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Australian Water
Association

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Submission to the Independent Review of the Water
Efficiency Labelling and Standards (WELS) Scheme
Discussion Paper.

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Introduction

The Australian Water Association (AWA) welcomes the opportunity to comment on the 2015 Independent Review of the Water Efficiency Labelling and Standards (WELS) Scheme Discussion Paper.

AWA is the national peak water organisation, delivering information, expertise and collaboration for sustainable water management. We provide a platform for our water experts, practitioners and businesses to share information, grow expertise and collaborate effectively. Our members include professionals and practitioners working in utilities, science and research, energy and resources, manufacturing and agriculture.

AWA supports the widespread adoption of water efficiency schemes such as WELS and Smart Approved WaterMark. AWA advocates efficiency as an economically viable way to enhance water security. Water efficiency needs to be maximised to increase the availability of water for environmental, economic, cultural spiritual and aesthetic purposes. Water efficiency must be considered equally with supply-side options in the development of any strategy to improve long-term water supply security.

With the withdrawal of many rebates for water efficient appliances there has been a tendency to reduce the commitment to the WELS rating scheme, leading to the reintroduction of appliances to the market that are not water efficient and on which no data is available to enable consumers to make informed choices. AWA supports the continuation of water efficiency labelling schemes, with the following key suggestions for refining them:

1. That whitegoods are moved to the E3 scheme
2. That tap ware is better integrated with WaterMark
3. That WELS increase engagement with other groups including utilities, councils, government & other relevant water efficiency schemes to promote the WELS scheme collaboratively

Section 3.1 Objects of the Water Efficiency Labelling and Standards Act 2005

AWA believes that the objectives of the *WELS Act 2005* remain appropriate and that the scheme is contributing to water conservation through the promotion of the use of water efficient technologies.

As in our submission to the 2010 WELS Review, AWA maintains that WELS should:

- Be able to demonstrate that it produces ongoing benefits in terms of cost-efficient reduction in water consumption
- Be credible in the eyes of consumers and continually strive to maintain that credibility
- Be efficient in its operation, both in terms of its cost-effectiveness, and in its manner of dealing with applicants and other stakeholders
- Be structured to minimise duplication in WELS-related activity between the governments funding it, agencies with related roles, and schemes such as WaterMark.

The products that are labelled under the scheme provide adequate information about the water efficiency of water-using products. However AWA understands there is a level of consumer confusion about labelling of products due to the different number of stars used to rate different products. One option for reducing this confusion would be to establish a benchmark rating system for water efficiency that is applied across all products with improved information about the rating system.

Section 3.2 Scheme Use

The WELS scheme has remained the same since its inception, however its communication and messaging has varied over the years. AWA believes that there is scope to improve communication about the scheme and recommends further community engagement regarding the scheme so that consumers better understand ratings.

To better gauge the value of the scheme and its use, AWA recommends reviewing the scheme's use by other parties including utilities that use the scheme to understand wider demand management. Utilities have also used WELS as a back-up for their investment in rebates for products and fittings, this is, water efficiency gains are not easily reversed if there is regulation on performance standards.

There is also widespread international use of the WELS scheme, which could be captured in the review findings.

The scheme continues to be used as an eligibility requirement for other rebate or subsidy programs, however this is decreasing as most rebate and subsidy schemes are winding up. That said, use of the WELS scheme is likely to once again increase as programs are engaged again in the next drought.

Section 3.3 Scheme outcomes and benefits

The discussion paper captures the key potential benefits of the WELS scheme as quantified by the Institute for Sustainable Futures.

For the customer who installed a water efficient shower head, it is generally thought that the energy cost savings are larger than the water cost savings. This is a great situation for the customer, however, it is not necessarily fully appreciated. As mentioned in the paper, whole of society benefits include an improvement in the effectiveness and efficiency of appliances resulting in reduced bills. Other benefits include less drawdown in times of water scarcity resulting in reduced treatment costs and reduced sewer charges. By reducing demand during the drought it has also delayed the need to invest in water supply infrastructure and offset the need for capital investment. Generally, demands have lowered on a population basis in the major cities, such as Sydney and Melbourne, over the last decade. The Scheme would have played an important part in this by increasing community awareness of water efficiency and a continued increase in awareness of WELS.

