

Water Efficiency Labelling and Standards Act 2005

Section 75 of the *Water Efficiency Labelling and Standards Act 2005* (WELS Act) requires the WELS Regulator to give the Minister for the Environment and Water an annual report on the operation of the WELS scheme.

WELS scheme benefits

The WELS scheme delivers significant environmental and economic benefits to the Australian community. The scheme is projected to save:

- 158 GL of water in 2022, increasing to 230 GL in 2036
- \$1.47 billion in water and water heating utility bills in 2022, increasing to \$2.60 billion in 2036
- 2.31 metric tons of carbon dioxide equivalent (MTCO₂e) in greenhouse gas emissions in 2022, increasing to 2.41 MTCO₂e in 2036.

Operating environment

The WELS Regulator operates within our department and is responsible for administering the WELS scheme. The scheme is Australia's mandatory star rating scheme for water efficient fittings and appliances and was introduced by the government in 2005 in response to the Millennium Drought. The products that are regulated under the scheme include taps, showers, toilets, urinals, flow controllers, dishwashers and washing machines.

The statutory functions of the WELS Regulator are authorised under the WELS Act. The WELS Regulator supports the objectives of the WELS Act by regulating the supply of WELS products to the Australian market. These objectives are:

- conserving water supplies by reducing water consumption
- providing information to consumers of water-use and water-saving products
- promoting the adoption of efficient and effective water-use and water-saving technologies.

The WELS scheme contributes to Australia's water security and eases cost-of-living pressures by reducing household and business utility bills related to water usage and the heating of water.

Government objective

The government is committed to conserve, protect and sustainably manage our environment and water resources through a nature positive approach. We deliver this objective under Outcome 4 – Water (see our Corporate Plan 2022–23).

The government has also committed to regulate in a way that supports the principles of regulator best practice, as defined by the [Department of Finance in Resource Management Guide 128](#).

This report on the operation of the WELS scheme is presented against the 3 principles of regulator best practice, which are:

- Principle 1 – Continuous improvement and building trust
- Principle 2 – Risk based and data driven
- Principle 3 – Collaboration and engagement.

Principle 1 – Continuous improvement and building trust

The third independent review of the WELS scheme and intergovernmental agreement was completed as required under section 76 of the WELS Act. The Minister for the Environment and Water tabled the independent review in both Houses of Parliament on 28 September 2022.

The independent review found that the WELS scheme continues to add value by achieving its objectives (primarily the conservation of water supplies) and managing priorities and stakeholder relationships effectively. It made several recommendations to further strengthen and mature the scheme.

On 7 November 2022, the WELS Regulator published a response to the independent review as well as the WELS Strategic Plan 2022–2025 on the [water rating website](#). The WELS Regulator accepted or accepted in principle the 15 high-level recommendations made in the review. The WELS Strategic Plan 2022–2025 sets out the program of work that responds to the review.

A proposal for the revision of the WELS Standard (AS/NZS 6400:2016 Water Efficient Products – Rating and Labelling [Incorporating Amendments up to and including No. 2]) was developed in late 2022. The proposal was circulated for initial stakeholder consultation in May 2023, in accordance with Standards Australia processes. The proposed options may distinguish or reward more efficient products for the benefit of consumers, product manufacturers and suppliers, enabling further water savings under the scheme.

The Standards Australia committee WS-014 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, providing guidance for state and territory building and plumbing regulators.

An operational update to the 2022–23 Cost Recovery Implementation Statement was published in February 2023 to meet contemporary reporting standards and to increase transparency. The statement replaced a previous version, published in 2014.

Principle 2 – Risk based and data driven

We began design of a product assessment framework to determine how additional products can be assessed for consideration for inclusion under the WELS scheme. The framework will require data and evidence to inform any decision making.

The WELS Compliance and Enforcement policy published in February 2022 is risk based and data informed and sets out how compliance monitoring and response is delivered.

The WELS Compliance Plan 2022–23, published in February 2023, is targeted at risks to the scheme and informed by stakeholder consultation and compliance case data.

We used data analysis to inform proposed changes to the WELS Standard and to improve the processes and database for product registrations.

Principle 3 – Collaboration and engagement

In 2022–23, we continued to develop a new product registration database that will streamline the application process and increase data security for industry and the WELS Regulator. Stakeholders were engaged in co-designing the system and will play an integral part in user acceptance testing. Through collaboration with the Australian Building Codes Board, we made progress towards linking the new system to the WaterMark Certification Scheme data holdings. Over time, this will simplify the administrative burden on industry for registering plumbing products.

