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Sophie Dunstone
Committee Secretary
Environment and Communications Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

11 April 2013

Dear Sophie

RE: **Inquiry into the Water Efficiency Labelling and Standards (Registration Fees) Bill 2013; and the Water Labelling and Standards Amendment (Registration Fees) Bill 2013.**

The Australian Water Association (AWA) welcomes this opportunity to provide a submission to the Inquiry into the Water Efficiency Labelling and Standards (Registration Fees) Bill 2013; and the Water Labelling and Standards Amendment (Registration Fees) Bill 2013.

The AWA is Australia's leading membership association for water professionals and organisations, representing more than 5000 individuals and over 600 organisations that are working in the Australian water industry.

The AWA plays an essential role in supporting the Australian water sector in the delivery of effective and sustainable water management practices. Our mission is to foster knowledge, understanding and advancement in sustainable water management – its science, practice and policy – through advocacy, collaboration and professional development.

Yours sincerely

Tom Mollenkopf
Chief Executive
Australian Water Association

Submission to Senate Standing Committee on Environment and Communications

Inquiry into the Water Efficiency Labelling and Standards (Registration Fees) Bill 2013; and the Water Labelling and Standards Amendment (Registration Fees) Bill 2013

The WELS scheme is established by the *Water Efficiency Labelling and Standards Act 2005 (Cth)* (WELS Act) and corresponding State and Territory legislation.

The objectives of the WELS Act are to:

a) conserve water supplies by reducing water consumption;
b) provide information for purchasers of water-use and water-saving products; and
c) promote the adoption of efficient and effective water-use and water-saving technologies.

The scheme aims to address these objectives by requiring registration and labelling of specified products to display their water efficiency for the purposes of sale, and setting minimum water efficiency standards which products must meet if they are to be supplied.

AWA recognises the significant contribution that the WELS Scheme has made in achieving the stated objectives since its establishment in 2005. The scheme was a key/valuable part of the success of the government funded rebates during the Millennium drought. The WELS scheme continues to be relevant and important, even though the rebates have been wound back.
The Productivity Commission recognised the schemes characteristics of a public good in its 2011 report on Australia's Urban water Sector stating that *: "The WELS scheme has been successful at providing the public with an objective set of information with which to make informed decisions, and should continue."* It is in this context of public good that any impacts on customers through the implementation of this bill be considered. For example an unintended consequence of setting a registration fee too high and creating a barrier, may be inflated product costs as manufacturers pass on the fees. This, in turn could lead to reduced competition and less consumer choice.

AWA notes that a cost recovery impact statement was prepared in relation to fee setting for the WELS scheme during the period 22 Jan 2013 – 21 Jan 2014. The modeling suggests that 98% of the operating costs will be recovered from the revised fee structure. AWA recommends that a review of the impact of the revised fee structure be conducted to ensure that any unintended consequences are taken into consideration, protecting the interests of manufacturers, suppliers/distributers and consumers.

AWA recognizes that the WELS scheme has been unable to recover sufficient costs of its activities (only 30% of costs are recovered), particularly with regard to compliance and surveillance. AWA supports the intent of the Water Efficiency Labelling and Standards (Registration Fees) Bill 2013, to recover 80% of the cost associated with operation of the scheme.