Creating a more dynamic and resilient economy inquiry

Questionnaire response 85

Name: House of Stars Pty Ltd

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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

The participant did not respond to this question.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

The participant did not respond to this question.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

The participant did not respond to this question.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

A critical area of regulation that would enhance business dynamism and resilience is the immediate suspension and reassessment of NCC 2022 and QDC MP 4.1 Version 1.15 Energy Compliance Regulations.

The construction sector faces significant operational, financial, and compliance risks under these regulations. Despite repeated industry feedback highlighting increased costs and delays, the government proceeded with the code's implementation without directly engaging practitioners who manage compliance daily. Input was largely channeled through associations, excluding vital on-the-ground expertise.

The Regulatory Impact Statement (RIS) failed to fully capture the practical impacts, with reported design and compliance costs now approaching or exceeding the estimated build cost increases outlined in the RIS. These additional costs stem from increased materials, labor, and equipment expenses, as well as from the need for early and repeated collaboration between energy assessors, designers, architects, and clients.

Despite a widespread sector recognition of missing Whole-of-House compliance in energy reports, no formal guidance has been issued by the regulator. Businesses remain at risk, waiting on associations to provide clarity, while building approvals are delayed and compliance costs continue to rise.

A voluntary opt-in/opt-out model is the most immediate and balanced solution. This would allow projects prepared for the new compliance standards to proceed, while enabling others to continue under existing frameworks until comprehensive consultation and code revisions are complete.

To ensure fairness, transparency, and inclusivity:

Suspend NCC 2022 and QDC MP 4.1 Version 1.15 pending full consultation with all stakeholders.

Reassess the financial implications, publish cost figures for public and industry review, and adjust policies as needed.

Adopt a voluntary opt-in/opt-out compliance model to balance innovation with risk management.

Hold a public referendum on energy efficiency mandates, allowing citizens to weigh costs, payback periods, and long-term benefits.

Additionally, there are critical human rights considerations:

Low-income groups, including individuals with disabilities, single parents, young people, and the elderly, face disproportionate impacts from rising housing costs. These groups are often protected under anti-discrimination laws, making the policy potentially discriminatory.

The right to adequate housing, recognized under Queensland's Human Rights Act 2019, is at risk if housing affordability deteriorates due to these mandates.

Equality and inclusivity are compromised if vulnerable groups are priced out of housing opportunities, undermining the social fabric and sustainability of the sector.

Without clear evidence of environmental benefits to justify the costs, the policy may fail the proportionality test required under human rights law.

Furthermore, in Queensland, the absence of mandatory NatHERS accreditation for energy assessors creates inequities and risks for builders and consumers, while accredited professionals face higher costs and competition from unregulated providers.

In summary, the construction sector calls on the government to:

Suspend NCC 2022 and QDC MP 4.1 Version 1.15, pending comprehensive, inclusive consultation.

Reassess the financial and operational implications, ensuring transparency and accountability.

Implement a voluntary opt-in/opt-out model to manage transition risks and support business confidence.

Conduct a public referendum to ensure energy efficiency mandates reflect public consensus and economic realities.

These steps would foster transparency, clarity, confidence, and resilience in the sector while protecting affordability, inclusivity, and long-term sustainability.

2. How has your regulatory burden changed over time?

Proportionality and Reasonableness
The government must show that the cost increases are justified by clear, demonstrable benefits (e.g., measurable reductions in carbon emissions). Without accurate data to support the environmental benefits, the policy may fail the proportionality test required under human rights law. The Impact of Energy Efficiency Compliance on Building Costs in Queensland: A Critical Assessment
Industry stakeholders in Queensland report that the real-world costs of transitioning from the previous energy compliance requirements to the new code typically result in build cost increases ranging from $20,000 to $60,000 per dwelling, townhouse, or unit. A notable proportion of projects are experiencing costs at the higher end of this range, with broader investigations finding cases where the increases are exceeding it twofold.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

The regulations that I find most time-consuming, overly complex, or otherwise constraining to business dynamism and resilience are primarily found within the current residential energy compliance frameworks, particularly:

The Complexity of Whole-of-Home Compliance
The current Whole-of-Home (WoH) compliance requirements, especially under QDC MP 4.1 Version 1.15, have proven to be complex and inconsistently applied across the sector. Despite clear legislative intent, many practitioners have struggled to interpret these requirements, leading to inconsistent assessments, project delays, and increased costs. This not only constrains business dynamism but also affects client trust and project viability.

One-Size-Fits-All Approaches
The shift toward uniform, complex energy codes for both new builds and alterations/additions creates disproportionate compliance burdens, especially for small-scale projects. This ‘one-size-fits-all’ approach undermines resilience by introducing unnecessary complexity for projects that would benefit from more proportionate and risk-based compliance models.

