



SUBMISSION BY THE
Housing Industry Association

to the
**Parliament of Victoria
Environment & Natural Resources Committee**
on the
Inquiry into Melbourne's Future Water Supply

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HIA Submission

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Introduction

Thank you for the opportunity to provide comment to the Inquiry into Melbourne's Future Water Supply. The Housing Industry Association (HIA) is keen to make comments as the recommendations from the inquiry have the potential to affect our members.

As Australia's peak residential building industry association, HIA represents over 42,000 members nationally, with 13,000 members in Victoria. HIA members comprise all major building industry manufacturers and suppliers, including all Top 100 builders, as well as small to medium builder members, developers, contractors and consultants to the industry. In total HIA members construct over 85% of the nation's new housing stock.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building and development industry. In a climate of deteriorating housing affordability HIA strongly advocates that all future changes to infrastructure provision and Regulations must not unnecessarily delay the design, planning, approval and construction stages of residential development.

HIA recognises that the provision of water is a current concern for all Victorians and acknowledges and endorses the need to review the methods in which both potable and non potable water is supplied. It is appropriate that as Melbourne's population continues to expand that a range of solutions are investigated and implemented to supplement Melbourne's water supply.

Whilst there are many innovative cases of alternative water use by both the residential development and housing industry across Australia HIA has concerns regarding the methods in which the installation of new infrastructure may be funded, the potential for planning delays in the provision of alternative systems and the need to ensure that the focus of increased conservation and efficiency efforts includes established housing stock as well as new homes.

The areas which HIA will make comment include the suggested means of supplementing Melbourne's water supply as well as raising a number of other broad industry concerns regarding infrastructure provision.

Specifically HIA will make comment regarding:

- Means of supplementing
- Funding of infrastructure
- Planning delays

Means of supplementing

HIA will firstly provide comment in response to the suggested means of supplementing Melbourne's water supply.

1. Increased conservation and efficiency efforts

Over the last decade, regulations for new homes have been the primary focus to address energy efficiency and water management across Australia. The residential construction industry in Victoria has responded to the regulations in a number of methods, for example through the installation of rainwater tanks as one of the plus options to the Five Star Standard, along with the installation of water efficient tapware and shower fittings in all new homes.

HIA recognises that the installation of water efficient tapware and shower fittings can deliver significant water savings as low cost items to the consumer with a short pay back period. However, the reverse occurs with the installation of a rainwater tank as a capital item as this comes at a significant cost to the homebuyer and with reduced water savings when compared to the low cost items.

HIA acknowledges that there is, and will remain, a need to build environmentally responsible residential buildings and land developments. Whilst the housing industry is making a significant effort to introduce water efficiency into new homes the same unfortunately can not be said for existing housing stock.

HIA believes that the financial burden imposed on new home buyers is an inequitable approach to sharing a community wide problem of resource efficiency, with many purchasers being the first home buyer who can least afford the additional high costs. Commonsense confirms that greater benefit can be achieved through the increased efficiency of Melbourne's 2 million residential dwellings rather than focusing on marginal efficiency improvements on 40,000 new dwellings.

HIA does not support any further water conservation measures being regulated through the Victorian building regulations. Rather HIA support mechanisms to conserve water that focus on water pricing, water efficiency labelling scheme, and voluntary approaches through rebate and education programs, all of which are significant vehicles to deliver broad community wide change in water consumption behaviour.

Furthermore, the role of existing buildings in improving environmental outcomes extends beyond housing, with a significant proportion of energy and water consumption arising from the commercial, short term accommodation residential buildings and retail buildings, as well as infrastructure and major industry users.

Rebates and incentives

The majority of rebates being offered by both the Federal and State governments are aimed at existing homes. The principle of rebates is to facilitate the purchase of efficient products which have an upfront cost that is prohibitive when compared with other available products. Presently, state rebates are focused primarily on water conservation, covering rainwater tanks, taps and toilets and some appliances (Victorian rebates unfortunately exclude washing machines).