Section 3.4 Interactions with other schemes

There is very little interaction between the WELS scheme and other schemes and AWA believes that each of the schemes occupies a different position in the market. AWA does, however, believe there should be better communication of the role of the various water-labelling schemes and the energy efficiency schemes to consumers. It is acknowledged that the primary gains from merging of schemes would be minor administrative savings. There is the strong possibility that if WaterMark certification was removed as a pre-requisite for WELS labelling it could undermine WELS as plumbing certification is needed to attach the tap ware to town water supply. There is an argument that WaterMark certification should be extended to point of sale and administration of tap ware WELS and plumbing certification be merged.

Section 3.5 Regulatory impacts and costs

The water industry is very supportive of the WELS scheme. At present, industry bears the costs of testing and labelling, which we believe is appropriate as long as the scheme continues to rate big water users and labelling continues to address the market failure. As discussed above, the main cost savings to be achieved are minor administrative savings or savings from transferring appropriate products to E3. Industry will still have to bear the costs of testing their products to demonstrate their efficiency, and this is appropriate.

Overall the WELS scheme inspires innovation and competition as manufacturers strive to compete to gain a higher star rating. At the same time, the large time lag for testing and approval is an impediment to innovation.

Section 3.6 Scheme costs and cost recovery arrangements

AWA supports the existing partial cost-recovery arrangement, whereby a majority proportion of the Scheme's operational expenses are borne by industry and the remainder covered by governments. This will ensure the ongoing financial sustainability of the scheme.

Section 3.7 Appropriateness of product coverage

The Association believes there is opportunity to re-scope the product coverage of the WELS Scheme and endorses the 2010 recommendation that whitegoods could be transferred to E3, so that products can be given a clear, combined efficiency rating. This would reduce consumer confusion of labelling.

Tap ware could also be better integrated into WaterMark. As mentioned in the 2010 Review, registering tap ware is typically very time consuming, much more so than for white goods. Water savings from taps have been and will continue to be extremely small. As suggested in the 2010 review, it would be useful to examine the costs and benefits of removing the rating requirement and prescribing only minimum water efficiency standards for categories of plumbing products as the way of driving appropriate water efficiency. This should begin with tap ware.

In addition to this re-scope of products, the Association believes that for best results there should be a more widespread combination of having minimum water efficiency standards combined with a rating scheme.

Section 3.8 Industry engagement mechanisms

The Association believes that WELS could increase its industry engagement. The timing of the review, over the Christmas period was not ideal and has made it more difficult for industry to engage. Furthermore, only a short time period is scheduled between the submission due date to when the draft is finalised reducing opportunity for further stakeholder engagement. This raises pressure to the process of adequately assessing submissions under such a short timeframe. Furthermore, AWA believes that stakeholder forums, such as those held in 2012 would be beneficial. There is a perception in the water industry that over the years WELS have continued to pull away from community engagement and have decreased their interaction and communication with other schemes.

Section 3.9 Future directions

AWA believes that consumers must have the knowledge to make the decisions that will best reflect their personal preferences. Schemes such as WELS are strongly supported as they provide consumers with the information to make these decisions. The Association believes that the WELS scheme has been effective and should continue with the suggested refinements.

Conclusion

AWA supports the widespread adoption of water efficiency schemes as water efficiency is an economically viable way to enhance water security. Our three key recommendations for the scheme are:

1. That whitegoods are transferred to the E3 scheme
2. That tap ware is better integrated with WaterMark
3. That WELS increase engagement with other groups including utilities, councils, government & other relevant water efficiency schemes to promote the WELS scheme collaboratively

AWA believes that the WELS scheme has been successful in reducing the demand for water through the promotion of water efficient products and has provided many benefits to utilities and customers; as such AWA support the continuation of the WELS scheme.

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