

Water Efficiency Labelling and Standards Act 2005

Section 75 of the *Water Efficiency Labelling and Standards Act 2005* (WELS Act) requires an annual report on the operation of the Water Efficiency Labelling and Standards (WELS) scheme. This section provides the report for 2021–22.

Scheme effectiveness

We administered the WELS scheme on behalf of all governments. Costs of administering the scheme were covered by registration fees (target was 80% cost recovery) and funding from Commonwealth, state and territory governments.

The environmental and economic benefits of consumers choosing water efficient products were:

- saving 158 GL of water in 2022, which is likely to be 230 GL per year by 2036
- saving \$1.47 billion in water and water-heating utility bills in 2022, which is likely to be \$2.6 billion per year by 2036
- saving 2.31 metric tons of carbon dioxide equivalent (MTCO₂e) in greenhouse gas emissions in 2022, which is likely to be 2.41 MTCO₂e by 2036.

Government and industry schemes continued to rely on the WELS scheme for sustainable development and water conservation initiatives. These schemes indirectly supported the objectives of the WELS Act. Examples of initiatives were:

- Water utilities and governments used the WELS scheme to advise household and commercial residents about saving water. They offered product swaps for more efficient WELS-registered products. In 2021–22 this included showerheads and washing machines.
- Queensland rental properties required water efficiency certificates for taps, toilets and shower fittings. Where they did not achieve certification, the property manager/owner was responsible for contributing to the tenant's water bill.
- The Australian Government:
 - required all Commonwealth entities to consider WELS ratings when buying water appliances as part of the *National Waste Policy Action Plan 2019*
 - relied on the WELS scheme for information on reducing water use under the Your Home initiative, which provides a national guide to creating sustainable homes
 - incorporated WELS star ratings into the Nationwide House Energy Rating Scheme, recognising the link between water and energy consumption in homes
 - incorporated WELS star rating for the minimum efficiencies of toilets, urinals, showers and certain taps into the 2022 National Construction Code.
- Industry and consumer advisory groups, such as the Water Conservancy and CHOICE, provided advice to householders and businesses about how to use WELS-registered products to save water.

- The Green Building Council of Australia's Green Star scheme used WELS star ratings to determine sustainability ratings of buildings, fit outs and communities.
- The New Zealand Government and associated supply chains relied on WELS registration and product ratings to support consumer choices in New Zealand.
- Standards Australia promoted the WELS standard as a contributor to Australia's efforts to meet the United Nations sustainable development goals. This promotion was part of World Standards Day.

The WELS scheme attracted international attention as a world-leading water efficiency labelling program that reduces demand for potable water. In 2021 we shared information with the governments of Malta and the United Kingdom about the design and operation of the WELS scheme.

Operation

Stakeholder engagement and education

During the year we engaged with regulated industries through:

- WELS Advisory Group, Australian Standards technical committees and the Joint Accreditation Scheme – Australia New Zealand Technical Advisory Committee
- industry events
- assisting product registration applicants
- educating retailers and developers about complying with labelling requirements
- providing guidance to e-commerce sellers through platform providers
- surveying stakeholders on compliance risks
- publishing InkWELS newsletters
- maintaining the public WELS registration database
- sharing policies and publications on the Water Rating website
- providing free access to the WELS standards.

We held 2 WELS Officials Group meetings with state and territory government counterparts. The meetings considered the status of the WELS scheme, water efficiency initiatives, independent review of the WELS scheme and intergovernmental agreement, and the strategic plan and funding arrangement for 2022–2025.

In 2021–22 we collaborated with co-regulators on:

- WaterMark certification on WELS plumbing products (Australian Building Codes Board)
- changes to the National Construction Code (Australian Building Codes Board)
- regulatory scheme management related to energy ratings on WELS whitegoods (Department of Industry, Science, Energy and Resources)
- building regulations (state and territory governments)
- trading arrangements between Australia and New Zealand and the administration of the New Zealand WELS scheme.

Standards

International standard

We led the development of an international standard for water efficiency labelling programs. This involved collaboration with 37 trading partners, industry and Standards Australia. The standard, published in June 2022, recognised the Australian WELS scheme as a best practice example. The standard helps countries facing water scarcity to develop water efficiency product labelling programs that will reduce demand for water.

