



Submission by

The Alternative Technology Association

On the

**Water Efficiency Labelling and Standards
Scheme: Independent Review**

Discussion Paper

By Email to: welsreview@environment.gov.au

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1. Overview

In a period when many Australian governments are focused on large scale water supply and augmentation solutions, ATA is pleased to see the efforts being put towards water efficiency by the Commonwealth, as evidenced by this review of the WELS Scheme. An effective rating program is necessary to ensure that water efficient appliances and fittings achieve the large domestic water savings promoted by governments and green groups.¹ For this reason, ATA is pleased to provide a submission to the Review's Discussion Paper.

ATA is a not-for-profit organisation established in 1980 to empower our community to develop and share sustainable solutions for the way we live and to promote the uptake of sustainable technologies in order to protect our environment. The organisation now provides services to over 5,500 members nationally who are actively promoting sustainability in their own homes by using good building design, energy and water efficiency and renewable energy technologies.

ATA advocates in both the government and industry arena for ease of access and continual improvement of these technologies, as well as the production and promotion of information and products needed to change the way we live. Our magazines *ReNew* and *Sanctuary* now reach a readership of more than 140,000.

ATA has been actively involved in researching and advocating for effective water conservation over the last 15 years. We have conducted scientific and social research on greywater reuse, rainwater reuse and on consumer water use behaviours. This research has assisted us to advocate appropriate water conservation policy to Government.

Of the 480 ATA members surveyed on their water behaviours in 2009, 92% had installed water efficient installations such as flow restrictors, efficient shower heads and dual flush toilets in their homes.² Further to this, 82% of respondents had installed water efficient appliances including whitegoods.³

Our membership has also provided us with feedback regarding their views of the WELS Scheme. As consumers who have used the WELS Scheme as part of their purchasing decisions, their comments provide sophisticated insight into how a WELS rating scheme can achieve its objectives of conserving water by:

- *reducing consumption (through providing information to consumers about the water efficiency of products and by promoting the adoption of water efficient technologies, including by setting minimum efficiency standards),*
- *improving the performance of the market for water-using products by increasing the sale of water efficient products,*
- *guiding consumers to more water efficient appliances by increasing consumer demand, and by*
- *improving the performance of products above what they would otherwise be, by setting minimum standards.*⁴

ATA acknowledges the important role of labelling schemes in shifting consumers towards more efficient and environmentally responsible lifestyles.

¹ E.g. www.savewater.com.au, <http://www.ata.org.au/sustainability/water/>.

² ATA Survey, 2009, available on request.

³ ATA Survey, 2009, available on request.

⁴ Extracted from WELS Scheme Independent Review; Discussion Paper, 2010.

To be effective, such schemes must provide credibility and transparency in order to be valuable from the consumer's perspective. Good communication between Government and stakeholders is required for such regulatory instruments to remain effective and supported. Stakeholders may be industry, business and NGOs and often play a central role in promoting schemes such as WELS to their constituents.⁵ To this degree ATA is very happy to provide feedback and work openly with Government on the WELS scheme.

2. Key Desirables for a WELS Scheme.

Through discussions with our membership and our own observations, ATA has highlighted the key elements we believe are important in a WELS scheme.

Administrative/Regulatory

- Scheme is mandatory.
- Scheme continues to broaden the range of products included (evaporative air conditioners, commercial wok cookers).
- Scheme links with other environmental programs and policy (rebate schemes, planning regulations).
- Scheme is transparently administered with effective communication to public.
- Scheme disallows all low performance products so as not to disadvantage low income holders.

Rating and Labelling

- Rating is independent and transparent.
- Rating and labelling criterion are logical and rigorous.
- Methodology for rating and labelling is easily accessible by the general public.
- Scheme seeks to develop its capacity to consider the full life cycle of products and therefore strive to provide more credible, holistic claims (materials efficiency, repair cost, expected lifespan, behavioural issues in relation to product).

