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RE: Regulatory Impact Statement for a South Australian variation to the National Construction Code to increase the energy efficiency requirements for Class 2 residential buildings

As the peak body for the health and community services sector in South Australia, the South Australian Council of Social Service (SACOSS) has an established history of interest, engagement and provision of advice in relation to the supply of essential services. SACOSS thanks the Department for Energy and Mining for the opportunity to make a submission on the Regulatory Impact Statement for a South Australian variation to the National Construction Code to increase the energy efficiency requirements for Class 2 residential buildings (the RIS).

SACOSS' advocacy is informed by our members and direct consultations with consumers and other consumer organisations: organisations and individuals who witness and experience these impacts in our community. SACOSS research shows that the cost and supply of basic necessities like electricity have significant and disproportionately greater impacts on vulnerable people. This issue is of particular importance for South Australian households with relatively high electricity bills. The impacts of energy prices on the most vulnerable are well documented, including clear health and safety impacts of unsuitable, energy inefficient housing.¹

SACOSS welcomes and supports the South Australian Government's objective as outlined in the RIS to:

“improve the efficiency of Class 2 dwellings... [to] ensure apartments are more comfortable for inhabitants and help residents living in apartments save on energy bills”

SACOSS considers that the proposal to vary the National Construction Code (the Code) to increase the energy efficiency requirements for apartment buildings is a critical opportunity to promote and improve energy efficiency standards, resulting in long term energy savings for consumers and downward pressure on the cost of living for vulnerable households. SACOSS has reviewed the cost benefit analysis of different options and believes that the analysis is sound and demonstrates a robust methodology.

SACOSS notes that all three options considered in the RIS for variation of the code would deliver net economic benefits compared to the status quo, including energy and greenhouse gas emission savings. While SACOSS also notes that apartment owners will incur the costs associated with improving apartment efficiency, SACOSS considers that this is outweighed by the benefits for occupiers of reduced energy consumption and lower bills, particularly for tenants who are more likely to be on lower incomes and more

¹ Centre for Urban Research RMIT University, Heatwaves, Homes and Health: Why household vulnerability to extreme heat is an electricity policy issue, November 2017 http://cur.org.au/cms/wp-content/uploads/2017/11/heatwaves-homes-and-health-rmit_full-report.pdf

vulnerable to the impacts of high energy bills. SACOSS is also aware that the stated costs associated with improving apartment efficiency are likely to be conservative given a range of assumptions, and considers that the final costs incurred under the Code change are more likely to be lower. As such SACOSS supports the move to change which is discussed in the RIS.

SACOSS notes that Option 1 is the preferred reform option based on having the highest net present value benefits, most overall energy and greenhouse gas emissions savings and presents a strong social return on investment. Noting the robust cost benefit analysis in the RIS, SACOSS is comfortable with the implementation of this reform option for the reasons specified.

However, SACOSS wishes to note that it is very supportive of the principles underlying Option 2 and 3, namely minimum ratings for individual dwelling (former) and heating and cooling caps for individual dwellings (latter). These approaches would provide a greater safeguard than Option 1 in ensuring that all occupiers are experiencing a minimum level of energy efficiency, and under Option 3, in both summer and winter. As has been demonstrated in the RIS, where minimum average ratings are used there is the potential to trade off lower ratings in some apartments for higher ratings in other apartments. For example in the Base Case scenario there is a range of 4.9 – 8.6 in the star ratings across the individual apartments to meet the current required minimum individual dwelling rating of 5 and the average rating of 6. While Option 1 lifts these rating to 6 and 7 respectively, thereby reducing overall energy consumption, it does not address the issue of inequity of energy consumption between occupiers in the same apartment block, and potential efficiency differences experienced from summer to winter.

We thank you in advance for consideration of our comments. If you have any questions in relation to this submission, please contact Jo De Silva on jo@sacoss.org.au or 08 8305 4211.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ross Womersley', written over a light grey rectangular background.

Ross Womersley
Chief Executive Officer