The majority of water rebates are only available to the existing home owner. This approach is inequitable as not only should this be available to new home owners, in particular first home buyers, but there are some circumstances where this approach could be usefully extended to both the land developer, in the case of alternative water supply schemes and the owners of rental properties. It is also important that rebates do not unnecessarily lead to an increase in the price of the product being promoted.

HIA believes government attention should be focused to resolve the present disparity between the responsibility of new homes to meet environmental benchmarks and performance of existing homes.

2. Collection of stormwater

Many innovative new models for the collection and reuse of stormwater have been demonstrated in Victoria. This has been demonstrated through approaches such as integration of Water Sensitive Urban Design (WSUD) into estate designs and at Stockland's Mernda Villages Estate through Aquifer Storage and Recovery.

Whilst increasingly environmentally sensitive stormwater management on new housing estates is a consideration by developers and home builders and in many cases is already being implemented the role of supplementing Melbourne's water supply by local community water capture, treatment and reuse schemes is clearly the responsibility of Melbourne Water and is of whole of community benefit.

Concern raised from developers is that incorporation of measures such as WSUD into the design of estates in Victoria may not necessarily be included in the net open space contribution. Where developers initiate innovative solutions and to encourage further innovation the Government should consider the provision of incentives such as streamlined approval processes, rate reduction or the ability to incorporate land set aside in the net public open space contribution.

3. Treatment of waste water

The installation of recycled waste water infrastructure (dual pipe) has recently been mandated in a number of regions by Melbourne's Water Retailers. In

general the industry is happy to provide this infrastructure and is supportive of the ideal that water should not be used once and then discarded.

Whilst the estates and homes have been constructed to receive recycled waste water HIA and the broader industry is concerned about the lack of certainty when the water will be provided.

HIA supports the continued provision of dual pipe water supplies that are made available to new subdivisions where they fulfill the plus options in the 5 Star Standard. HIA believes the Government should also consider that the installation of treatment systems that are EPA approved at the household level also fulfills the plus option of the 5 Star Standard.

4. Use of groundwater

HIA has no specific comments regarding the use of groundwater to supplement Melbourne's water supply other than to state that any draw down on a resource that is slow to recover must be carefully examined.

5. Small locally based desalination plants

HIA believes that small locally based desalination plants are a more appropriate response to the more costly individual house approach as long as the cost of provision is spread broadly across the community. Further comments regarding funding of infrastructure are provided below.

6. Other water sources

HIA does not have comments regarding other sources to supplement Melbourne's water supply however believes there is a need for Government to proactively encourage research and development of alternative means that are fit for their intended use.

In acknowledging the need for a proactive approach HIA believes that if required, a performance based regulation and certification system which ensures consistent installation and safe operation is preferable. Any changes to regulations regarding water supply in Victoria must however not be inflexible and constrain the industry. Furthermore HIA believes that regulation that is developed along the lines of "world's best practice" has the potential to be unachievable by industry and impose unreasonable costs on new land developments.

It is important to bear in mind that any recommended regional or estate based means for supplementing Melbourne's water supply will need to cater for diverse types of developments and quite varied environmental conditions. Recognition should be given to innovative water saving projects already underway or implemented by the development industry. Where developers initiate innovative solutions and to encourage further innovation the Government should consider the provision of incentives such as streamlined approval processes, rate

reduction or the ability to incorporate land set aside in the net public open space contribution.

Where a product demonstrates compliance with a prescribed outcome then it should be deemed acceptable, regardless of how it meets that outcome. This will allow for product innovation and new technologies to emerge.

Other concerns

If alternative means of supplementing Melbourne's water provision is to be developed via a decentralised model there are a number of implementation issues that the Committee should be aware of.