Market

- Labelling is highly recognisable by consumers.
- Labelling is respected by consumers and therefore a key element in making a purchasing decision and influencing the market.
- Scheme encourages innovation to promote products which receive not only a high water efficiency rating but also satisfy a high level of design, comfort or utility.
- Scheme is effective in driving efficiency in the market.

⁵ RMIT University, Centre for Design, 2007, *Product Environmental Labels Scoping Study Stage 1: PELS Review*

3. Principle Elements of the WELS Scheme – ATA Response

Issues and Options	Issue	ATA Response
Governance	1.1	ATA agrees that the EPHC is unlikely to be the most appropriate delegation for WELS decision making. A well representative WELSAC is more likely to be up to date with the technical nature of WELS and give due attention to decision making.
	1.2	If there is potential for WELS to be merged with the E3 scheme, a robust WELSAC may help ensure that the components of WELS are not diluted in any merger with E3.
	1.3	ATA believes a standing stakeholder advisory group for WELS would do much to strengthen the scheme. Such a group could contribute to WELS by providing the scheme with early risk detection. Improved communication through the stakeholder group would also heighten stakeholder engagement and promotion of changes in practices or plans. ATA has been involved in numerous stakeholder advisory groups such as the National Water Roundtable, Consumer Roundtable for Energy and the National Smart Meter Project. ATA would be happy to offer its services to a WELS stakeholder advisory group as a consumer representative.
Objects of the Act	2.1	It is important that WELS acknowledges its current inability to rate overall household efficiency. This being said, the issue of overall household water efficiency seen through planning and building regulations is an issue best dealt with by States and Territories. ATA approves of all three options provided by the WELS Reviewer to deal with this issue.
WELS Standards	3.2	In light of issues raised about the appropriateness of standards used, a review of AS/NZA6400 would be supported by ATA. This review would provide an excellent opportunity to assess the feasibility of incorporating more holistic assessments of water efficiency within the rating system. This review could be timed to suit any potential merge of the scheme with E3. ATA would be happy to assist with a standards review.
	3.2.4	ATA has received feedback from members frustrated with the imprecise rating system evident for washing machines; a point also raised in the Review. WELS would benefit from clearly stating all conditions (i.e. temperature setting, full load/half load, cycle setting) under which it is rating water efficiency. Further information for product rating

methodologies would be highly beneficial to consumers seeking credible, thorough information on the water efficiency of any given product (perhaps through a small booklet provided at point of sale).

The Regulator 4.1 ATA supports the proposal to merge the administration of wet appliances with E3.

As E3 is a more mature scheme with greater market take up⁶ it may be able to provide greater administrative support to WELS than is currently available under the administration of DEWHA.

One concern would be that resource constraints would place an administrative burden on E3 affecting its capacity to smoothly administer E3 whilst restructuring and strengthening WELS. It would be important to ensure that both E3 and WELS were strengthened through the merge.

4.2 E3 already has in place the testing capability to assess water efficiency for wet appliances. The merge of WELS wet appliances with E3 testing therefore makes sense. Plumbing products, which have no direct energy consumption testing requirements, such as shower heads or toilets would require significant extra resources from E3 to instigate.

For this reason, ATA supports the proposal to align the administration of plumbing products under the new arrangements for Watermark. Water efficient shower heads and toilets have received much attention as relatively straightforward water conservation installations.⁷ It would, therefore, be important that the new Watermark scheme incorporated a sound water efficiency rating scheme. As Watermark does not currently rate products for their water efficiency, this would require significant administrative support.

Registration 5.1 ATA supports a more time and cost efficient registration process for WELS products as this may encourage registration and reduce the number of compliance violations.

5.6 ATA supports the introduction of one registration form for products requiring both energy and water ratings.

Labelling 6.2 The review has noted that as products near the maximum number of stars, the stars become a less helpful measure of comparison. E3 provides a *Super Efficiency Rating* to account for the level of products achieving high levels of efficiency.⁸ WELS could consider such an approach coupled

⁶ RMIT University, Centre for Design, 2007, *Product Environmental Labels Scoping Study Stage 1: PELS Review*

⁷ See www.savewater.com.au, <http://www.ata.org.au/sustainability/water/>.

