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Parliament of Australia  
House of Representatives

**Standing Committee on  
Environment and Heritage**

**Inquiry into the Regulation  
of  
Plumbing Product Quality  
in Australia**

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**Plumbing Products Industry Group**

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## EXECUTIVE SUMMARY

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PPI Group supports the following:

- The formalisation of the National Plumbing Regulators Forum as a fully funded Australian Plumbing Codes Board, similar to the Australian Building Codes Board;
- The NPRF, Standards Australia and Conformance Assessment Bodies being proactive in the development and delivery of the WaterMark system;
- The application of WaterMark through the Plumbing Code of Australia is the minimum requirement for any plumbing product imported, manufactured, sold or installed in Australia and we provide a draft amendment to the Water Efficiency Labelling and Standards Act 2005 to achieve this outcome (see page 9);
- A prerequisite that prior to applying to have a WELS certificate, a WaterMark certification must be provided;
- WELS Scheme becoming more industry focused and responsive to ensure effectiveness and deliver confidence to both industry and consumers;
- Formation of an Industry Reference Group to support the operation of the WELS Regulator;
- The implementation of a "self registration" system for the WELS scheme;
- An increased audit role for WELS

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## **PPI GROUP – WHO WE ARE**

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- 1 The PPI Group is the Association of plumbing product manufacturers and importers in Australia and New Zealand. Members supply high quality products which comply with the appropriate Australian standards and all regulatory requirements.
- 2 PPI Group actively promotes the establishment and maintenance of high standards of quality, service and ethics throughout the industry.
- 3 Industry is concerned products which are not WaterMarked are being sold and installed in plumbing systems connected to towns' mains. These products may be of a poor quality which can cause problems and lead to early failure. The integrity of water quality and maintenance of public health and safety are paramount for PPI Group, state and federal governments.
- 4 In Australia, regulation of plumbing installations has evolved as a result of concerns about water resource and community health, safety and welfare issues. Concerns have included consumer, property and environmental protection and protection to the relevant authorities' water supply, sewage and storm water disposal infrastructure through regulation or plumbing works as well as the conservation of resources, particularly water and optimising energy usage.

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## **NATIONAL PLUMBING REGULATORS FORUM**

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- 5 On 9 Dec 2004 the Plumbing Code of Australia (PCA) was published by the National Plumbing Regulators Forum (NPRF) on behalf of each State and Territory Government.
- 6 The NPRF exists entirely through cooperative action and has no executive power. The members come from individual jurisdictions and represent statutory responsibility for regulation of plumbing, occupational registration and/or on-site plumbing regulation. This structure has placed limitations and constraints on the endeavours of the group and while their success to date is to be applauded, there is an argument that the restrictions of the current structure have precluded the organisation from delivering more efficient and effective benefits to the Australian community in a more deliberative and responsive time frames.

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## **AUSTRALIAN PLUMBING CODES BOARD**

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- 7 PPI Group holds the view the Australian Federal government, as well as the state and territory governments, should be actively involved in the reform of plumbing regulation. We would support the formal establishment of an Australian Plumbing Codes Board (APCB) similar in structure to the Australian Building Codes Board, which has made

progress in reducing regulatory differences across jurisdictions and in basing the Building Code of Australia on performance requirements.

- 8 The APCB should be supported through industry participation at the board level.
- 9 The core work for the APCB should be maintaining and updating the Plumbing Code of Australia and should be given a high priority to ensure plumbing regulation is nationally consistent and based on sound principles for regulation. The future work agenda should also include working to reduce differences in plumbing regulations across all jurisdictions.
- 10 The APCB should also have as a core activity applying rigorous analysis to all proposals for incorporating environmental requirements into plumbing regulation.
- 11 The APCB should also have as a requirement an overview role for all water conservation initiatives being developed and delivered through Federal and State Government agencies to ensure the initiatives:
  - a) deliver real savings in conservation terms;
  - b) are not in conflict with conservation outcomes from other initiatives;
  - c) encourage real outcomes and do not direct either public funds or the community to substandard or unproven products or systems;
  - d) must be encouraged to be the best for the future, which will encompass research and debate for the best solutions, rather than just the quick fix for today – a quick fix which may deliver more problems for the community into the future. This role could encompass funding of research or supporting a new technology into the market, or requiring the removal of an old technology.
- 12 PPI Group recommends a new Intergovernmental Agreement (IGA) should be negotiated by the nine governments to take forward the future plumbing regulation agenda. This IGA could also: clarify the objectives of plumbing regulation reform; strengthen the commitment to national consistency; and affirm the importance of a whole-of-government approach to plumbing regulation and conservation.

