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The Office of the Managing Director



The Senior Commissioner  
Independent Competition and Regulatory Commission  
GPO Box 296  
Canberra ACT 2601  
Email: [ian.hayes@act.gov.au](mailto:ian.hayes@act.gov.au)

25 January 2012

Dear Sir,

**Re: Issues Paper – Secondary Water use in the ACT**

**1. Introduction**

This submission is presented in response to the ICRC's Issue Paper dated 23 November 2011.

The Village Building Company is a Canberra based home building and land development entity with a substantial market share of the new house market in the ACT and particularly for affordable, detached family homes. This response outlines the impacts of the ACT Government's requirements with respect to meeting a 40% reduction in mains water usage.

**2. VBC Response to Meeting 40% Reduction Target**

We have responded to meeting regulation requirements in 2 ways. These strategies were adopted after detailed cost benefit analysis of the various available options,

- a) Install water tanks and water switch on houses built on lot sizes of 300m<sup>2</sup> and larger. Tanks and catchment areas are sized in accordance with ACTPLA's deemed to comply standard as stated at Rule 52 of the Residential Zones – Single Dwelling Housing Development Code".
- b) Reduce lot sizes to be less than 300m<sup>2</sup>, ie to 299m<sup>2</sup> such that the subsequent housing is exempt from the 40% reduction requirement.

We analysed a series of alternatives prior to adopting the abovementioned practices. They included

- i) Water efficient fittings and appliances. It was not possible to achieve a 40% reduction with this strategy alone.
- ii) Install xeriscape landscaping to each house. In theory this measure when used in conjunction with item (i) would achieve the targeted reduction, but ACTPLA subsequently removed any ability to utilize this approach by requiring all water savings to be achieved from within the dwelling.
- iii) At Macgregor West 1 Estate we considered stormwater collection on an Estate-wide basis via the pollution control ponds and reticulating the harvested water back to blocks via a secondary non-potable water reticulation system. Technical analysis by Brown Consulting indicated "top up" water from the Lower Molonglo Wastewater Treatment Plant would be required to ensure adequate long-term supply. This system was cost neutral to the Developer provided ACTPLA permitted deletion of water tanks from all 813 dwellings in the Estate. However, both ACTEW and Territory and Municipal Services indicated they would neither accept nor operate such a system, if constructed.

This advice, together with our past very negative experiences with the ACT Department of Health on a black water reuse proposal at Uriarra and the commercial imperative to commence work on site resulted in VBC dropping this as a workable solution to achieving potable water use reduction.

### **3. Impact on development costs as a result of 40% mains water reduction**

There is no cost increase as a result of using water efficient fixtures in new housing as these have now become mainstream supply items in recent years.

However, the requirement for rainwater tanks and associated pump and water switch has increased base construction costs by an average of \$1231 (excl. GST) per dwelling in our Estates. After on-costs are added the increase in cost to the end purchaser is \$1637. After accounting for interest and depreciation and variable stormwater capture rates, the cost to the consumer over a 10 year period will be in the range of \$2.75 to \$3.94 per kilolitre (100% - 70% rainfall capture).

### **4. Conclusion**

In conclusion, we do not believe the current deemed to comply solutions offer a valid way of reducing water usage in the community. Rather they simply transfer the cost of some water collection to purchasers of new dwellings.

We would be pleased to discuss this submission further and to provide detailed cost estimates and analysis of two recent case studies at Macgregor West and Uriarra on a strictly confidential basis. Contact in the first instance should be to John Kenworthy on 6246 3400.

Yours faithfully,



B. Winnel  
Managing Director

