Submission by

Gas Appliance Suppliers Association

to the

Australian Productivity Commission

on

Trans-Tasman Mutual Recognition

25 MARCH 2003

GASA does not require to be heard

Contact:

Garth Wyllie
Executive Director
Gas Appliance Suppliers Association (NZ)
Private Bag 92-066
Auckland 1030
Ph 09 367 0913
Fax 09 367 0904
Email gas@iconz.co.nz
www.gasa.org.nz

BACKGROUND INFORMATION

The Gas Appliance Suppliers Association (GASA) membership is constructed of Manufacturers, Importers and Distributors and Retailers of Gas Appliances in New Zealand.
By volume it is estimated that the Association represents around 90% of Gas Appliances sold in New Zealand and has in its membership all large distributors of Gas Appliances as well as a wide range of smaller suppliers and some retailers.

There are presently some 2000 gas appliance models sold in New Zealand

As Gas Appliances are subject to an exemption this submission is based on explaining the New Zealand regime, the rational for it and the issues held with either harmonisation or mutual recognition.

GASA has developed a Code of Practice and along with the Energy Safety Service changes to the New Zealand regime to provide a robust but minimalist cost based regulatory system for Gas Appliances within New Zealand.

GASA is happy with the qualifications recognition between New Zealand and Australian Gasfitters allowing free movement of those in the industry.

Contact Information

Submitted by Garth Wyllie
Executive Officer
Gas Appliance Suppliers Association
Private Bag 92-066
Auckland

Telephone: 09-3670913
Facsimile: 09-3670914
E-mail: gas@iconz.co.nz
Web Site: www.gasa.org.nz

Gasa is happy to meet for to provide clarification on any issue within this submission on request.

1. Submission

GASA has participated in discussions focused on Trans-Tasman Mutual recognition of the Gas Appliance regulatory regime for some years in an effort to avoid the imposition of the high cost current third party registration system as presently operated in Australia.
New Zealand had abandoned this model in the early 1990's in favour of a light handed voluntary compliance regime and on the introduction the TTMRA an exemption had been given for Gas Appliances which has been continued to the present time.

The New Zealand Regime Development
While the initial hands off approach had some advantages it also was recognised by the industry that this was not an acceptable regime and did not give adequate safety measure for products entering the market.

There was no follow up audit process and there was limited enforcement of non compliant appliance sellers.

The industry favoured a light handed regime but with adequate enforcement and some mandatory requirements to ensure the regulators had the ability to know who was in the market and to what standards they were manufacturing or importing from.
This combined with the introduction of a Code of Practice for labelling, claims, recalls and ethics and the introduction of the Gasafe logo

The Current New Zealand Regime
The current New Zealand regime has the unanimous endorsement of our membership as an example of a working co-regulatory "low cost" model.

It provides a mandatory notification scheme which is web based and free to notify all gas appliances via the Energy Safety Service web site.
The development of an audit procedure and follow up enforcement is applauded by the membership to ensure that declarations made are factual and complete. This procedure also provides for the monitoring of the market and random checking at retail to ensure compliance.

The GASA Code of Practice sets industry standards to comply to and ensures the public are fully informed about the Gas Appliance they are considering.
The public safety is also assured through the introduction of the GASAFE logo which displays those appliances of members who are compliant and have notified the appliance to the Energy Safety Service Web site.

Mutual Recognition or Harmonisation
Bearing in mind the desire to have a functional TTMRA with Australia, Gasa supports the concept of bringing Gas Appliances under a mutual recognition scheme. Due to the differences applying in the various states of Australia we believe it makes it particularly difficult to achieve harmonisation between the two countries.
It is Gasa's belief that addressing the state differences would achieve the greatest movement towards the objective of the TTMRA to give a single set of rules Australia wide. If this is to be done effectively then the entire structure used presently in

Australia needs to be addressed and the operation of the New Zealand low cost model funded entirely out of the Gas Levy offers a sensible but safe co-regulatory option.

Gasa would not support any high cost scheme such as that applied in Australia currently and has particular concerns at the various state variations applied under the premise of Health.

The Benefits
Those New Zealand companies selling Gas Appliances into Australia presently are already complying with the Australian scheme and its costs and while a mutual recognition or harmonisation would allow a small number of additional appliances to be sold by New Zealand domestic manufacturers, this is unlikely to produce any significant benefit or impact to our members unless the Australian Regime is substantially altered.

Standards
GASA does not propose to change standards as the current Australian Standards are already a means of compliance for the New Zealand Standard and can be used to demonstrate compliance when notifying appliances.

Third Party Registration
It is our understanding in Australia this scheme is currently not considered viable and that its abandonment would be supported however it is GASA's view that if this were so, then a suitable replacement would be highly desirable and that the New Zealand model offers that suitability and the ability to quickly implement.

Testing of Gas Appliances
Testing for compliance to the appropriate standard is currently by approved testing laboratories of which most reside in Australia.
If mutual recognition is to occur for Gas Appliances then recognition of New Zealand laboratory testing must be accepted and the test results of in house laboratories from larger companies such as Rheem and Rinnai should also be considered as a means of compliance.

The non acceptance of New Zealand test laboratories results by the AGA is a major component of the cost in those Manufacturers that do export to Australia presently and a healthy test industry would be a good basis for achieving acceptance of those same test results for Gas Appliance sales for larger markets such as the EU and the US for both New Zealand and Australian exporters.

Barriers to Trade
Our members inform us that the differing regimes within states cause significant problems in marketing Gas Appliances in Australia. States such as Victoria, on the basis of health effectively ban mobile Gas heaters and ignore the ability of modern appliances to burn more efficiently and safely than the early versions.

Introduction of MEPS (Minimum Energy Performance Standards) in one state and not in others makes for inconsistency of production and if required should be for all states and including New Zealand for productivity to be maintained.
Gasa is not opposed to MEPS but points out that they should only be introduced with full consultation and then universally once agreed.

CONCLUSIONS

The Gas Appliance Suppliers Association believes there is value in pursuing a mutual recognition agreement however there would need to be significant change in the Australian model if Harmonisation was to be considered.
Our members believe that there should be immediate recognition of our current regimes ability to deliver gas appliance safety in a co-regulatory manner.

The differences internally within the States in Australia and the lack of a common set of rules at a federal level continue to create significant barriers to trade in Gas Appliances.