## **PLUMBING CODE OF AUSTRALIA**

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- 13 The Plumbing Code of Australia sets out performance based technical provisions for the design, construction, installation, replacement, repair, alteration and maintenance of plumbing and drainage installations throughout Australia.

- 14 It also sets out the requirements for the use of materials and products in plumbing and drainage installation and finds the processes for certification and authorisation of materials and products that require statutory authorisation to enable the use in plumbing and drainage installation.
- 15 The PCA development was supported by all regulators and industry on the basis that it would deliver benefit to industry with greater consistency and with the requirements of all states and territories being outlined within a single document. In addition, it was expected that the new streamlined product approval procedures would address concerns manufacturers had with the National Certification of Plumbing and Drainage Products Scheme.

## **WATERMARK**

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- 16 The PCA requires the application of a "WaterMark" to signify that it is fit for purpose for installation as required by the PCA, which references Australian Standard AS5200 and the WaterMark Certification Scheme for plumbing products. WaterMark confirms that the product:
- Complies with the requirements of the PCA and the specifications listed in AS5200.
  - Has been independently tested in accordance with the particular product standard and deemed to comply.
  - Is subject to manufacturing processes, controls and quality systems are regularly audited by an accredited Conformity Assessment Body and where necessary, non-conformance notices are issued. There is provision for licenses to be withdrawn.
  - Does not create significant risks or any likely outcome of personal illness, loss, injury or death; environmental degradation; contamination of the water resource; adverse impact on infrastructure (Private and Public); wastage of resources (Water and Energy); premature failure of the material of product; and the inability of the product or material to function as intended.
  - Where used in contact with drinking water, the products comply with AS/NZS 4020 to provide assurance that any leachates will not have adverse impact on human health or affect the taste or appearance of water.
  - If it is a nominated tap, outlet or shower, has had flow rate/s tested and determined as a basis for a water efficiency rating as per AS/NZS 6400.

## **AREAS FOR IMPROVEMENT – NPRF, STANDARDS AUSTRALIA AND CABS**

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- 17** NPRF, Standards Australia and all Conformance Assessment Bodies (CABs) need to be more proactive in regard to non-complying product in the market place. The lack of action or publication by these organisations undermines Industry confidence in the WaterMark system.
- 18** Standards Australia must provide adequate resources to modernise and respond quickly, capably and effectively to product & industry changes. Industry commits extraordinary resource to delivering the expertise necessary to develop the appropriate standards for the Australian community through the Standards Australia process and having this process delayed through a lack of resource undermines Industry commitment and confidence in participation.
- 19** NPRF must ensure all the elements of the PCA, WaterMark and Standards Australia operate seamlessly, without impediment or delay delivering the surety implied within the PCA and WaterMark. This supports our previous contention on the need for support for the role of the NPRF and for each regulatory regime to commit the necessary resource to deliver the necessary outcome to provide the safe delivery of water to the Australian community.
- 20** Public awareness of the Watermark requirement must be a prime consideration for these organisations – the consumer must know that the WaterMark provides assurances that products are fit for purpose and products without the WaterMark may not be able to be connected to the mains water network.
- 21** The NPRF, Standards Australia and the CABs need publicly show their commitment to the WaterMark. This demands that they, individually and collectively, publicly stand behind and support the WaterMark and that they take action on non compliant product and ensure the market and consumers are informed of the result of their actions in this regard.

## **WELS SCHEME**

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- 22** Concurrent with the publication of the PCA, the federal government was proposing the WATER EFFICIENCY LABELLING AND STANDARDS BILL 2004. Its objects are:
  - a) to conserve water supplies by reducing water consumption;
  - b) to provide information for purchasers of water-use and water-saving products;
  - c) to promote the adoption of efficient and effective water-use and water-savings technologies.

