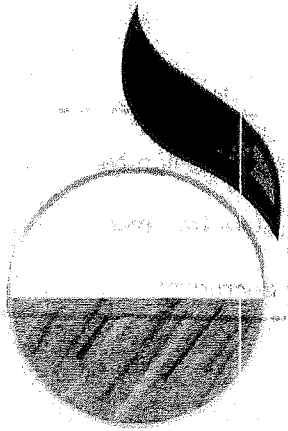


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Plumbing Industry Commission

Plumbing Industry Commission
(Victoria)

Submission to the
Standing Committee on Environment and Heritage

Inquiry into the
Regulation of Plumbing Product Quality in Australia

21 August 2007

Plumbing Industry Commission

The Plumbing Industry Commission is a statutory authority that oversees the plumbing control system in Victoria. This includes enforcing the use of approved plumbing products by plumbing practitioners.

Its core functions are to promote plumbing standards, ensure that plumbing work is carried out safely and competently, and administer the licensing and registration system for Victorian plumbers.

Its objectives are to protect the health and safety of the community, and take a leading role in emerging issues such as energy efficiency, water conservation and the impact of plumbing systems on the environment.

The Plumbing Industry Commission conducts audits and investigations, provides technical advice, and conducts information and education programs for industry participants.

It also participates in the National Plumbing Regulators Forum, which is responsible for developing the Plumbing Code of Australia.

The Plumbing Industry Commission is a self-funding authority, and last year it oversaw the work of more than 20,000 registered and licensed plumbers, and received more than 335,000 compliance certificates for work performed in Victoria.

SUMMARY OF MAIN POINTS

The Plumbing Industry Commission has the following concerns:

- At present Australia has several schemes (some legally enforceable, some not) that approve or endorse different plumbing products and different aspects of product performance.
- The enforceable schemes (WaterMark and WELS) assess for different purposes, leading to some products requiring certification from different authorities. Neither scheme has complete coverage, so some products are not assessed. Other products are assessed and labelled under voluntary schemes that run in parallel to WaterMark and WELS (such as Smart Approved WaterMark).
- The enforceable schemes are supposed to operate in tandem, but are not well co-ordinated. WELS approves products for water efficiency, but these may or may not be approved under WaterMark. This situation, together with a separate voluntary scheme with 'WaterMark' in its name, creates the preconditions for confusion and poor compliance on the part of manufacturers, importers, retailers, consumers and plumbing practitioners.
- Currently it is possible for consumers to purchase plumbing products that plumbers are not authorised to install. This situation suggests that enforcement of standards would be more effective if Australia used a single scheme that regulated product quality in every dimension, and was enforceable across the whole product supply chain rather than (as with WaterMark) just at the point of installation.

The Plumbing Industry Commission supports the following approach:

A nationally consistent, centrally administered, well-resourced regime is needed to:

- set comprehensive product standards that specify plumbing product performance in every public policy dimension, including health, safety, water or energy efficiency and quality
- assess locally manufactured and imported products against these standards
- certify and label which products meet Australian standards (or a recognised overseas equivalent standard)
- allow for enforcement of compliance across the whole plumbing product supply chain (e.g. at the point of sale or import) rather than just at the point of installation
- develop and apply standards efficiently, at a minimal cost to the parties involved
- provide a central online source of transparent and authoritative information for suppliers and users, and supplement this with active industry and public awareness programs.

Such a regime would give both suppliers and users greater confidence that:

- the products they purchase and install meet all relevant Australian standards
- all parties involved in import, manufacture, purchase, sale or installation can follow the same guidance
- the Australian market is a level playing field where all local and offshore suppliers compete to meet a consistent and transparent set of national product standards
- assessment and approval processes are resourced well enough to be responsive to innovative products, as manufacturers meet the design challenge to perform across a wider spectrum of public policy considerations.

1 Background - current assessment, approval or endorsement mechanisms

1.1 *At present Australia does not have a comprehensive plumbing product approval regime. There are two government-authorised schemes that regulate different aspects of product performance, where minimum standards are enforceable.*

WaterMark Certification Scheme (WMCS)

The WMCS supersedes an earlier scheme that used StandardsMark, WaterMark and Type Test certification trade marks.

