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SUBMISSION PREPARED ON BEHALF OF BEACON PATHWAY LTD

to

MINISTRY OF CONSUMER AFFAIRS

on the

**PROPOSED IMPLEMENTATION OF MANDATORY WATER
EFFICIENCY LABELLING**

July 2007

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1 About Beacon

Beacon is a research consortium, established in May 2004, with the aim of encouraging and improving New Zealand's sustainability in the residential built environment. It will do this through influencing policy and regulation; understanding consumer and industry needs; considering, promoting or designing technical solutions; defining an appropriate high standard of sustainability; and developing the tools to achieve, measure and monitor progress to achieving that standard at the house and neighbourhood scales.

Beacon is funded by industry, with matched revenue from Government research funds from the Foundation for Research, Science and Technology. There are currently five shareholding partners – Building Research, Scion, New Zealand Steel, Waitakere City Council and Fletcher Building.

Beacon's vision of:

Creating homes and neighbourhoods
that work well into the future
and don't cost the Earth

will be realised through the achievement of the following two goals:

- To bring the vast majority (90%) of New Zealand homes to a high standard of sustainability by 2012 and;
- That every new subdivision, and any redeveloped subdivision or neighbourhood, from 2008 onwards, be developed with reference to a nationally recognised sustainability framework.

In addition to its overarching goals, Beacon has set two key target outcomes for its water research and advocacy, being:

- 90% of homes reduce demand for reticulated water by 40% per capita and Council supply to domestic uses is reduced by 50% per capita by 2012; and
- New Zealand homes and neighbourhoods have improved and integrated management of storm, grey and black water to decrease their negative impact on the residential and natural environment, thereby making a more resilient water system by 2020.

The proposed implementation of mandatory water efficiency labelling relates particularly to the goal of reduced water demand but that, in turn, will impact on integrated water management.

2 Summary

- 2.1. Beacon Pathway strongly supports the proposed implementation of mandatory Water Efficiency Labelling.
- 2.2. Beacon suggests that the introduction could be expanded to provide more detail on the drivers for water conservation in New Zealand.
- 2.3. Our research suggests that there is little awareness of household water issues amongst the general public and agrees that labelling is one method of raising that awareness.
- 2.4. Beacon agrees with using regulation to provide for mandatory labelling. Anything less would not get sufficient uptake by industry or give consumers the information they need to make informed choices.
- 2.5. Beacon promotes the simplest effective system possible to avoid confusion and unnecessary costs to industry. It supports the objectives of the proposal as laid out on page 4 of the document.
- 2.6. Beacon believes that, in addition to mandatory appliance labelling, the most effective way to reduce demand is to introduce mandatory metering of all homes in New Zealand.

3 Relevant Background Information

New Zealand rainfall provides good water supplies in most parts of the country. However much of the cost in delivering water relates to the storage, treatment and transport of the supply. After many decades, in some cases with low levels of maintenance, current water treatment and pipe infrastructure in cities needs upgrading and/or extending. For example, Watercare, the wholesale water company in Auckland, estimates that by 2026 a further water resource with a capacity of 80,000m³/day to 100,000m³/day will be required for Auckland's expanding population. The people of Auckland will ultimately pay for that infrastructure investment through rates.

About 3% of water delivered to dwellings at a potable standard is used for drinking. Providing water at that standard uses a considerable amount of energy, adding to the cost of provision and the national/regional energy requirement.

Excess water use results in excess wastewater to be treated. This is both another cost, through the capital and operations cost of wastewater treatment, and/or an ecological problem to receiving waters if wastewater is insufficiently treated.

Climate changes may alter the level of supply. Reducing demand, via water efficiency labelling and water metering, is one way to minimise that risk and to take the first steps in building resilience against climate change.

Water demand management is increasingly on the agenda here and overseas. Beacon is working with several local authorities who are promoting water conservation and we are currently researching all possible water demand management interventions and policy instruments to drive their uptake. Water efficiency labelling is an important part of that policy mix.

4 General Comments on the Proposal

The link with Australia is well made. Australia is a significant market for New Zealand products and Australia has extreme pressures on water demand. For New Zealand to contribute to water supply products in Australia, we must meet their requirements in terms of water efficiency labelling. To not do so would be a significant business risk as Australians would choose appliances that give them the information they need.

There has been debate about the need for mandatory labelling as opposed to a voluntary scheme. It seems very unlikely that a voluntary scheme would have much uptake. It is preferable to have a regulated system which gives manufacturers certainty and creates a level playing field as far as associated costs are concerned.

Consumers are familiar with a Star rating system through the purchase of energy appliances. It is a simple means of identifying degrees of efficiency and is strongly supported.

5 Specific Comments

Timeline:

The date of 1 July 2008 appears to be a fair length of time to introduce this regulation, assuming that it is notified no later than December 2007 and given that water efficiency labelling has been discussed for some time.

It would be preferable for consumers to have access to water efficiency information for older products but that should not be mandatory. It may be that the market prefers appliances with labelling and that older products are quickly phased out.

Testing Regime:

The testing regime, as described, is sufficiently thorough and robust.

Labelling Suggestions:

A form of label attachment not covered could be a stamp in the metal. This may be less cumbersome and more permanent than a swing-tag for some items.

Low pressure supply situations:

The situation appears to be well thought through.

Exceptions to the regulations:

The final exemption could be used as a way of getting around labelling. It is suggested that exemption be deleted.

6 Submission prepared by

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I would be pleased to be contacted about this submission if required.