- 23 Industry and regulators alike again fully supported the introduction of this initiative.
- 24 Industry support was delivered on the understanding that the prime principle underpinning the WELS scheme was the prerequisite for participation was compliance with:
- the requirements of WaterMark; and
  - the relevant Australian Standard.

This principle was the basis on which the industry parties actively supported the Federal Government initiatives to develop and implement the WELS scheme and was confirmed by presentations by WELS Officers in the "*roadshow-presentation.pdf - Slides 12/15/24 and 27 - dated 13 July 2005*". This document has been removed from the WELS website but a copy of the presentation in pdf can be made available to the Inquiry if requested.

- 25 PPI Group holds the view in relation to WELS that was most recently expressed by ACCC Chairman, Graeme Samuel (29/9/06) on the energy star rating system:–

*"The integrity of the Australian energy star rating system is important because it provides a powerful market-driven incentive for manufacturers to improve the energy performance of their products. Consumers need to have confidence that they can use the star rating of an air-conditioner to make an informed choice between competing brands".*

*(<http://www.accc.gov.au/content/index.phtml/itemId/763524/fromItemId/2332>)*

The WELS scheme deserves to have the same market respect and consumer confidence.

- 26 PPI Group contends that the application of a WELS label to a non WaterMarked, non authorised product is undermining the delivery of a safe water supply to the Australian community.
- 27 PPI Group notes:
- a) As early as May 2003, industry, through WS032, was saying, "If a product can't meet the prescribed MPS (Minimum Performance Standards) then that product can not be sold."
  - b) Minutes of WS032 meeting 28th and 29th August 2003 highlight concerns from the NPRF about endorsement of product that cannot be legally installed.
  - c) WS032 comment on the WELS RIS "...it could be argued that labelling something as a water efficient plumbing product that cannot be installed by a plumber is misleading..." and "also references here the integrity of the label if applied to products that may be forced to be removed from installations because



*they cannot be legally installed." It adds ... "While negotiation should continue on this issue, buyers of labelled product are entitled to the assurance that the product complies with all applicable Standards".*

- 28 WELS Officers, on implementation of the scheme, informed industry that the Act and Regulations are about "water-use" minimisation and could not go to "fit for purpose" principles. Therefore, WELS could not require WaterMark or compliance with the relevant product standard before accepting an application for a WELS label.

The Department describes WELS as a government regulatory scheme, underpinned by product testing to Australian Standards. WELS products must carry a WELS label showing the water efficiency star rating and the water consumption of the product.

- 29 WELS Officers advise that without a change to the WATER EFFICIENCY LABELLING AND STANDARDS ACT 2005 they are unable to require WaterMark before processing WELS applications.

## **DRAFT AMENDMENTS TO THE WATER EFFICIENCY LABELLING AND STANDARDS ACT 2005**

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- 30 PPI Group puts forward the following as a solution:

### **Section 3**

*Add a new subsection 3(d):*

"To ensure that WELS labelled water-use and water-saving products are fit for purpose and that their use in a plumbing or drainage installation is sustainable and does not create significant risk or any likely outcome of:

- (i) personal illness, loss, injury or death;
- (ii) environmental degradation;
- (iii) contamination of the water resource;
- (iv) adverse impact on infrastructure (Private and Public);
- (v) contamination of the water supply;
- (vi) wastage of resources (Water and Energy);
- (vii) premature failure of the material or product; and
- (viii) the inability of a material or product to function as intended."

## Section 7

*Insert after the definition of "person who has WELS information" the following:*

"Plumbing Code of Australia means the Plumbing Code of Australia published by the National Plumbing Regulators Forum as amended or remade from time to time."

## Section 19

*Add new subsection 19(5):*

"The WELS standard shall include the Plumbing Code of Australia as applicable to each WELS product."

- 31 PPI Group recommends a number of additional changes to ensure the efficient and effective operation of the WELS scheme

## INDUSTRY REFERENCE GROUP - WELS

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- 32 Throughout the implementation of the scheme it has been very apparent that WELS Officers were not conversant with the industry they were endeavouring to regulate. It was apparent on many occasions when industry offered assistance it was viewed with suspicion and discounted as of limited value.
- 33 To ensure appropriate information and advice is available to WELS Officers, there should be formed an Industry Reference Group (IRG) which overviews the implementation and application of the schemes and provides advice direct to the WELS Regulator. This IRG should be appointed by the Minister and be no more than 10 persons.