This international initiative contributed to Australian targets under the United Nations Sustainable Development Goal 6: Water and sanitation for all. It also established a foundation for the development of an international standard for the water efficiency ratings of products, which could reduce trade barriers.

Australian standards

We worked with the Standards Australia technical committee to update the Australian/New Zealand Standard 6400:2016 *Water efficient products – Rating and labelling*, known as the WELS standard, and the related product-specific standards. The amendment was published in June 2022 and made freely available to industry. It will:

- lead to more accurate information about product water efficiency and consumption
- more clearly connect the product for sale with the product's WELS registration information
- extend the ratings for showers, which will promote many 4-star showerheads on the market to 5-star and drive the design of more efficient products
- introduce minimum water efficiency performance requirements for plumbing, which will remove inefficient products from sale.

A Standards Australia committee working group continued to develop an in-service check-testing standard for showers and tapware. This will allow testing of products against the water efficiency requirements of the Plumbing Code of Australia and testing of claimed water use after installation.

WELS product registrations and public database

During the year we simplified the process for registering product variants. Examples are colour, finish and tap options. Product variants were no longer registered individually and did not add to the total models registered. This improvement reduced the time to register each variant from 7 minutes to a few seconds. This will save industry more than 1,420 hours of regulatory administration each year. It also halves the assessment time, which supports quicker supply of products to the market.

We maintained a 24-hour WELS product registration database on the Water Rating website. The database provided access for all stakeholders, including potential purchasers, to search and view registered products.

During the year we assessed and registered 27,653 products, including 5,317 registrations that ceased in July 2022. This was an increase of 1.1% on the previous reporting period. Of the registrations, 8,676 products were registered with variant options.

More than 434 organisations registered products. Of these, 239 were based in Australia. Most of the international organisations were based in Asia and Europe. The registered products comprised:

- 531 models of clothes washing machines
- 661 dishwasher models
- 12,953 tap equipment models
- 5,499 shower equipment models
- 2,354 lavatory (toilet) models
- 141 flow controllers
- 143 urinal models.

Compliance and enforcement

The WELS Act requires products to be registered and labelled at all points in the supply chain. Compliance monitoring and enforcement actions were in accordance with the *WELS Compliance and Enforcement Policy* and our *Compliance Policy*.

During the year we introduced a compliance case management system to record and manage cases for the WELS scheme. The system enabled:

- case management from allegation through to enforcement
- network analysis of linked entities with multiple non-compliant supply channels
- enhanced reporting functionality
- increased information integrity, traceability and record keeping.

In 2021–22 compliance activities focused on responding to allegations and monitoring non-compliant e-commerce listings. We also continued to detect non-compliance with labelling or registration requirements on supplier websites and online marketplaces. Measure WA-01 reports on our compliance activities. We attributed the large increase in detected non-compliant sellers compared with previous years to our increased focus and the resources we allocated to monitoring online markets.

The civil case, brought forward by the WELS Regulator and represented by the Australian Government Solicitor, was heard in the Federal Court. Judgement is expected later in 2022.

Evaluation

The CSIRO conducted a survey on brand recognition of rating schemes for home and building products. The survey included consumer awareness of the WELS scheme. Of the 3,010 respondents:

- 69% recognised the WELS label as the WELS logo
- 70% were aware of WELS water efficiency star ratings on appliances (washing machines and dishwashers)
- 46% were aware of WELS water efficiency star ratings on taps and showers.

The lower awareness rate for plumbing products reflects that taps and showers can be offered for sale with text information about water consumption and ratings rather than a label.

Source Frederiks, E, Romanach, L & Nilsson, D 2021, Nationwide House Energy Rating Scheme (NatHERS) Brand Review Study: Phase 1 Survey Results, CSIRO, Australia.

Review

Section 76 of the WELS Act requires an independent review of the WELS scheme every 5 years. The 2020 review is complete. The Act requires the report to be tabled in parliament.

Financial information

The *WELS Strategic Plan 2016–19* set an agreed revenue budget based on projected industry fee revenue that increases annually at 4%, with government contributing 20% of the cost of the WELS scheme. The strategic plan was extended to 2021–22 by mutual agreement with state and territory governments.

Table 57 WELS industry fee revenue

Item	2019–20 (\$)	2020–21 (\$)	2021–22 (\$)
Industry fee revenue	1,636,172	1,618,700	1,663,830
Projected fee revenue	1,568,000	1,630,000	1,695,000