

TTMRA – Australian Productivity Commission.

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Richard Bollard, Fisher & Paykel Appliances.

General.

Discussion will cover the sale of major electrical and gas/electric appliances in Australia.

Fisher & Paykel Appliances is a New Zealand based home appliance manufacturer. We have production facilities in New Zealand and Australia. We have recently announced shifting most of our production either to Thailand or Mexico. We also have production in Italy. Nothing will be left in Australia and only a refrigerator plant left in NZ. Our major markets are New Zealand and Australia. We also have offices in the US, Singapore, Hong Kong, Taiwan, UK and Europe. We also OEM product to a number of other manufacturers in other countries.

Australia.

- Very much more regulated/interventionist than New Zealand.
- Regulation can be Federal, State or even sub-State based.
- Some safety regulation very traditional and historical.
- Electrical safety regulation applies to old type product (washers, refrigerators etc) but not to new type (IT) product.

Current Requirements to Sell F&P product in Australia.

Electrical Safety	Currently for all of F&P product we have to get a Certificate of Approval from 1 State Regulator. Valid in other States. Requires a test report to AS/NZS to be submitted. Cost Australia \$550. No significant delays. Mark approval number on product.
EMC (Electromagnetic Compatibility)	Declaration to International Standard. Must have supporting Compliance Folder. Federally regulated. Marking requirement.
Energy Labelling/MEPs Performance Testing	Testing to AS/NZS standard. Labelling required. Also MEPS for refrigerators. Submit application to State Regulator. This is Federally coordinated but State regulated. Very messy trying to coordinate timing of various State regulations for new introductions. Extremely messy for TTMRA.
Gas	Product requires AGA approval and labelling. Testing to AGA standards. Very interventionist approach. Rules tend to cover connection rather than sale of product.
Plumbing	Plumbing safety covering protection on potable water supply. Water authority regulated – not enforced at all. Certification by SAI (QAS) – no added technical value. Did accept overseas approval but now restricted to 1 laboratory in Australia. We have on some product. Rules apply to 'connection' not sale of product.
Water Conservation	New issue. \$150 rebates applied to AAAA washer in WA. Melbourne Water proposal to allow only AAAA washers by 2010. This scheme has the previous plumbing approvals as a prerequisite. These are water authority schemes/promotions and so must be on a 'prohibit to connect' basis, not a 'prohibit to sell' basis. Unless 'Federalised' these schemes would appear to fall outside TTMRA This scheme has changed completely. There is a new Water efficiency Labelling Scheme (WELS) scheme in place. NZ is looking at the same/similar scheme.

Detailed Considerations.

1 Electrical Safety.

- Electrical products are declared or non-declared. All of F&P's product is declared which means that I need prior approval to sell.
- Currently get an Approval Certificate from a State regulator. Allows sale in all states.
- Put an 'Approval Number' on the serial plate.
- Based on testing to a NATA laboratory to an AS/NZS Standard.
- To sell in NZ the "Product must be safe" – an acceptable solution is an IANZ accredited test report to the AS/NZS standard. Then a declaration is made.
- Much of the F&P product is part of a family, ie washers are all similar but different capacities. Get one approval for the family.
- Cannot use TTMRA for Australian manufactured product for sale in Australia.

- Discussed TTMRA with one Australian regulator recently. Asked whether anyone had tried using it. The answer was Yes. The importer was asked by several states for a sample to examine. This adds costs and delays. This is something that is in legislation but I have never been asked for one. Got the impression that they were out to make it as hard as possible to use TTMRA.

- F&P's Position.
 - I will not use TTMRA as I still need an approval for Australian manufactured product.
 - The regulators have over many years created the culture (quite legitimately) for retailers to look for Approval Numbers. A NZ made product would not have such a number and be the subject of many queries from retailers – much more trouble than it's worth. The disruption caused by such queries far outweighs any small advantage gained by using TTMRA.