WMCS is administered by Standards Australia (SA), a company which owns the WaterMark trademark. The WaterMark trademark represents a certification that water supply, sewerage, plumbing and drainage products conform with the relevant Australian Standards and Technical Specifications.

SA monitors a process for assessing and certifying plumbing products, conducted by registered Conformity Assessment Bodies (CABs) under a contract with SA. Once assessed and certified, products are labelled with the WaterMark trademark.

Use of the WaterMark is not limited to goods manufactured in Australia, as long as these are assessed by a registered CAB as complying with the requirements. SA also maintains a searchable online data base of certified products.

Under a Memorandum of Understanding the National Plumbing Regulators Forum (NPRF) and SA co-operate to co-ordinate the codification of Australian Standards for plumbing products (maintained by SA) and the Plumbing Code of Australia (PCA) (maintained by the NPRF).

The PCA is a reference document that conceptually defines various performance requirements for plumbing installations (which the Australian Standards are designed to meet in practice). The PCA definitions have legal force only when invoked under the legislative provisions of a particular jurisdiction. The PCA sets out the categories of plumbing products that require certification under the WaterMark scheme.

Concerns have been expressed about the execution of WMCS, which relies on aligning the efforts of distributed networks of participants to define or apply product standards:

- Committees of industry and regulatory participants need to co-operate to define a complex and evolving set of standards. While the process of drafting, discussion and moderation consumes significant resources, not all jurisdictional regulators are resourced to meet the demands of this function.

- CABs need to make detailed submissions to have new innovative products from manufacturers approved by SA as a Technical Specification initially, then later recognised under an appropriately defined Australian Standard. It is possible for suppliers to delay this process and avoid registering products for renewal to the WaterMark scheme, while keeping their products on the market.

Water Efficiency Labelling and Standards scheme (WELS)

This is a Commonwealth government scheme established under the WELS Act 2005.

It rates common household appliances for water efficiency (similar to energy efficiency labelling). It is enforced by the WELS Regulator and a permanent team of inspectors.

WELS uses a one-to-six star rating scheme and covers showers and tapware, lavatory and urinal equipment, and clothes and dishwashing machines. Before sale, appliances must be tested by an approved laboratory and labelled accordingly.

Beyond water efficiency WELS does not cover wider aspects of product safety or performance, such as those covered by WaterMark.

Concerns have been expressed that the relationship between WELS certification and WaterMark certification is not clear.

Reportedly there are public perceptions that the two schemes are integrated, and that WELS approval implies WaterMark approval.

However a WaterMark certification is not currently a prerequisite for a WELS rating, and WELS ratings cannot currently be withheld due to lack of a WaterMark certification.

A common view is that the two standards should be separately defined and referenced, but administered in tandem. Where a product requires a WaterMark to meet Australian standards, the WaterMark certification should precede WELS ratings. This would require legislative change.

1.2 *Alongside the two government-authorised schemes, other bodies such as the two outlined below assess and endorse various plumbing products on a voluntary basis. These are not enforceable.*

Water Industry Product Appraisal

This is a voluntary scheme introduced by the Water Services Association of Australia (WSAA), the peak body of the Australian urban water industry.

It provides a single coordinated appraisal of a product's conformity to the needs of the urban water businesses for manufacturers, suppliers, importers, distributors or agents who have a product that may be suitable for use by the water industry.

The appraisal is a process of assessment and review of the design, performance and suitability of a product for use in water and wastewater infrastructure at a nominated performance level.

Final authorisation, approval or acceptance for use of the product lies with the individual water businesses. Appraisal reports are 'public' documents that can be purchased.

(WSAA and its partners also host the Smart Approved WaterMark scheme, outlined below.)

Smart Approved WaterMark

This is a non-government labelling scheme that endorses water saving products used around the home.

It focuses on outdoor systems and appliances: rainwater tanks, greywater systems, pool systems, garden sprinkler systems, carwash products, etc.

Set up as a 'sister scheme' to WELS, the voluntary Smart WaterMark is a water-saving label with a predominantly outdoor focus.

By contrast, WELS is a mandatory water-efficiency rating label for indoor products. Where a product falls within the WELS scheme, suppliers cannot apply for the Smart WaterMark.

1.3 *Other product approval or endorsement schemes*

Other product approval and endorsement schemes apply to appliances and installations that have a plumbing component, such as hot water services and split system air conditioners. Depending on the type of product and the jurisdiction, suppliers and users may need to comply with a plumbing product standard and also with the relevant:

- gas appliance assessment standards;
- electrical appliance assessment standards; or
- energy savings ratings schemes.

