



Submission to the
**NSW Department
of Planning and
Infrastructure**

on the
BASIX TARGET REVIEW

February 2014



**Master
Builders
Association**
New South Wales

- **Summary of MBA Consultation with Members.**

The Master Builders Association of NSW (MBA) has consulted widely with its member base across the state regarding the proposed target changes to the Building Sustainability Index (BASIX) and MBA is pleased to provide a summary of this feedback.

We found that all responses expressed an understanding that the intention of the process was to ensure a sustainable future for NSW; however opinions and feedback were divided into two distinct groups. Those that support the *intent* of changes (a minority) and those that reject the proposed targets outright (the majority).

Some members hold that BASIX is an important part of NSW's development application process, understanding that it aims to reduce residential homes' water and energy consumption and greenhouse gas emissions.

It must be noted that almost all of these responses supported the environmental *intention* of the review, not necessarily the BASIX system as it operates in NSW.

All supporters expressed sharp criticism of their difficulties and frustrations with many existing aspects of the BASIX in the real world and their reluctance to see these productivity blocks extended.

Many members expressed a deep frustration at what they state are unrealistic aspirations of some of the review targets, particularly thermal and water targets. Almost every submission to the MBA took issue with the proposed water tank requirements for medium to small sized land parcels. All submissions expressed concerns about the negative impact on housing affordability.

Our members have asked that the MBA highlights the following key topics for special mention.

- **Housing Affordability**

The majority of MBA members have referred to reports and briefings provided by financial institutions and media outlets which highlight the negative impact the new BASIX rules will have on housing affordability.

Our members have indicated that their own independent research supports these claims. At a time when both housing supply and affordability are major issues for NSW, we question the wisdom in adding to these problems by regulating price increases into the property market.

The '*Cost Benefit Analysis of Proposed BASIX Stringency Changes*' commissioned by the NSW Government acknowledges and confirms that house prices will rise. When this is combined with the inevitable increase in the interest rate cycle, the overall impact on housing affordability will be amplified further.

- **Cost Benefit Analysis**

A majority of our members disagree with the accuracy used by the above referenced report to calculate the additional build cost expenses, especially the costs associated with the installation and running of the new water tanks required for many homes.

The same report states that “The changes to BASIX targets will not affect housing affordability, because any additional household costs will be offset by lower utility bills”. The most vocal comments were highly critical of official claims that consumers will save money in the long term via increased household disposable income from reduced utility bills.

Further, many members regard cost speculations which included mortgage repayments as dubious at best. That these projections are based around record low standard variable rates for between 25 to 40 years (the expected term of the loan and life of the building) is deeply concerning.

- **Indirect “Taxation” by regulation**

The NSW Government Report claims that the benefit to the NSW economy will be \$1.64 for every \$1 spent, generated through flow-on effects such as growth in sustainable technology and design and related enterprises. This however will be not as a result of market driven demand, but as a direct result of increased regulation compelling home buyers to spend more.

- **Water Tanks**

Our members have reported that for the average new dwelling to move from a BASIX 40 to a BASIX 50 target an 8,000L water tank may be required. This is an increase of 6,000L above the current 2,000L average.

Our members have been near unanimous in their opinions that 3000L is the approximate maximum that most new home builds can accommodate. Design solutions to accommodate anything larger would require expenses not necessarily factored into the governments costing's such as long windowless walls on homes, expensive slim line tanks (which would still fail to meet the 8,000L target) excavations, crane hire and elaborate pump systems.

The proposed targets regarding water tanks are most definitely not cost effective.

- **Negative Impact on Housing Starts**

In consultations with the BASIX team at the Department of Planning, it was confirmed that 55% of builds that currently pass BASIX requirements will not satisfy the requirements of the new system. It is naïve to assume that such a large percentage of consumers will proceed in building a home when faced with the increased costs of construction and maintenance.

- **BASIX I.T Systems & Support**

Members have also commented on the existing BASIX software system. Some suggest that there needs to be a review and perhaps implement Environmentally Sustainable Design principles of a home being modelled to better evaluate non resource intensive measures like orientation, solar aspect, cross flow ventilation, embodied energy etc.

Members have also expressed wide spread difficulty in achieving positive outcomes from the BASIX help desk and support teams.

- **Consultation**

MBA notes that BASIX is often referenced as being “widely supported by industry”. We challenge those who advocate this to demonstrate the width and depth of this support, and how this conclusion was arrived at with numerical evidence from both consumers and builders. Such industry support is lacking outside of niche special interest and advocacy groups championing (a worthwhile) but populist ideal for commercial purposes.

We have observed that much of the numerically based support stems from professionals who specialise in sustainable design, or those who provide the energy efficiency and water saving technology that will be compulsory for more consumers to purchase under the new targets. These sectors have an obvious economic interest in supporting these changes, as they will compel many more consumers to engage their businesses.

Industry Groups representing the majority of NSW Home Building License holders have certainly expressed the strong lack of support from amongst their members.

- **Summary**

The intention of the review targets is commendable however it is accepted that the exiting targets already provide appropriate opportunity for water and energy savings. Increasing these targets will directly impact on housing affordability and provide little net benefit to improving water and energy efficiencies.

It should be noted that any consideration of implementing changes cannot be done in isolation.

At a time in which several key government reforms are underway, including the Planning Bill, Home Building Act and Strata Management Review it is essential that all facets and implications on the building and construction industry in NSW are duly consulted. This is not the right time for industry or consumers to implement the proposed changes.