



MASTERS OF OUR INDUSTRY

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23 October 2008

Chairman
Environment and Natural Resources Committee
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Chairman,

Re: Submission to the Inquiry into Melbourne's Future Water Supply

Master Builders is pleased to provide the Environment and Natural Resources Committee with a Submission to the *Inquiry into Melbourne's Future Water Supply*. Our Submission is based on feedback from our five Sector Committees, representing over 7,000 members from the Victorian construction industry.

Securing, protecting and responsibly consuming Victoria's valuable water resources are essential to the long-term productivity, liveability and viability of our State.

In order to affect real and substantive change in the use of water in Victoria, the Government must investigate ways to improve water efficiencies in all areas.

While the public must be commended for their resourceful water usage since 3a Restrictions have come into affect, their continued efforts will come to naught if the infrastructure which provides water in their homes continues to function below peak efficiency.

It is Master Builders view that if the State Government must take more aggressive action in regard to existing water delivery and collection infrastructure.

Equitable Residential Water Saving Measures

The introduction of State-wide staged water restrictions have not only achieved substantial water savings, but have made Victorian consumers more self-aware of their current consumption habits.

While water restrictions have made all Victorians review their water consumption habits, State Government regulations on residential water and energy efficiency have been too narrow.

Victoria's housing stock at present can be divided into two components; the first and largest component is existing housing stock and the second component is new and future housing

stock. Victoria is home to 2.085 million dwellings¹; with the building sector constructing approximately 39,000 new homes per year². While the new homes that are being constructed meet mandated water and energy efficiency requirements, the bulk of existing housing stock does not. Common differences between existing and new homes include the presence of inefficient showerheads, single flush toilets and outdated and leaky plumbing.

As there is such a big discrepancy between the water and energy efficiency performance of new and existing housing stock, Master Builders believes that existing homes should face the same basic regulatory requirements as new homes to ensure that all Victorians meet their water efficiency obligations equally.

Existing Housing Stock

Of Victoria's total housing stock, over 92 per cent of homes were built prior to the implementation of Five Star regulations in 2002. These homes, almost 1.9 million in total, must be the focus of targeted Government action to bring them into line with new housing stock.

In order to achieve equitable water and energy efficiency management in existing homes, a dual approach is required. First, Government residential water regulations must be more comprehensively targeted at existing homes. Second, the rebates and subsidies must be improved to help home owners meet these revised regulatory standards. This targeted 'carrot-and-stick' approach should encourage the installation of cheap, yet effective, in-home water consuming appliances, such as dual flush toilets and low flow showerheads.

Master Builders acknowledges that the recent introduction of Five Star energy efficiency regulations for alterations and additions is a good first step in addressing the current imbalance in residential efficiency regulations. However, this regulation essentially only focuses on the part of the home that is being renovated or extended.

In Victoria at present, only 69 per cent of all households have low flow showerheads and only 88 per cent of households have dual flush toilets³. This leaves hundreds of thousands of homes which do not meet basic water efficiency standards. Moreover, these homes on average, waste 65,000 litres per year because they have failed to upgrade their inefficient showers and toilets.

It is Master Builders view that any serious attempt to improve Victoria's water usage in the residential sector cannot ignore the fact that thousands of homes do not meet basic water standards. Therefore, the Government must act to bring existing homes into line in order to achieve responsible and equitable water savings across the entire community.

Recommendation 1: That the State Government provides a subsidy to homeowners and landlords for single flush toilet replacement in existing housing stock. (All toilets to be replaced by dual flush).

¹ <http://www.censusdata.abs.gov.au/ABSNavigation/prenav/ViewData?subaction=1&producttype=QuickStats&areacode=2&action=401&collection=Census&textversion=false&breadcrumb=PL&period=2006&javascript=true&navmapdisplayed=true&>

² www.pulse.buildingcommission.com.au

³ Green Light Report, Sustainability Victoria, 2008

Recommendation 2: That the State Government immediately mandates the replacement of all single flush toilets prior to the sale of existing residential and commercial dwellings. The provision of a subsidy and welfare based exemption guidelines should be drafted after community consultation.

Recommendation 3: That the State Government immediately mandates the pre-sale installation of low consumption showerheads on all residential properties. The provision of a subsidy and technical / welfare based exemption guidelines should be drafted after community consultation.

