au/efficient-heating-and-cooling-adelaide-homes>

<sup>19</sup> Climateworks (2023) *Climate-ready homes: Building the case for a renovation wave in Australia*

<https://www.climateworkscentre.org/resource/climate-ready-homes-building-the-case-for-a-renovation-wave-in-australia/>

safe and liveable conditions.<sup>20</sup> The Waverly report further identifies that “our residential dwellings need to be designed now for the 2030 climate scenario, because buildings built to the current standards will have a higher cooling load than expected when they are less than 10 years old”. These findings should act as a reminder for South Australia as well, and underpin the need to be building climate resilient – including energy efficient – homes from the outset, to ensure they are liveable and affordable in the long-term.

The South Australian government should be providing leadership and support for all South Australian households to help improve the affordability and efficiency of their homes at this time – not excluding potentially hundreds of people from healthy, affordable housing, as would be the case under MBS 007.

Thank you again for the opportunity to provide this feedback. If you have any questions regarding our submission, please do not hesitate to contact Malwina Wyra at [malwina@sacoss.org.au](mailto:malwina@sacoss.org.au) or on 8305 4558.

Kind regards,



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<sup>20</sup> Waverly Council (2021) *Future Proofing Residential Development to Climate Change*  
[https://www.waverley.nsw.gov.au/\\_data/assets/pdf\\_file/0006/181788/Future\\_Proofing\\_Residential\\_Development\\_to\\_Climate\\_Change\\_Final\\_Report\\_January\\_2021.pdf](https://www.waverley.nsw.gov.au/_data/assets/pdf_file/0006/181788/Future_Proofing_Residential_Development_to_Climate_Change_Final_Report_January_2021.pdf)