Funding of infrastructure

HIA recognises that infrastructure development drives regional growth, employment and housing development opportunities. HIA believes that Governments have a responsibility to implement infrastructure programs to sustainably support anticipated growth in a manner that ensures the investment is shared equitably across the whole community.

HIA has concerns that State Governments and water authorities may consider covering the cost of the infrastructure required by the provision of levies directed at the developer or new home buyer. HIA does not support the general notion of the imposition of levies for the provision of community based assets that have a net community benefit.

Broader community and social infrastructure should be borne by the whole community and funded from general rate revenue and borrowings as appropriate. Only as a means of last resort should government have the option to impose an upfront levy for the provision of such facilities,

Planning delays

Developers are subject to the same basic approvals process as individual house based systems for water recycling. As a result those who are implementing water recycling options along with product manufacturers are experiencing delays in approvals caused by inconsistent processes, a lack of understanding about the work to be undertaken and caution by approval bodies. A single approval process will greatly improve the situation for estate based solutions, and reduce the burden on individual households to implement end of line options.

HIA is keen to ensure that the Committee receives advice and feedback on the issues associated with estate based recycling solutions. HIA can provide appropriate contacts to assist in this investigation.

Conclusion

Provision of water is an integral part of providing residential developments and dwellings. HIA supports the installation of infrastructure at a state level, to ensure continued and cost effective solutions to water provision, which serve the whole community.

In recognising the need for a proactive approach to managing Melbourne's water supply that is fit for its intended use, HIA believe that a variety of means, which incorporate an ongoing certification of systems to ensure their continued safe operation over years would be the most effective means of supplementing Melbourne's water supply.

In considering the merits of supplementing Melbourne's water supply by alternative means HIA recommends that:

- Wider use of recycled water should be undertaken where water of drinking water quality is not required.
- Rebates and other incentives to improve the environmental performance of housing:
 - should be available to existing and new homes to encourage the installation of higher efficiency fixtures and appliances;
 - should be available to residential developers on behalf of future home owners; and
 - should be available to the owners of rental properties.
- Governments should continue to focus attention on the performance of all existing buildings and should consider initiatives to also address the commercial, retail and short term accommodation sectors, along with infrastructure and major industry emissions.
- Local Government can play a role in disseminating information to the community regarding conservation and efficiency efforts but not responsible for its implementation or promotion of the source through planning legislation.
- Alternative water sources should be promoted consistently through Victoria.
- Planning approval systems for alternative water supply in new subdivisions should be streamlined and undertaken in a timely manner.
- Infrastructure provision should be planned, developed, and implemented in a coordinated manner by all levels of government, state, regional and local.

- Infrastructure provision and funding must have a minimal impact on affordability of new housing.
- As beneficiaries of the provision of new infrastructure the whole community should share the cost of that benefit, by way of any or a combination of the following mechanisms:
 - Government borrowings
 - Public subscribed infrastructure bonds
 - Public private partnerships that demonstrate clear public interest
 - General rate levy across the whole community
- If required, HIA would view performance based regulation to supplement Melbourne's water supply and private certification of systems as desirable.
- Where developers initiate innovative solutions and to encourage further innovation the Government should consider the provision of incentives such as streamlined approval processes, rate reduction or the ability to incorporate land set aside in the net public open space contribution.
- Any recommended regional or estate based means for supplementing Melbourne's water supply will need to cater for diverse types of developments and varied environmental conditions.

Lastly, HIA would welcome the opportunity to facilitate a meeting, should the Committee feel appropriate, between the Committee's members and key HIA residential housing and developer members to discuss the Terms of Reference and how potential recommendations may affect the residential housing industry. Please contact Craig Jennion, Planning Services Advisor on 9280 8200 or c.jennion@hia.com.au to arrange a meeting.

If you require any further information in relation to this submission or wish to discuss these comments in detail please do not hesitate to contact either myself or Craig Jennion on (03) 9280 8200.

Yours sincerely
Housing Industry Association Ltd

Robert Harding
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