



Australian Federal Senate Inquiry

into the

Federal Government's Energy Efficient Homes Package

Homeowner Insulation Program

Submission by

**Australian Cellulose Insulation
Manufacturers Association**

(ACIMA)

18 December 2009



1. INTRODUCTION

- 1.1 The following submission by the Australian Cellulose Insulation Manufacturers Association (ACIMA), deals with various points raised under items (ii) & (iii) & (iv) of the Senate Inquiry's Term of Reference.
- 1.2 **By way of background, ACIMA represents installer companies who in the pre-Home Insulation Program (HIP) market manufactured & installed around 25% of Australia's total ceiling insulation market. In the current HIP market, this has been reduced to around 12% due to the large influx of new installers who have chosen batt-type insulation, due to the substantial installation equipment cost barriers facing new entrants to the cellulose sector.**
- 1.3 Since the HIP commenced in February last, ACIMA's manufacturing /installer member numbers have increased from 10 to 14, while a new HIP driven class of installer Associate member has reached 40 nationwide. A total of 1500 employees are currently employed under the HIP by our members nationally.
- 1.4 For the record, since 1996 ACIMA's manufacturer/installer members have offered an Australian-first, installed product performance guarantee, based on the widely accepted superior installed insulation performance characteristics of cellulose insulation i.e. we guarantee NO GAPS in the installed cellulose, which eliminates the common problem with batt-type products which can be difficult to fit.
- 1.5 Cellulose also maintains the **world's leading insulation product Life Cycle Analysis (LCA) performance**, given its manufacture in a comparatively low energy process, from recycled paper-based waste, in which fire retardant is impregnated into the cellulosic fibres.
- 1.6 Additionally, **ACIMA member manufactured cellulose has far superior fire resistance characteristics compared to ALL other mainstream residential insulation types in Australia.**

2. KEY HIP ISSUES

- 2.1 From the HIP's outset, the ACIMA Board introduced its own stringent controls for to ensure both its manufacturers/installer members' and installer (Associate) members' observance of the HIP-referenced AS/NZS 4859.1: 2002 insulation product standard & the AS3999:1992 plus the AS/NZS3000:2008 installation-related quality controls. **As Australia's largest manufacturer/installer organisation, our Association was only too aware of the inherent operational pitfalls facing the HIP's roll-out, and accordingly developed its own strict installation protocol.**



- 2.2 As a general comment, ACIMA believes the HIP has formally established the long-overdue starting point for addressing, initially, the poor energy efficiency performance of Australia's 2.7 million dwellings without ceiling insulation. However, given the very short time frame that the Commonwealth Department of the Environment, Water, Heritage & the Arts (DEWHA) were given to scope & deliver the HIP due to the global financial crisis political & economic imperatives of February last, initially program execution problems emerged.
- 2.3 Nonetheless, in these very difficult circumstances, DEWHA has successfully managed to get the HIP on track and in the process, has been able to resolve those key regulatory & intra-industry issues in the 10 months since the HIP was launched, that the Australian insulation industry has not been able to resolve in the past 20 years e.g. the development of a CPSISC national insulation installer training course to raise industry-wide installation techniques to an acceptable level & the review of the substantial fire risks & energy efficiency degradation associated with Australia's 20 million + vented recessed ceiling downlights (VRCL) which are installed in more than one (1) million Australian dwellings. Both Minister Garrett & DEWHA's HIP staff are to be highly commended for swiftly overhauling a long-standing, divided insulation industry sector, and preparing it for what many industry observers believe will be, over the next 20 years, the biggest expansion in its history.
- 2.4 It should be acknowledged that if these aforementioned insulation industry structural & regulatory problems, had not been successfully addressed, they would have seriously undermined the success of future, crucial greenhouse gas savings residential energy efficiency measures (e.g. air tightness rating of Australia's 6.3 million residential dwellings), which must be undertaken shortly in the long- term national interest, as energy prices continue to rise sharply in the next decade, and concerns over greenhouse gas emissions trends continue to dominate political discussion globally.
- 2.5 Senate Inquiry members will be interested to see a recent MSNBC video clip of the US President Obama talking up the need for the US Congress to pass Bills for retro insulation & air tightness programs to be introduced in the USA:

<http://www.msnbc.msn.com/id/21134540/vp/34432705#34432705>

President Obama, flanked by boxes of cellulose insulation, says "Insulation is sexy stuff" and details the reasons why he asking the United States Congress to pass measures identical to those proposed for Australia by ACIMA and others in item 3.2 below.



3. BEYOND THE HIP

- 3.1 As a general comment on item (iii) C. of the Terms of Reference, ACIMA is currently preparing a generic Australian insulation industry submission to Minister Garrett recommending relatively low-cost rebate support, national residential energy efficiency measures to be undertaken when DEWHA's Home Insulation Program (HIP) winds-up, as is predicted, by mid 2011.
- 3.2 It will be proposed that these measures will run indefinitely but with 2020 as a key target milestone, and will create directly & indirectly a new residential energy efficiency sector work force numbering around 40,000 workers.
- 3.3 ACIMA will recommend to Minister Garrett that these measures should be launched concurrently by mid 2011 (or at the HIP's conclusion) supported by an appropriate Federal government rebate & on-going high profile COAG promotional support. The measures should include:
- a national retrofit wall insulation program for those Australia's 5 million-plus homes without it.
 - a national residential air tightness program for Australia's 6.2 million residences to capture substantial energy savings at a time when residential energy costs will be rising. Air leakage control is the most cost-effective residential energy saving measure, and can account for 30 percent or more of a home's heating and cooling costs.
 - the resulting expansion of the current HIP work force of 7000-plus to approximately 40,000 workers (30,000 directly employed, and another 10,000 indirectly employed in associated supply industries) who will be needed to service these massive programs over the next 10 - 15 years.
- 3.4 ACIMA's submission will highlight both the very substantial residential energy savings & environmental benefits accruing to the proposals, and their clear political upside for Federal, State and Territory governments.
- 3.5 The attached Fact Sheet on the established economic & environmental benefits of air tightness programs is supplied by ACIMA's air tightness program technology partner, Energy Imaging P/L; Canberra – visit www.energy-imaging.com.au - who is Australia's built environment air tightness pioneer.



- 3.6 **ACIMA has already proposed to shop our draft submission to other major insulation companies seeking both their comments & input.** Furthermore, we have offered to make a joint insulation industry submission, but given the attitude over the past 20+ years of those insulation manufacturers who supply around 70% of the Australian insulation market (**note: they are manufacturers-only & have not actively supported the skills development for those batt installers who service the bulk of that 70% of the Australian market**), regrettably this seems unlikely.
- 3.7 **Our Association looks forward to playing a key role in servicing the emerging residential energy efficiency market in Australia during what we expect will be a massive expansion over the next 10 to 20 years.**
- 3.8 Cellulose insulation's consumer profile had already started to markedly increase its Australian market share in the decade prior to the HIP launch, **due to Australian consumers becoming more aware of those building products with market-leading environmental performance.**
- 3.9 We invite Senate Inquiry members to visit our website at www.acima.asn.au for further information on the world's leading residential insulation technology, which **over the past 50 years has been installed in tens of millions of dwellings in Europe & the USA, and in more than 750,000 Australian dwellings.**

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