

1 September 2025

Ms Angela Moody
Productivity Commissioner and Chair
Queensland Productivity Commission

Via email: enquiry@qpc.qld.gov.au

Dear Commissioner

RE: Interim report - Opportunities to improve productivity of the construction industry

The Green Building Council of Australia (GBCA) welcomes the chance to provide feedback to the Queensland Productivity Commission (the Commission) on the report, Opportunities to improve productivity of the construction industry (the interim report).

GBCA welcomes the opportunity to provide feedback to the Commission on lifting productivity in the construction industry and we note our [earlier submission](#) providing input in response to the inquiry's Terms of Reference.

On matters relating to the impacts of National Construction Code (NCC) 2022 and future changes to building codes, GBCA urges the Commission to recommend that the Queensland Government renews its commitment to intergovernmental cooperation and consistency on review, updates and implementation of the NCC.

We urge the Commission to consider the points outlined in this submission, as well as commitments made by the Federal Minister for Housing, the Hon Clare O'Neil MP,¹ following the Treasurer's Economic Reform Roundtable discussions.

GBCA has been supportive of the Australian Government Productivity Commission's recommendation for an independent review of building regulation (highlighted in the report, Housing construction productivity: Can we fix it?²) and of the recent announcement from the Minister for Housing,³ who stated that:

"The government will work with states and territories to pause further residential changes to the National Construction Code until the end of the National Housing Accord period (mid-2029), following finalisation of NCC 2025."

We also note that the Minister's announcement stated that:

- This excludes essential safety and quality changes, and it maintains the strong residential standards adopted in 2022, including 7-star energy efficiency.

¹ <https://ministers.treasury.gov.au/ministers/clare-oneil-2025/media-releases/action-red-tape-and-approvals-build-more-homes-more>

² <https://www.pc.gov.au/research/completed/housing-construction>

³ <https://ministers.treasury.gov.au/ministers/clare-oneil-2025/media-releases/action-red-tape-and-approvals-build-more-homes-more>

- While this pause is underway, the government will streamline the NCC through further consultation with stakeholders.

GBCA, together with a coalition of 15 leading industry, consumer and community organisations,⁴ strongly urges all jurisdictions to recommit to working together towards a consistent and unified approach to:

- Continuing to implement/adopt NCC 2022 in all jurisdictions
- Swift implementation of NCC 2025 across all jurisdictions
- Streamlining the NCC to reduce barriers and costs and improve useability
- Set a clear national plan for future NCC updates, aligned with emissions reduction commitments, climate resilience and community safety and expectations
- Adequate resourcing for the Australian Building Codes Board (ABCB) to maintain strong standards.
- Support for the building sector, trades and supply chains to meet new requirements at scale and least cost.

GBCA notes that any review of the NCC should focus on how the building code can contribute to improved productivity without compromising building quality or climate goals. It should include consideration of the regulatory and planning environment as a whole and this approach **can support** the Queensland Government in reaffirming its commitment to a consistent, cross-jurisdictional approach to updating and implementing the NCC. This would be an excellent way to maintain progress in safety and lifting standards for the benefit of the Queensland community, with any move to longer cycles matched by uniform national implementation across all jurisdictions.

National consistency in the NCC is critical for ensuring a productive construction sector and key to an efficient pipeline for housing supply. Since the early 1990s the adoption of a single building code by state and territory governments has been a national project grounded in productivity and efficiency, to save businesses money from unnecessary and confusing duplication between states and territories.

While a pause in updating the NCC does not align with the need for urgent climate action across all industries and sectors, we recognise the pressures governments are balancing. We emphasise that streamlining and removing unnecessary regulation can and should continue during this period. This will help to ensure that ongoing productivity gains can be realised at the resumption of well-considered updates to the NCC to deliver safety, health, sustainability, resilience, and long-term value for occupants, owners, and investors.

In progressing its interim report and in making any future recommendations to government, we urge the Commission to remain mindful that a fragmented approach to national standards risks undermining long-term productivity, affordability, and broader social and environmental outcomes.

