



2015 WELS INDEPENDENT REVIEW – SUBMISSION COVERSHEET

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1. The Plumbing Merchants Association (PMA) is pleased to be able to assist the inquiry in the review of the Act,
2. In this respect the PMA as a significant not for profit company and trade association, has represented its Merchant and Supplier members in advocating for the plumbing and associated business in Victoria for over 50 years.

Membership covers the majority of the industry in Victoria with in excess of 75 members and associates, with over 120 points of representation in Victoria.

Our supplier associates represent a majority of the supplier, manufacture and distributors of plumbing product.

Our members are involved in both the retail merchant business to consumers but significantly run trade counters and accounts for the plumbing profession. In recent years there has been a substantial increase in contract business and supply to the building and property development sector.

In some cases business operates across Australia, ranging from subsidiaries of public companies to small family businesses.

We have encouraged our members to make individual representation to the enquiry as a reflection of their experiences of the Act over the past 10 years

3. The PMA and members have been substantially involved with the operations and impact of the Act over the past 10 years and have been in regular contact with the WELS administration in Canberra over the period.

The consequences, concern cost and operational impact of WELS has been a regular topic in meetings of PMA and with member and associates.

4. With this in mind, the PMA has taken the view that's it can best assist the inquiry by a focus on those aspects of the Act which in the opinion of the PMA create excessive cost and drag on productivity for little practical benefit. This has also focussed on discussion with members and an examination of the cost to the tax payers and to consumers in the administration and execution of the Act particularly the accrued cost over the past 10 years and for the future.
5. The PMA has also noted the outcome of recent examinations as to the interface of WELS with Water Mark with WELS being seen as an consumer education/information tool and advocate for consumer water saving and efficiency whereas Water Mark is involved with technical, safety and operational standards.

We believe that this point of difference is critical in determination of the coverage by the two bodies and for the 2015 WELS enquiry if we are to affect substantial cost savings and productivity.

6. Although, the PMA has issues with a number of the operational aspects of WELS such as physical audit of showrooms and somewhat draconian acts in respect of swing tags etc, and inexperience and high turnover of operational WELS staff for example, we will allow others to respond as appropriate.

On the other hand we have sought to identify for the enquiry substantive issues which can make the scheme more focussed and cost effective for both the government the taxpayer, industry and consumer.

7. In our discussion with members and associates and in our research into previous reports such as Guest and the Cost effectiveness of WELS it would seem to us that attention should be directed to the cost/benefit of WELS product coverage if the enquiry is to effect any substantial reduction in the cost of WELS.

Our focus, as a result of feedback from members and associates concerns tap product.

In testing and technical specification, taps in terms of volume and website registration account for over 55% of WELS activity and we would assume cost

To date showroom audits by WELS front line staff show that tap product account for some 80% of compliance and follow up issues many of which proved incorrect.

Registration and technical testing and compliance renewal for taps would represent a most substantial part of the cost of WELS to the industry.

Update of the WELS website, again due to tap volumes, would represent a significant cost.

New product and withdraw of old product again would be skewed to tap product.

The cost to government in administration of WELS, website and monitor of technical specification, registration, audit and compliance activity, would we expect on an unit cost allocation be heavily skewed to tap products.

8. In our research for this submission we have identified from the previous reports and from the WELS website and other sources, that taps account for UNDER 5% of water saving.

Forward projections showed that this proportion would decline to under 3%. The cost to our industry for compliance by suppliers and education, training management of WELS in the showroom is substantial and figures calculated just by one supplier in a submission to government show how serious this has become.

This information is available if required by the enquiry.

Thus, on the basis of our research there is a highly disproportionate cost in coverage of tap product for little water savings.

We are sure that in the initial configuration of the WELS scheme, this would not have been apparent, 10 years past.

9. A review of material in the market in the promotion of water savings has shown that there is a de facto realisation that high star ratings for taps do not save much for the consumer.

As far as we are aware there are no rebate schemes at state government level for high WELS rating taps, The WELS website does not attempt to calculate the cost benefit to the consumer from WELS tap product but does for other products which account for 95% of water saved.

Water savings tips we have sighted promotes the use of a plug in the sink and/or turn off and/or replace washer as better means of saving water but no mention of WELS tap rating.

10. A major driver for the heavy investment by the government and the industry in WELS was to better educate and encourage the consumer.

This has worked well for the consumer of high ticket white goods which just plug in to work.

However, for taps and other similar product it is ILLEGAL to install other than by a licensed plumber who MUST issue a state government administered certificate of compliance for work (over \$750 in Victoria) but would assume similar in other states.

It would seem to us that this has created a two level system of regulation for taps in addition to water mark this must be seen as inefficient.

We have also examined the purchase channels for taps.

We are aware that over the past 5 years there has been a most substantial shift to denser living and high level apartment's .project home and estate development.

So whilst we do not have the figures we would suspect that the proportion of consumers who now make an individual purchase of tap product could be on the decline, possibly less than 30%.

Developers are more concerned with LPLG. (low price looks good) and would go for an appliance that meets a minimum standard.

Feedback from our member showrooms indicates that the consumer, who is there to purchase for replacement or make- over is often also more concerned also with LPLG than the WELS rating unless its upmarket architect project .

IN SUMMARY

The PMA is of the view that WELS regulation of tap product is not cost effective and does not save water to the extent of the costs involved to the government and industry and is a drag on efficiency and productivity.

The issue of consumer education for tap water efficiency (star rating) has not worked as the dynamics do not prove the case to any realistic value and has not been promoted by state government, WELS or water save promotion.

For the reasons outlined the industry sees the regulation of tap product as unnecessary red tape and the current government has been lobbied on this by both large and small business.

Most substantial cost savings could be achieved by both government and the industry if tap product at least, could be moved from the WELS product list.

BUT the PMA would support the introduction of a minimum efficiency standard for taps product (which may be under consideration?), to run with the water mark licence for tap product eg move it to the technical standard.

Whilst the PMA has concentrated on tap product similar, views but to a lesser extent could apply to some other water product.

Douglas R Watson.
Secretary PMA