

There has never been a better time to raise the energy standards of new Australian homes.

All Australians should be able to live in a safe and healthy home that is low cost to run. But too many homes are being built that leave people paying too high energy bills and exposed to heatwaves and winter cold. They do not meet community expectations.

We strongly support the commitment of Australian state, territory and Commonwealth governments to set a minimum 7-star NatHERS rating for new homes and introduce renewable energy requirements when the National Construction Code (NCC) is updated in 2022.

We were disappointed to learn recently that new standards in the NCC will be delayed by an additional four months. This delay comes at the very time when energy efficiency installations, training and employment can provide an enduring boost to post-COVID economic recovery, while locking in better health and affordability outcomes for those most in need.

Alongside improvements to existing homes, raising new home standards is an important measure to improve the energy performance of homes, improve health and wellbeing outcomes, improve social equity, improve resilience of the energy system and provide low-cost emissions reductions.

We call on governments to commit to the introduction of minimum 7-star new home standards and renewable energy requirements in the National Construction Code with no further delay.



Lifting standards will benefit people and improve social equity: by making homes more comfortable, healthy, and cheaper to run. While 6-star NatHERS standard typically perform better than many older homes, a 7-star NatHERS rating performs significantly better. It typically requires 18-28% less energy to heat and cool and is estimated to provide savings to households of up to \$900 each year. Cumulatively, a delay in increasing standards to 7 stars to 2025 would cost residents an estimated \$2bn in additional power bills.ⁱ

Lifting standards will make energy more affordable for all: Change now will save the public \$720 million in additional network upgrade costs by 2030 by reducing pressure on the grid at peak times.ⁱⁱ

Setting a 7-star minimum standard will provide low cost emissions reductions: by an estimated 78 million tons by 2050; setting a net-zero regulated energy standard will provide significant further emissions reductions alongside lasting benefits to residents.ⁱⁱⁱ

Raising home standards to 7 stars is achievable now: Minimum standards in the National Construction Code are an important tool for driving change in building practices at lowest cost. Historically, the cost to industry of improved energy standards is low. An analysis of the Regulatory Impact Assessment of the change from 5 to 6-Stars (2009) concluded that actual cost impacts were lower than predicted, due to the effect of industry learning rates, innovation and adaptation, adoption of least-cost techniques, economies of scale and market transformation of higher performing products.^{iv} More than 10% of houses and 32% of apartments are already being built at 7-star level.^v The additional cost of building a 7-star home over a 6-star home is minor, and typically pays for itself through reduced power bills over a short number of years.^{vi}

Improved energy standards have long been expected by industry and the community: After a yearlong consultation, COAG Energy Ministers agreed in February 2019 to the *Trajectory for Low Energy Buildings*. The agreement included a commitment to increase efficiency stringency; introduce a renewables budget (including an option for net zero regulated energy requirements); new whole-of-home ratings tools; and measures to ensure buildings are ready to accommodate storage and electric vehicles. Work has proceeded towards these objectives with broad industry and community consultation. Industry is well prepared to adopt the expected changes. Further delay will have very limited benefits, but will come at a significant cost to the community.

Better standards will build better confidence in Australia's housing and construction: As the economy begins recovery from the COVID-19 health and economic crisis, there has never been a better moment for developing construction industry capacity for improved energy and accessibility outcomes.

Delay will cost more in the long-term: Homes that are not accessible and efficient now will require retrofits at a higher cost in years to come. It is likely that people on low incomes, renters, older people, people with disabilities and people with health conditions, will be vulnerable to the financial and health costs of poorly performing buildings in decades to come. We support the position of the Australian Network for Universal Housing Design in that “*the NCC must ensure that [all] new housing is designed to meet the needs of the community including older Australians and others with mobility limitations*”.^{vii} A four-month delay to the introduction of the 2022 NCC has recently been announced and we fear even this short delay will have an impact on people and will come at a long-term cost.

We call on governments to implement in full the proposed minimum 7-star energy efficiency benchmark and renewables requirements for new homes with no further delay.

New home standards are needed alongside improvements to existing homes: We would also encourage federal, state and territory governments to invest now to improve the energy efficiency and productivity of low income homes - public, community, low-income home owners and low income renters – through a National Low Income Energy Productivity Program.^{viii} Such an investment will stimulate thousands of local jobs, save hundreds of dollars on the energy bills of people on low incomes, significantly improve health and wellbeing and drive down emissions.

Endorsing organisations

Anglicare Australia	Nature Conservation Council of NSW
Australian Council of Social Service	Northern Territory Council of Social Service
Better Renting	Renew
Central Victorian Greenhouse Alliance	Shelter Tasmania
COOLMob	Shelter WA
Energetic Communities Association Inc.	South Australian Council of Social Service
Environment Centre NT	Tenants' Union of New South Wales
Environment Victoria	Tenants Victoria
Ethnic Communities' Council of NSW	Uniting Vic.Tas
Financial Counselling Victoria Inc.	Western Australian Council of Social Service
GEER Australia	Yarra Energy Foundation
Goulburn Broken Greenhouse Alliance	

ⁱ ASBEC and Climateworks (2018), "Built To Perform". <https://www.climateworksaustralia.org/resource/built-to-perform/>

ⁱⁱ ASBEC and Climateworks (2018), "Built To Perform".

ⁱⁱⁱ Climateworks (2020), "Decarbonisation Futures". <https://www.climateworksaustralia.org/resource/decarbonisation-futures-solutions-actions-and-benchmarks-for-a-net-zero-emissions-australia/>

^{iv} Isaacs, T. and A. Pears 2016, *How cautious analysis could lead to 'do nothing' policy: A case study of the 6-star housing Regulation Impact Statement*

^v <https://ahd.csiro.au/>

^{vi} Renew (2019), "The Value of 6-10 Star Homes". <https://renew.org.au/research/the-economics-of-6-to-10-star-homes-in-victoria/>

^{vii} <https://anuhd.org/advocacy/>

^{viii} <https://bit.ly/NLEPPstimulus>