GBCA makes comment in response to the following recommendations and requests made in the interim report relating to the impacts of National Construction Code (NCC) 2022 and future changes to building codes:

PRELIMINARY RECOMMENDATION 11 – IMPACTS ARISING FROM NCC 2022

Unless it is demonstrated through consultation that energy efficiency and accessibility standards made as part of the NCC 2022 provide a net benefit to the Queensland community, the Queensland Government should amend the Queensland Development Code to opt-out of these provisions (that is, make them voluntary).

⁴ [MEDIA-RELEASE-Industry-and-consumer-coalition-backs-stronger-construction-code-to-drive-sustainability-and-productivity_27-Aug-2025.pdf](#)

GBCA strongly urges the Queensland Government remain committed to implementing the provisions agreed in NCC 2022. They have been implemented for over a year, and industry adoption has been progressing. The net benefit to implementing the provisions in NCC 2022 encompass a range of significant factors beyond upfront cost, including:

- improved energy efficiency leading to reduced energy costs
- occupant health, safety and comfort in a changing climate
- the impacts of household energy demand, including peak demand, on the electricity grid and the long-term costs to the community.

GBCA notes and supports the following points made by the Commission in the interim report on page 186:

- Queensland should continue to advocate for harmonised codes established on good regulatory practice
- Given the potential impacts on housing affordability, the Queensland Government should ensure that future changes to building codes including for NCC, have been through robust regulatory impact analysis and demonstrate they provide net benefits to the community.

Thorough analysis was undertaken as part of preparing the Decision Regulatory Impact Statement (DRIS)⁵ for the proposed updates in NCC 2022 which showed they would result in net benefits across Australia, including benefits for Queensland. Page 194 of the DRIS looks at the net benefits for Queensland, which are calculated as “Present value of state-wide capital costs to meet the NCC 2022 over 2022-2060, \$M (\$2021)” which were \$198.4M for Class 1 and \$299.8M for Class 2.

In a cost analysis undertaken by ABCB in 2020, 10 different types of average-sized house in Brisbane were examined. The most expensive energy efficiency upgrade came in at \$11 per square metre, which is under \$2000 for a 160m² house and a permanent improvement to the value of the house.

The Queensland Government Department of Housing and Public Works website⁶ notes that:

- For a new home in Queensland, the residential energy efficiency standards will provide an average electricity saving of \$185 per year across Queensland’s four climate zones
- Cost-benefit analysis commissioned by the former Department of Energy and Public Works identified a net benefit of at least \$506 million for the Queensland community.
- The upgrade in standards are estimated to reduce emissions by 4.63 million tonnes.

While there has been regular media coverage of claims of additional costs relating to NCC 2022 provisions, there is no evidence to show that these upfront costs are significant. In fact, the Australian Associated Press’ Factcheck initiative found that reported claims of new standards adding tens of thousands of dollars to the cost of constructing a new home were unsupported.⁷

Following the DRIS, subsequent analysis has shown that implementing the requirement for new homes to achieve a minimum 7 star NatHERS rating delivers energy savings and improvements in comfort.

Research by the Australian Glass and Window Association (AGWA)⁸ showed that achieving 7 star NatHERS does not need to be complex or costly. AGWA’s report, 7.0 Star Cost Upgrade Analysis, revealed the

⁵ <https://www.abcb.gov.au/sites/default/files/resources/2025/Energy%202022%20RIS%20-%20Decision%20RIS%20final.pdf>

⁶ <https://www.housing.qld.gov.au/initiatives/modern-homes/residential-energy-efficiency-standards>

⁷ <https://www.aap.com.au/factcheck/coalitions-evidence-doesnt-show-rules-added-60000-cost-of-building-a-home/>

⁸ <https://newshub.medianet.com.au/2024/09/home-building-costs-study-new-agwa-report-finds-7-star-energy-compliance-need-not-be-costly-or-complex/68617/#:~:text=from%20averages%20of-%242%2C972%20in%20Brisbane%20to%2C%A0%245%2C905%20in%20Melbourne,-The%20comprehensive%20estimates>

average cost to achieve 7 star NatHERS (up from 6 stars) for new homes in Australia's most populous cities is \$4,311, ranging from averages of \$2,972 in Brisbane to \$5,905 in Melbourne.