Recommendation 4: That the State Government immediately commences a retrofitting program which installs dual flush toilets and low flow showerheads in all State Government buildings in Victoria. This would include government offices, statutory authorities, hospitals, education centres (schools and TAFE's) and public housing stock.

New Housing Stock

Master Builders contends that housing affordability must always come before sustainability. There is no point having sustainable housing which no one can afford.

Despite repeated warnings from the building industry, the introduction of Five Star regulations unintentionally increased the mortgage burden for many Victorians and dashed the housing aspirations of others.

According to our membership, the cost of complying with the current Five Star regulations has ranged from \$4,000 to \$30,000 per home. This extrapolates to between \$6,500 and \$49,000 in additional interest over a 30 year loan at an eight per cent interest rate. While clearly not the intention at the time, the development of these policies without proper industry consultation has been a disaster for aspiring home buyers.

To avoid such problems happening in the near future, Master Builders has put forward the following recommendations which the Government should consider before any new housing regulations are introduced.

Recommendation 5: Master Builders opposes any mandatory compliance increase of the existing Five Star regulatory standards (Eg. We oppose a minimum Six or Seven Star standard).

Recommendation 6: Master Builders opposes the mandating of water tank or grey / black water system installation in new housing stock.

Recommendation 7: That the State Government streamlines the approval process for grey / black water system approval and installation. A greater emphasis must be placed on centralising oversight authority, reducing approval times and paperwork required to install this new technology.

Recommendation 8: That the State Government clarifies the ownership and supply responsibilities of water recycling plant infrastructure. Clarification relates directly to pipe ownership and maintenance responsibilities for infrastructure which exists inside and outside private property.

Recommendation 9: That the State Government improves community awareness of the benefits of water sensitive urban design.

Investing in Water Infrastructure

Increasing Victoria's Water Resources

Solving Victoria's water shortage issue can not rest sole upon the conservation efforts of the Victorian public. Residential water efficiency targets are only, and should only be, one part of a broad strategic approach to achieving long-term water provision and security.

As water conservation can only achieve so much in terms of future water provision, finding new or alternative supplies of fresh water is essential to our States' long-term liveability. New technologies and processes exist, such as the desalination process.

With Victoria's long running drought continuing to affect water availability, Master Builders supports the State Government investing in new water supply technologies, such as the Wonthaggi desalination plant. The presence of such facilities will help to provide the vital water resources necessary to retain Victoria's liveability edge, as well as ensure that we do not become entirely dependent on rainfall.

Recommendation 10: That the State Government carry out its plan to construct the desalination plant in Wonthaggi, but seek financial assistance for at least 50 per cent of the project.

Increasing the Price of Water Responsibly

Exposing metropolitan households to the true cost of water is an important step in preserving Victoria's valuable water resources. Due to the fact that access to water has been so abundant and cheap in the past, consumers have had little regard for their excessive consumption habits. With Melbourne's water supplies currently resting below 35 per cent⁴, Government must act swiftly to preserve our current position.

In order to rapidly affect water consumption behavior, the price of residential water must be increased to reflect the true value of this diminishing resource.

It is Master Builders position that the State Government should increase the price of water to a responsible yet effective level. As with any price increases, the State Government must be sensitive to the impact that price rises will have on some sectors of the community and welfare provisions should be provided to these people.

Raising the price of water is a quick, yet effective tool the State Government can use to artificially restrict superfluous residential water consumption. Master Builders supports the State Government increasing the price of metropolitan water to encourage responsible consumption habits.

Recommendation 11: Master Builders supports a responsible increase in the price of water in Metropolitan Melbourne to encourage responsible water consumption. Any

⁴ <http://www.melbournewater.com.au/default.asp>

increase in water prices must have appropriate welfare safeguards and should take place after extensive community and industry consultation.

Master Builders would like to thank the Environment and Natural Resources Committee for the opportunity to provide feedback to the *Inquiry into Melbourne's Future Water Supply*.

If you have any questions in regards to Master Builders Submission, please do not hesitate to contact myself at any time on 9411 4501.

Yours sincerely

A handwritten signature in black ink, appearing to read "Brian Welch". The signature is fluid and cursive, with the first name "Brian" being more prominent than the last name "Welch".

Brian Welch
Executive Director