⁸ Equipment Energy Efficiency Program, 2009, *Achievements 2008/09*.

with more stringent standards so as to further differentiate products from each other.

6.3 State water use targets such as those imposed by the Victorian and Queensland Governments⁹ are likely to have created greater awareness by the general public of average water consumption in litres. This may have contributed to the comment by retailers that volumetric information on labels is receiving more attention than star ratings on the WELS label. This issue does not necessarily mean that the WELS label must be redesigned to put greater focus on the volumetric information but provides an opportunity for the star rating to represent a broader efficiency rating (e.g. life cycle efficiency, efficiency versus size of appliance, product life cost versus water efficiency).

6.4 The provision of further information to the consumer at the point of sale would help WELS address the complexities of rating efficiency in scenarios where user behaviour can dramatically influence consumption (e.g. washing half loads in washing machines).

A small booklet providing this information as well as an outline of the testing methodology would help address the current information gaps for the consumer.

6.5 The entire water requirements of WELS-rated products must be considered in the rating system (i.e. for washer/dryer combination products) to ensure consumers are not misled.

6.6 ATA would only support the merge of energy and water labels if information about water use and energy use were displayed separately on the label. An overall efficiency label may be useful however it would fail to inform the consumer of any large disparity between the energy and water efficiency of the product in question.

At the same time Australia's E3 rating scheme is considered one of the most effective product environmental labels internationally receiving 94% recognition by Australian consumers.¹⁰ WELS could benefit from the experience and success of E3 labelling if the two were merged.

Compliance 7.0 ATA supports a strong compliance framework believing that straightforward registration and good stakeholder communication are important compliance measures.

Communications 8.1 Under the current review, WELS could undergo a significant restructuring. Changes to the WELS scheme provide an ideal opportunity to relaunch the scheme and regain visibility amongst consumers and retailers.

⁹ see: www.target170.com.au/How+to+read+your+meter, <http://www.target155.vic.gov.au/>.

¹⁰ RMIT University, Centre for Design, 2007, *Product Environmental Labels Scoping Study Stage 1: PELS Review*

If ATA were confident of positive changes made to the WELS scheme, the organisation would be very happy to promote the relaunch to its members and stakeholders.

8.2 With improved labelling and information resources at point of sale, retail staff would feel more supported by WELS and consider it more in their sales strategies.

8.3 As stated in ATA's key requirements (section 2), awards would provide an avenue for the WELS scheme to advance innovation and outstanding retailer and manufacturer performance. This not only provides visibility for the scheme and manufacturer support for the scheme it also provides an avenue for products which seek high quality standards outside of the rating scheme (comfort, design aesthetic) to receive acknowledgement.

Product Expansion and Setting new Minimum Efficiency Standards

9.3 The WELS Scheme should seek minimum efficiency standards for all products under its scheme. Minimum efficiency not only improves market performance it also ensures that low income consumers can access efficient products.

Add. ATA would like to see minimum efficiency standards and labelling progressed as per the *Regulation Impact Statement: Minimum water efficiency standards for clothes washers and dishwashers and water efficiency labelling of combined washer/dryers*.¹¹

Cost Recovery

10.1 The WELS Rating Scheme is a public good program and should be funded directly from consolidated government revenue.

Relation to Other Schemes

12.1 WELS and Watermark would benefit from improved communications strategies. It is currently quite difficult for consumers to access appropriate information about the schemes. ATA would support a web portal outlining the roles of WELS, Watermark and Smart Approved Watermark conditional on the potential restructuring of WELS.

Bundled Option

ATA would support *Option 2: Governance and Administrative Reform* suggested in section 3.0 of the Review.

ATA would like to thank the WELS Review Secretariat for this opportunity to provide a submission in response to the Independent Review's Discussion Paper 8 April 2010.

¹¹ see: <http://www.waterrating.gov.au/publications/ris-whitegoods.html>