This research updated the analysis undertaken for the NCC 2022 DRIS with 2024 costs and insights.^{9 10} It is also worth noting that a range of other variables can lead to even lower cost implications for Queensland homes. For example, AGWA's report modelled the costing impacts of the worst of a range of possible orientations and therefore included the highest performing, highest cost windows. The vast majority of homes in Queensland can achieve 7 star NatHERS without double-glazing. Insulation remains one of the most effective measures for improving energy efficiency and thermal comfort and the cost to meet 7 star NatHERS standards is likely marginal for most new homes.

A report by renew, Households better off: Lowering energy bills with the 2022 National Construction Code,¹¹ found that:

- Building 7 star NatHERS homes with solar and efficient appliances will significantly cut bills
- Residents are better off from day one, as potential for savings are greater than involved costs
- Savings from better energy performance can wipe months or years off a home loan.
- In dual fuel homes, residents saved \$1,484 a year in Hobart, \$1,043 in Melbourne, \$1,059 in Sydney, and \$1,287 in Perth.
- In all-electric homes with no gas connection, introducing a 7-Star rating, efficient appliances and large solar meant annual bill savings of \$1,231 in Hobart, \$1,056 in Melbourne, \$1,203 in Sydney, and \$1,357 in Perth.

Homes designed and built to achieve 7 star NatHERS deliver a range of benefits for households, the government and the economy, including:

- Reduced need for heating and cooling leads to lower household energy bills. The average improvement in MJ/m² from 6 to 7 stars is around a 20% reduction.¹² This could be translated to a 20% reduction in heating and/or cooling costs for many homes.
- Productivity gains for households and the economy. More efficient homes mean fewer hours worked to pay for essential utilities. Healthier, more comfortable living conditions can lead to fewer work hours lost to illness and less medical costs incurred. Homes with improved thermal and energy efficiency are more comfortable in all conditions and safer in extreme temperatures. Sustainability Victoria's Healthy Homes study¹³ found that home energy-efficiency upgrades reduced healthcare system costs by \$887 per person over just one winter. A similar study undertaken for Queensland conditions may deliver a range of useful information for the Queensland Government.
- A reduction in household energy demand eases pressure on the electricity grid, particularly peak demand. As the electricity system transitions to one with high proportions of variable renewable generation, matching energy demand to energy supply becomes a critical component of operating the system at least cost. Demand-side measures can also substantially reduce the need to overinvest in supply-side infrastructure to meet infrequent periods of high or mismatched demand for energy services. While Queensland leads the world on solar PV penetration and other consumer energy resources are becoming more readily available, designing and constructing new homes that

⁹ <https://new.gbca.org.au/news/gbca-media-releases/new-ncc-standards-driving-energy-efficiency-at-low-cost/>

¹⁰ <https://www.realestate.com.au/news/how-7-star-energy-ratings-reduce-costs-for-new-homeowners/>

¹¹ [Households Better Off: lowering energy bills with the 2022 National Construction Code - Renew](https://www.renew.com.au/news/households-better-off-lowering-energy-bills-with-the-2022-national-construction-code)

¹² <https://www.climatecouncil.org.au/top-tips-improve-home-energy-efficiency/>

¹³ <https://www.sustainability.vic.gov.au/research-data-and-insights/research/research-reports/the-victorian-healthy-homes-program-research-findings>

are more energy efficient from the outset is the cheapest and easiest way to reduce electricity demand.