Lack of Clear Guidance and Support
The absence of consistent, authoritative guidance on applying new energy compliance codes, particularly in the transitional period between earlier provisions (e.g., 2009 DTS) and the current code, has created confusion and uncertainty. Businesses are often forced to navigate shifting interpretations without sufficient support, adding unnecessary time and compliance risk.

Cumulative Regulatory Impact
The cumulative effect of overlapping energy compliance requirements (including NCC 2022 and QDC MP 4.1 Version 1.15) adds complexity, especially when compounded by local council requirements and planning approvals. This slows down the approval process and limits the sector’s ability to innovate and respond dynamically to market demands.

Reasons:

Time-Consuming Processes: Navigating complex and sometimes ambiguous regulations delays project approvals and increases administrative burden.

Reduced Business Confidence: Unclear or shifting interpretations of compliance requirements create uncertainty and risk, discouraging innovation.

Disproportionate Costs: Overly complex requirements can inflate project costs—particularly for small to medium enterprises—reducing competitiveness and resilience.

Limited Flexibility: Rigid frameworks limit the ability to apply creative, performance-based solutions that could enhance both compliance and innovation.

Barrier to Housing Affordability: As outlined in my discussion paper on the Energy Efficiency Compliance Impact on the Housing Crisis, these regulations can inadvertently increase housing costs, adding to market pressures and reducing overall sector resilience.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

A clear and concerning example where regulation has failed to understand and reduce regulatory burden is the implementation of residential energy compliance under NCC 2022 and QDC MP 4.1.

Despite substantial feedback from industry stakeholders—including cost implications, operational challenges, and design risks—the regulator proceeded with the code's adoption, primarily relying on input from associations rather than directly engaging practitioners and businesses managing compliance on the ground. This has resulted in:

Building designers, energy assessors, architects, and certifiers being excluded from meaningful consultation.

Building designs and compliance details not being shared for public comment, limiting transparency and excluding practical, real-world insights.

Failure to issue a public statement or formal guidance addressing the sector-wide missing Whole-of-House (WoH) compliance, leaving businesses exposed to compliance risks and financial uncertainty.

The Regulatory Impact Statement (RIS) was inconclusive, failing to adequately capture:

The practical cost and operational implications of the new energy code.

The financial burden of early collaboration between energy assessors, designers, architects, and clients, which now often matches or exceeds the total projected build cost increases outlined in the RIS.

The risks faced by architects, designers, and certifiers, including legal claims, reputational damage, and rising insurance costs, due to non-compliance with the code.

Further exacerbating the situation are systemic issues in Queensland, such as the absence of mandatory NatHERS accreditation for energy assessors. This regulatory gap undermines compliance integrity and creates inequities for builders, developers, and consumers, while increasing risks for accredited professionals.

The lack of direct engagement and reliance on associations has denied the sector a chance to resolve these challenges collaboratively. This approach not only erodes business resilience but also raises significant human rights concerns:

Potential Human Rights Violations: Low-income groups, people with disabilities, single parents, the younger generation, and the elderly may be disproportionately impacted by rising housing costs. Many of these individuals belong to protected classes under anti-discrimination laws, making the policy potentially discriminatory.

Right to Housing and Property: Under Queensland's Human Rights Act 2019, the right to adequate housing is implicitly protected. Policies that make housing unaffordable for large segments of the population could violate this fundamental right.

Right to Equality and Non-Discrimination: If the increased costs disproportionately impact vulnerable groups—including regional and remote communities, low-income families, and those with fixed incomes—this could amount to indirect discrimination.

Proportionality and Reasonableness: The government must demonstrate that the cost increases are justified by clear, measurable benefits (such as reductions in carbon emissions). Without accurate, transparent data, the policy may fail the proportionality test required under human rights law.

Inclusivity in Housing: Housing inclusivity requires ensuring equitable access to adequate and affordable housing. The increased costs linked to NCC 2022 disproportionately impact vulnerable groups, potentially excluding them from the housing market and undermining inclusivity efforts.

In conclusion, the approach taken to energy compliance regulation—including its flawed consultation process, incomplete cost assessments, disproportionate impacts on vulnerable groups, and potential human rights breaches—demonstrates the urgent need for:

Direct engagement with industry practitioners, not limited to associations.

Clear, timely guidance to manage compliance risks and support business confidence.

A balanced, evidence-based approach that ensures energy efficiency goals do not come at the cost of housing affordability, equality, and inclusivity.

This is not merely a compliance issue—it is a matter of human rights, equity, and sustainable economic resilience for Queensland.