2 Issues and discussion

2.1 *Appropriateness and effectiveness of current arrangements*

Despite the good efforts of all parties concerned, current arrangements are not as effective as they could be. There is an array of schemes and sources of advice on aspects of product performance. No one scheme is definitive on all the performance aspects of a particular plumbing product. No one scheme encompasses all kinds of plumbing product. This adds complexity and scope for public and industry confusion to a complex and rapidly evolving plumbing environment.

This situation reflects a history of state-based regulation, the emergence of new public policy priorities in energy and water saving, emerging consumer concerns with resource conservation, technological developments, and increasingly globalised markets for products, where industry players can bypass traditional supply chains.

In this environment, it is not enough to place the onus on consumers to interpret the various forms of product labelling. Nor is it enough to require plumbers to interpret and regulate what kinds of product they are prepared to install for their clients.

Importers and retailers should share responsibility for making sure that the products they supply can be purchased and installed with confidence that they meet all relevant Australian standards. This means multi-point enforcement is needed (such as point of sale, as is possible with WELS), not just enforcement at the point of installation.

In a globalised market for building materials, developers can arrange direct import of a container load of plumbing product and bypass the local supply chain entirely. This means point of import enforcement of regulated standards is needed, in addition to enforcement at other points in the supply chain.

2.2 *Scale of environmental benefits from controlling plumbing product quality*

In the long run it makes sense to take a holistic view of product quality, one that does not separate public policy and consumer concerns with water conservation or energy saving from other aspects of product performance such as safety or longevity.

(Shower heads should be durable as well as water-efficient; hot water services should be safe as well as energy-efficient.)

2.3 Trade implications of controlling plumbing product quality

Australian standards should promote the mainstreaming of all aspects of product quality into design and manufacture, whether for locally built or imported products. This would be consistent with the GATT Technical Barriers to Trade (GBTB) Agreement, in that it would not discriminate against imports. Industry can respond to high standards of design if these are consistent and transparent. Manufacturers that respond with better design to meet Australian conditions will be well positioned to sell into other markets. This would be most apparent to all parties where there is mutual recognition of any equivalent standards that exist internationally.

The Trans-Tasman Mutual Recognition Agreement (TTMRA) states that any product that can be lawfully manufactured in or imported into either Australia or New Zealand may be lawfully sold in the other jurisdiction. In consequence, where the two countries apply different standards for a given product, the less stringent requirement becomes the defacto level for both countries. This rule applies unless the country with the more stringent requirement obtains an exemption under TTMRA.

This means that Australia should either reach agreement with New Zealand to match Australian requirements for plumbing products (as it does currently with the WELS program), or seek an exemption under the TTMRA.

2.4 Potential improvements to the plumbing quality regulatory system, and the appropriate level of government to administer plumbing product quality regulation

For the main product quality scheme, WaterMark, the process of national co-ordination to set, publish and enforce standards is under-resourced and responsibilities are fragmented.

This argues for a national body that is established under legislation, properly resourced to focus on plumbing product quality standards as its core business. Such a body needs the authority, tools and expertise to co-ordinate standard-setting with jurisdictional regulators, respond to industry innovations local and international, and conduct active education, audit and investigative programs.

A more comprehensive standard setting and product approval regime need not be named WaterMark. But a similar process for co-ordinating national standards should be retained - one that can shape or shadow international equivalents as appropriate.

3 Recommendations

Legislate for a unified national scheme that codifies all aspects of plumbing product performance and quality, including water or energy efficiency where relevant.

Require certification for all classes of plumbing product at the point of sale for retailers, the point of import for importers, and other points in the supply chain as needed.

A nationally unified scheme should be centrally authorised and administered, either by:

- o a Commonwealth government agency (as now applies with the WELS scheme); or
- o an authorized national body (as now applies with the WaterMark Certification Scheme); or
- o another national co-ordinating body such as the NPRF – but one equipped with the resources, expertise, networks and contractual relationships to define, codify, promote and enforce standards.

A unified national approach would allow retailers, consumers, plumbers and other industry participants to follow the same guidance. It would also allow regulators to enforce a clearer set of standards for suppliers and users.