GBCA strongly recommends that the Queensland Government should not opt out of mandatory requirements for 7 star NatHERS in new homes. To do so will risk locking many Queensland households out of the benefits outlined above, and disadvantaging the broader Queensland community without clear evidence or justification.

PRELIMINARY RECOMMENDATION 12 – FUTURE REGULATORY CHANGES TO BUILDING CODES

The Queensland Government should:

- ***only adopt future NCC changes in Queensland codes where these have been through robust regulatory impact analysis to demonstrate they provide net benefits to the community***
- ***only adopt other building code changes where these have been assessed as providing a net benefit under the Queensland Government Better Regulation Policy***
- ***advocate for improved regulatory processes at the national level, including for NCC.***

GBCA agrees that NCC changes should be subject to a robust regulatory impact analysis. GBCA advocates for resourcing for the Australian Building Codes Board (ABCB) to maintain strong standards, including rigorous impact analysis and appropriate consultation.

GBCA would support a review of the regulatory process for the NCC to identify any improvements that can better deliver optimal outcomes for the Australian construction sector and the Australian community. However, we believe that fundamentally this process is sound and can be delivered effectively with appropriate resourcing. GBCA notes that time and resources would be better spent on reviewing and examining ways to streamline and improve useability of the NCC itself.

REQUEST FOR INFORMATION – IMPACTS ARISING FROM NCC 2022 Changes to the NCC are agreed upon through a process involving public consultation, review by expert committees and assessment of costs and benefits. Only those changes that have a demonstrated net benefit to the community are supposed to be adopted. The Commission would like to understand if stakeholders agree that this is a reasonable process, and if not, what changes should be made.

GBCA agrees that this is a reasonable process. As noted above, with appropriate resourcing, the ABCB can ensure a robust process that allows for rigorous impact analysis and appropriate consultation.

REFORM DIRECTION 7 – STOCK REVIEW OF BUILDING REGULATIONS AND STANDARDS

Given the accumulation of regulatory burden, there is likely to be value in undertaking a targeted, in-depth review of building regulations and standards, including how they are made, implemented and administered.

GBCA notes Reform Direction 7. We agree that there is likely to be value in undertaking a review of building regulations and standards and urge the Queensland Government to work with the Commonwealth and all jurisdictions to agree an approach to reviewing, streamlining and improving useability of the NCC. We refer to Minister O’Neil’s recent commitment to consider how the NCC could be streamlined with consultation with stakeholders to be undertaken on issues such as:

- using artificial intelligence to improve the usability of the three volume, 2000 page code to assist trades, small businesses and households (while noting that only a portion of these pages relate to housing – the rest is for other types of buildings)
- removing barriers to the uptake of modern methods of construction to encourage prefabricated and modular housing to save on costs with energy efficiency
- consideration of the development of code provisions by the ABCB.

In addition to the above, GBCA makes comment in response to the following recommendations made in the interim report:

PRELIMINARY RECOMMENDATION 3 - QUEENSLAND GOVERNMENT PROCUREMENT POLICIES *To ensure the best use of taxpayer money and support construction industry productivity and innovation, the Queensland Government's procurement policy should have a sole objective of value for money, where value for money is defined as the project's i) whole-of-life costs and ii) fitness for purpose, with due consideration for risk and quality outcomes. To reduce administrative burden on tenderers and increase competition, particularly in regional areas, procurement policies should be simplified. Unless it can be demonstrated they provide net benefits to the community, policies that are not directly related to value for money, should be removed as requirements in government procurement. These include:*

- *the Ethical Supplier Mandate and Ethical Supplier Threshold*
- *the Supplier Code of Conduct*
- *the Queensland Government Building and Construction Training Policy*
- *the Local Benefits Test*
- *the Queensland Renewable Energy Procurement Policy.*

All procurement instruments that are used for the tender process should be reviewed with the aim of achieving administrative simplicity.