2 Electromagnetic Compatibility (EMC).

- Australia was introducing a regime about the same time as TTMRA. NZ had a long established regime but Australia had nothing. An initial exemption was sought to allow time to bring the regimes together.

- This has occurred and with common standards, common laboratory and common marking, this is TTMRA at its best – pushing the regulatory regimes together. The Australian Communications Authority bought into the process and made it happen.

3 Energy Labelling/MEPS/Performance Standards.

- To get approval we submit test reports (can be from any laboratory), to one of the State regulators in Australia.
- Such registration covers NZ.
- Registration in NZ is possible for Australia and covers product manufactured in NZ.
- Registration in NZ does not cover Australian manufactured product.
- Australian registration covers both NZ and Australia. Registrations are not equivalent.

- The above differences make TTMRA irrelevant for F&P.

- I understand that TTMRA has been invoked by NZ recently for 2 product areas. From my limited knowledge of the 2 areas it is good use of TTMRA. Australia has a policy of 'world's best practice' but these areas were to be substantially less than that. That reduction in standards is for local reasons and should not be reflected through to NZ

where manufacturers are trying to meet 'world's best practice' for other countries. Nor should a lesser standard in Australia be allowed to be sold here. Cannot remember details here.

4 Gas Appliances.

- Traditionally a very interventionist and 'fortress' area. Appliances are 'required' to be certified by Australian Gas Association (AGA) SAI Global is an acceptable alternate now. The AGA is an association of gas suppliers, retailers and manufacturers and provides a monopolistic certification service. Basically all of the State gas regulators accept AGA certification. AGA also writes the standards. The laboratories have to be NATA accredited. I am not sure where the certification requirement comes from whether it is embedded in State legislation or what. Anyway no-one will install product without AGA Certification. AGA has changed but the process is still very similar.

However the AGA is about to disappear. A new Energy Networks Assoc is being formed. The Certification business could end up being sold off or even disappear. The future of the certification process is unclear in Australia. AGA survived but now has competition in at least SAI Global.

- New Zealand has had a very loose scheme until lately when a mandatory declaration scheme was introduced. Declarations are made to the NZ standard which allows testing to a large number of overseas standards with added combustion tests on NZ gas. The declarations are done 'electronically' and a database of all declared product is available for public viewing. This system has potential to be a good system if there is auditing of test reports and subsequent follow-up. Seems to be under continuous review by Energy Safety (ES) but nothing actually changes.
- TTMRA has given gas a special exemption for 5 years. During this time I have not seen any genuine attempt to try and sort out the trans-Tasman issues. In fact it is quite the opposite – they have seen the exemption as exactly what they want/need to maintain the status quo.

TTMRA has made no change to the gas appliance approval regime.

- Please be aware that every gas appliance we make is also an electric one. NZ has made attempts to change the regulatory regime to give some alignment between gas and electricity. ES has been reviewing electrical safety and gas safety of appliances quite separately. There has never been an 'integrated' regime. We deal with the same Gov't department in 2 different ways for the same appliance.

5 Plumbing.

- Fisher & Paykel has 2 products (clothes washers and dishwashers) for which we are meant to get Plumbing Certification. This covers protection of the potable/drinkable water supply. Local water authorities supposedly require this. We now have 3 products – we have added ice and water dispensing refrigerators.
- To my knowledge it has never been enforced but is a prerequisite for the National Water Conservation labelling scheme run by Water Services Association of Australia (WSAA).
- Certification is by SAI (ex QAS). It has been extremely difficult at times to get such certification as appliances fall into a 'complicated and difficult' category when compared to extruded pipes made from a single material.
- Fisher & Paykel has such certification for clothes washers only. This has been dropped. I do not know of any washers that have such certification.
- Certification could originally be gained by using products/materials tested and approved in Australia, UK or the US.