## SELF REGISTRATION - WELS

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- 34 It is proposed that a method of self registration legally signifying compliance be introduced to the WELS registration process.
- In general all of the current WELS registered companies have independent 3rd party accreditation at their manufacturing facilities. These companies undergo regular product and systems audits as part of their product or systems accreditation. During these routine audits companies can demonstrate that they are managing the risk. The third party Auditors can review test procedures and relevant batch test reports - this could be done at no additional costs to the companies as part of the standard compliance audits. This would also include labelling and warnings as both AS/NZS6400 and the PCA warranty is referenced in product Standards
  - As part of the WELS requirement all companies responsible for the management of their certified products must implement systems

and procedures to manage the risk of failure to comply and are fully aware of the consequences of non compliance.

- It is proposed that authorised companies have access to register their own products via the web site. Verification of compliance can be carried out as above. The WELS office would only then need to carry out the gazette as required.

## **REGISTRATION OF PRODUCTS - WELS**

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- This self registration should be accessible to all current WELS license holders or their approved Australian agents provided they have an appropriate independent 3rd party certification audit.
- All companies who are registering products for the first time can complete the first submission on line with a desk top review to ensure they are familiar with the system prior to getting access to the self registration facilities.

## **BENEFITS TO WELS & PARTICIPANTS**

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- Reductions in the registration and approval times will add certainty, improve scheduling and allow the product to be taken to market quicker.
- It would also reduce the ongoing cost to administer the registration process.
- It would allow payment to be processed by credit card for immediate registration on line.
- The WELS regulator, rather than having to review all registrations, can perform an on line spot auditing function as an additional means of verification.
- This also releases WELS Officers and allows the regulator to direct their resources to policing and training activities.

## **AUDIT ROLE WELS**

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- 35** PPI Group has concerns that the policing role of the WELS regulator has not been managed in a public way which provides confidence to participants and consumers. This role needs to be more proactive and publicly visible to ensure the scheme is not undermined in any way.

The WELS website ([waterrating.gov.au](http://waterrating.gov.au)) makes references to enforcement, including

- A team of inspectors with significant monitoring and investigations powers
- Strong enforcement powers under the WELS Act including the ability to

- Impose significant fines and penalties
  - Compel the withdrawal of product and to deregister product; and
  - Advertise convictions
- 36** Responsible companies incur considerable expense to conform to all the requirements of both Federal and State/Territory governments. Complaints to WELS on non-compliance have seemingly produced little or no response and this perceived inaction causes companies to wonder why they should bother complying when others seem able to not be affected by the legislation and/or requirements.

## **ACCOUNTING - WELS**

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- 37** It is our understanding that the WELS scheme was to be a self funding operation. The only information available is through the Department of Environment and Heritage Financial Accounts and these accounts on Page 329 2005/2006 report advise only that there is a balance carried to the next period of 1,027,181. Questions industry has include:
- a) How much money has been collected since the inception of WELS?
  - b) Where has the money be applied?
  - c) Will a focus on policing be able to be funded?
  - d) Has all the application monies been applied to IT development and staffing?

## **TRADE IMPLICATIONS OF CONTROLLING PLUMBING PRODUCT QUALITY**

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- 38** PPI Group holds the view that there is no barrier to trade provided in any of the above initiatives. The certification requirements of the Australian Standards can be carried out by any approved test laboratory or Conformance Assessment Body. The organisation does not need to be located in Australia, but it must be certified to carry out the necessary tests and itself be certified as an appropriate compliance organisation.
- 39** The current requirements deliver surety to the Australian community, if they are not undermined by legislative arrangements put in place with the best of intention, but which undermine the processed participants have worked together to achieve outcomes beneficial to all.
- 40** The minimum requirement of compliance with the relevant Australian Standard and WaterMark as appropriate can in effect be used to assist Australian manufacturers to enter other markets with a strong reputation for quality.