Government procurement is a powerful lever to shape markets and make best practice into business as usual. When procurement decisions are based solely on cost, they may miss the opportunity to deliver long-term value, resilience, and co-benefits like improved health outcomes, emissions reduction, or social inclusion. We agree that delivering value for money for Queensland tax payers should be a key priority. However, making value for money the sole criterion, or failing to take a broad enough approach to what constitutes value for money, means the government may miss critical opportunities to embed broader public value considerations – including environmental and social outcomes – into procurement frameworks.

Government procurement can act as a market catalyst by setting expectations and creating consistent and predictable demand. This gives industry the confidence to invest in sustainable practices, skills, capacity and technologies within the supply chain. By setting requirements for publicly funded projects for things such as ethical suppliers, responsible product use, low-carbon and circular products or local benefits, governments signal best practice to the broader market and help scale up capacity and innovation. This supports capability building across the sector, including in regions and sectors that might otherwise lag.

We acknowledge the Commission's inclusion of whole-of-life cost and fitness for purpose as key elements in defining value for money. We note that whole-of-life costs must also account for a project's resilience to climate impacts over time, its ability to avoid future retrofitting or stranded asset risks, and its contribution to developing a supply chain and workforce capable of delivering a net zero economy. Embedding these considerations ensures procurement supports long-term government objectives, such as emissions reduction, economic transition, and regional job creation, while safeguarding the quality and durability of public assets.

PRELIMINARY RECOMMENDATION 5 - DESIGN OF PLANNING REGULATION *To reduce uncertainty and unnecessary regulatory impost on building design, improve productivity and allow greater innovation, the Queensland Government should:*

- *commission an independent review to remove inconsistencies between the Planning Act and the Building Act (and associated regulations) to provide clarity regarding local government powers to*

regulate building matters and ensure that planning matters are implemented consistently with the Building Act

- ***ensure the requirements in local government planning schemes are consistent with the Queensland Development Code, including any variations due to climatic or other conditions***
- ***require that any variations from the Queensland Development Code (the Code) in local and state government planning schemes have demonstrated net benefits to the community — consideration should be given to introducing a requirement for a formal regulatory assessment for any variations from the Code***
- ***amend the Planning Act to standardise zoning types across all local plans***
- ***continue to progress standardised siting and design requirements for detached housing, secondary dwellings, and smaller townhouse and apartment buildings***
- ***ensure that state and local government overlays are consistently applied across planning schemes.***

GBCA acknowledges that the current planning and approvals system is complex, often creating delays, increasing costs, and stifling innovation and productivity. We support efforts to streamline processes and reduce duplication by better aligning and integrating regulatory frameworks. However, it is essential that reforms do not come at the expense of robust environmental assessment. Planning systems must continue to safeguard environmental outcomes and support the delivery of climate-resilient, future-ready communities aligned with broader government policy priorities, including emissions reduction, housing, and infrastructure goals.

GBCA welcomes further discussion regarding the points above, particularly in relation to the impacts of National Construction Code (NCC) 2022 and future changes to building codes. Please do not hesitate to contact Katy Dean, Senior Policy Adviser, via email at katy.dean@gbca.org.au, to arrange a meeting.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'D. Rooney', with a stylized flourish at the end.

Davina Rooney
Chief Executive
Green Building Council of Australia

About GBCA

GBCA's purpose is to lead the sustainable transformation of the built environment. We do this primarily through our core functions:

- We rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.
- We educate industry, government practitioners and decision-makers, and promote green building programs, technologies, design practices and operations.
- We advocate policies and programs that support our vision and purpose.
- We collaborate with our members and other stakeholders to achieve our mission and strategic objectives.

Green Star is Australia's most widely used sustainability rating system for the design, construction and performance of buildings – including social infrastructure – fitouts and communities. Green Star aims to transform the built environment by:

- reducing the impact of climate change
- enhancing our health and quality of life
- restoring and protecting our planet's biodiversity and ecosystems
- driving resilient outcomes for buildings, fitouts, and communities
- supporting and rewarding the development and use of sustainable products and materials
- contributing to market transformation and a sustainable economy.