In April 2023, we launched a WELS scheme online training course, targeting building and plumbing students and practitioners. The course has been provided as a free vocational educational training course and made available to training providers to incorporate into Continuous Professional Development packages. The aim of the course is to help stakeholders understand the role they play in saving water, their responsibilities under the WELS Act and to increase scheme compliance. We engaged prospective students in testing and providing feedback on the course, which has been well received and promoted by industry. The course is available through the [water rating website](#).

WELS officers shared their knowledge on administering the WELS scheme with 250 international participants in a webinar organised by the European Energy Network in September 2022. This was an opportunity to share WELS expertise with European counterparts who are considering labelling scheme options to improve consumer understanding and to conserve water and energy.

In Egypt during November 2022, Australia's success in establishing a water efficiency labelling program that saves water, energy and reduces carbon emissions was showcased in an animation at the Australian pavilion at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27).

We continued to engage with the WELS Officials Group and the WELS Advisory Group on a range of matters such as the:

- WELS Strategic Plan 2022–2025
- Cost Recovery Implementation Statement 2022–23
- Product Assessment Framework
- proposed changes to the WELS Standard.

We collaborated on a range of initiatives including joint compliance, information sharing and communications activities with:

- our co-regulators administering the WaterMark certification on WELS plumbing products (Australian Building Codes Board)
- the GEMS Regulator for WELS appliances.

We regularly engaged with the New Zealand Government to ensure continued alignment of both WELS schemes.

WELS officers routinely engaged with stakeholders through:

- responding to phone, email and ministerial inquiries
- attending industry and water utility events
- meeting with individual industry members and groups on technical matters
- assisting businesses applying to register products
- educating retailers and developers about complying with labelling requirements
- providing guidance to e-commerce sellers through platform providers
- providing podcast content to designers and builders
- publishing InkWELS newsletters
- maintaining the public WELS registration database
- sharing policies and publications on the [water rating website](#)
- providing free access to the WELS Standard.

Operational update

WELS product registrations

The WELS Regulator maintained a WELS product registration database on the [water rating website](#). The database provided access for all stakeholders, including consumers, to search and view registered products.

During 2022–23, 24,931 products were assessed and registered, including 2,081 registrations that ceased in July 2023. This was a decrease of 9.8% on the previous reporting period. Of the registrations, 10,451 products were registered with variant options.

More than 422 organisations registered products. Of these, 222 were based in Australia. Most of the international organisations were based in Asia and Europe. The registered products comprised:

- 560 models of clothes washing machines
- 648 dishwasher models
- 13,203 tap equipment models
- 5,697 shower equipment models
- 2,461 lavatory (toilet) models
- 136 flow controllers
- 145 urinal models.

Compliance and enforcement

The WELS Regulator filed civil penalty proceedings in the Federal Court on 4 June 2019 against 5 respondents (4 companies and the sole director of the companies) for contravening sections 33 and 34 of the WELS Act by supplying 254 unregistered and/or unlabelled WELS products. The Federal Court handed down its judgement on 9 December 2022, ordering the sole director of the 4 companies to pay a total of \$2.195 million for supplying tap, shower and lavatory products that were not registered or labelled as required by the WELS Act. Of that total, a sum of \$200,000 was awarded against the sole director personally for being ‘knowingly concerned’ in the contraventions of 2 of his companies. The court issued injunctions against the sole director and the 2 solvent companies, to prevent them from supplying non-compliant products for 5 years.

The online supply of WELS products has been a key focus for compliance education. The WELS Regulator has been working with the administrators of AliExpress, Amazon, eBay and Wish to ensure that their sellers only offer WELS compliant products. In September, AliExpress took a strong stance by imposing a platform-wide ban that removed hundreds of thousands of non-compliant products. AliExpress have made it a mandatory part of the onboarding process for sellers to ensure that Australian consumers will only be able to purchase taps and showerheads that meet the WELS Standard (AS/NZS 6400:2016).

Compliance casework focused on responding to allegations and monitoring to detect non-compliant e-commerce (marketplace) listings. We also continued to detect non-compliance with labelling or registration requirements on supplier websites and online marketplaces.

Further information about compliance statistics and stakeholder engagement can be found against the department’s Performance Measure WA-05 – The Water Efficiency Labelling and Standards (WELS) scheme is improved.

Financial information

The [WELS Strategic Plan 2022–25](#) sets 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. Table 48 provides the projected industry fee revenue.

Table 48: WELS industry fee revenue

Item	2020–21 (\$)	2021–22 (\$)	2022–23 (\$)
Industry fee revenue	1,618,700	1,663,830	1,691,182
Projected fee revenue	1,630,000	1,695,000	1,762,800