- Recently the scheme was changed to allow only the Australian laboratory approval. This has added considerable expense and time to the process. I have since had it changed back to allow US/EU certification under certain circumstances.
- Control of product is on a 'connection to the plumbing' basis rather than 'sale' basis and so the scheme is outside TTMRA. Fundamental.
- The owners of the scheme are well aware of the above point and have reminded me of it in the past.
- This scheme came up as a discussion point with NZs consideration of adopting the Australian WELS scheme. Australia had it as a prerequisite for WELS for some product. NZ has said no way is that acceptable in NZ and I believe the Australian WELS is reviewing whether they are able and in fact whether they would police that part of the scheme. Effectively the answer is 'no they would not' – they are having enough trouble policing the prime target of their legislation – water consumption.

6 Water Conservation.

- There has been the voluntary WSAA scheme referred to above running for some years. There is no equivalent in New Zealand.
- Products are awarded a rating from A to AAAAA based on their water consumption.
- Such schemes are fine and should be forced to operate under TTMRA while they are voluntary. Such schemes need to be flexible.
- WELS has taken over completely from this scheme. WELS has been in force in Australia for several years for washers and dishwashers as well as a number of other plumbing items (toilets, showers taps etc). NZ is looking at adopting the same scheme although the latest update is that the NZ scheme will not contain all the tests that Australia does. NZ will only legislate for tests that are specifically relevant for water consumption whereas Australia has some other historical tests included. This makes the schemes slightly different. Is this acceptable under TTMRA? Will NZ product be able to enter Australia without the extra tests? Ministry for Environment (MfE) was hoping to use TTMRA to allow Australian product into NZ and expected vice versa. But with so much production coming from offshore we would have 2 different labels (possibly only the website would be different) if TTMRA is used as the instrument to allow trans-Tasman trade. This would be crazy. It is a common scheme, common label based on testing from a joint standard. To end up with 2 registrations for 2 different labels (if only marginally different) for the 2 countries is wrong. This would seem to me as wrong to use TTMRA in this case and a much broader instrument should be used.
- Recently however there have been 2 developments that could change this.
 - Western Australia has announced a \$150 rebate for washers with a AAAA rating or better. Other States may follow.
 - Melbourne Water has put out a discussion paper suggesting that by 2010, only washers with a AAAA rating or better would be allowed. As Melbourne Water would be unable (presumably) to prevent sale of particular washers, then their regulations would be on a 'allowed to connect' basis.
 - Rebates continue under the WELS scheme. They are having a very significant market effect so free flow of trade is very important.
- Again this would fall outside TTMRA.

Summary.

- Many of the state regulators, as well as the gas and plumbing organizations have not bought into the TTMRA concept at all. Still relevant
- In fact they see it as a threat and to be opposed/delayed/ignored etc wherever possible.
- However the Australian Communications Authority did buy into the process for EMC and I am sure compliance is better for it.
- TTMRA does not work for an Australasian company such as F&P with production on both sides of the Tasman. Doing different processes for different products (dependent on country of manufacture) is more disruptive than just going through certification in Australia.
- The banning 'connection' aspect rather than 'sale' is very powerful in Australia and I see little progress being made until that barrier is broken down. Still very relevant and is in fact fundamental to acceptance of the concept of TTMRA as it allows entire sectors to walk away.

Where To From Here. Still all applies.

- TTMRA needs to be 'sold' to those affected by it. Until this happens it is of no use to F&P.
- TTMRA's scope needs to somehow include 'connection' rules.
- The legislative response needs to be much faster. Some of these problems were highlighted 4 years ago with no apparent action.
- The framework needs to be flexible to consider rapid inclusion of such schemes as the Water Conservation and other legitimate, but new processes. This will always be difficult when such schemes are not Federally-based.

Richard Bollard
Standards & Approval Manager,
Fisher & Paykel Appliances
Ph +64 9 273 0532
Email Richard.Bollard@fp.co.nz.