

## **MINUTES OF MEETING**

### **E3 Review Committee**

#### **Meeting 3**

10 August 2006, 10am – 2.30pm

Kurrajong Hotel, National Circuit, Canberra

#### **Present**

Bryan Douglas – Industry Chair and AEEMA

Shane Holt – Government Chair and DEH

Steve Anderson –AREMA

Rod Brutlag – GAMAA

Mark Amos – GAMAA

Colin Doyle – CESA

Ian McAlistair – CESA

Warren Miller - SA

Anne Pelligrino - DITR

Linda Drummond – DITR

Michael McCann – Secretariat

#### Observers

Charles Edlington– DEH

Elizabeth Pye – DEH

#### Apologies

James McAdam - AIIA

### **Approval of minutes from previous meeting**

The minutes were confirmed without amendment

#### **Item 1- Committee Priorities**

Shane Holt suggested that the agenda reflected most of the government's announced priorities. He discussed the almost completed economic analysis commissioned in response to the Productivity Commission calls for retrospective reflection.

An independent analysis bears out the projections prepared for the appliance MEPS & labeling in 1999 and in 2005. A report should be available shortly. This confirmation that the economic and environmental values claimed for the programme were robust will be sent to the MCE committee system along with the labeling evaluation reported as item 8.

He spoke of the MCE timetable to consider the next stage of the National Framework on Energy Efficiency and how these reports should be useful in debates about future resourcing.

## **Item 2- Terms of reference**

**2.1** The Energy Efficiency Working Group (the policy committee advising MCE) considered the proposed terms of reference of the review committee.

EEWG made some minor amendments to the terms of reference which were identified in the papers. AEEMA noted the decision not to permit direct representation should an unresolved dispute occur within the review committee. They expressed acceptance of the option to make written submissions to EEWG.

The review committee also endorsed all other amendments. A copy of the Terms of Reference as amended is attached at Attachment 1.

## **Item 3- Work Program Review**

The committee noted that the existing E3 work programme was no longer up-to-date. Several industry representatives in the past have encouraged a “realistic” review of the current programme suggesting it is overly ambitious.

The AGO proposed that the co-chairs form a small working party to review the existing work plan. After some debate this motion was dropped in favour of the consensus amongst delegates that the entire review committee should be involved in reconsidering the future E3 work programme.

Committee members agreed to feedback on their support for the proposed start dates of electrical projects contained in the published work plan. Kate Andrew will lead this project [kate.andrew@deh.gov.au](mailto:kate.andrew@deh.gov.au) and members agreed to supply a considered view by 10 September 2006 on whether the existing start date should be maintained or varied.

## **Item 4- RIS listing for 2006**

**4.1** This item provided an overview of all MEPS or labeling projects launched by E3. The AGO suggested that the committee could use this list to prompt member views on priorities for the programme. These views could be feed back into the work plan revision.

## **Item 5-Work plan for gas appliances**

**5.1** The AGO explained that E3 had already commissioned a review of its forward plan for gas appliances. The review committee noted that the gas work plans will be revised with specific stakeholder input (GAMMA, AGA and gas product suppliers) and hence did not need to become a review committee item.

## **Item 6- External Power Supplies**

The committee noted the progress on the introduction of MEPS for external power supplies. In particular, they noted that a one-day meeting will be convened in September in Sydney in order to finalise any outstanding issues that need to be resolved. The proposed date for the meeting is 14 September at Standards Australia.

**Item 7- Standby power -wet products (clothes washers and dish washers)**

The committee noted progress on the inclusion of Standby Power in the energy ratings of clothes washers and dish washers. The review committee endorsed previous supplier statements to introduce the standard as quickly as possible. The AGO agreed to maintain the drive for a 1 October 2006 start date.

The committee emphasised the need for a common approach to apply throughout Australia and New Zealand for products registered

**Item 8- Appliance label study**

The committee noted that Artcraft Research had interviewed over 4,000 persons and groups to gain views about Australia's resource labels. The headlines from this report are:

- 96% of consumers recognise the mandatory electrical label, 88% use it in their purchasing deliberations and 75% think it important
- 53% recognise the water label (after it commenced a little more than a year ago and was mandated from July 2006)
- 20% recognise the industry-sponsored voluntary gas appliance label

The consultant report advocates government build on the brand awareness enjoyed by the energy ratings label. The final report is a few weeks from publication.

**Item 9- Administration**

The committee was encouraged to attend the Standby Power conference November 6-10, 2006, in Canberra. Members were also briefed on the surrounding meetings in that week.

The link to the standby agenda is available from the [www.energyrating.gov.au](http://www.energyrating.gov.au) website.

**Next meeting**

Members of the committee agreed that the next meeting will be held 6 December, 2006, which would enable government officials to report on the MCE meeting scheduled in November.

## Compliance Discussion Forum

This discussion lasting more than an hour was held immediately after the formal meeting. Its aim was to allow members to ask questions about this subject without the constraints of a structured agenda. Some discussion areas guided the discussion.

In response to three things that work (members took this as an invitation to talk about the organization in general and did not focus on compliance processes in these comments).

- Consultation with industry is good
- Flexibility of organization to respond to new information and circumstances is good
- Willingness to review and revise when presented with new information
- Accessibility to industry – this committee being a perfect example of proactive approach to consultation and accessibility
- Capacity to make and meet commitments (not deadlines) is good
- Outreach on issues
- Structural advantage/disadvantage – Federal co-ordination – state implementation.

In response to things that can be improved, members made these comments that appeared to have wide spread support at the time.

- Information releases about compliance outcomes should reveal both the negatives and the positives
- Industry feels that E3 might not be aggressive enough in enforcement
- State regulators appear to be very reluctant to actually act on infringements or to publicise them
- Resources might be an issue but regulators are seen to be “pussy footing” around
- Does not matter if it takes 6 to 12 months to resolve the outcomes of a failed screentest – publicity should be used whenever it is finally resolved and maximise publicity when people are caught not complying to show the regulation is being enforced.
- Industry feels that it would be a great improvement to the process for industry to deal with a Federal Regulator
- Sanctions and on the spot fines are ok – possibly ask retailers to actively remove goods from shelves that are not labeled and report them, don’t wait for the compliance audit to catch them.
- Positive promotion for suppliers and retailers who report noncompliance.
- Industry were strongly of the view that the most effective sanction was negative publicity for non-complying goods. They wanted to see action taken in the public eye.

The AGO suggested that the industry members of the committee may be asked to develop a more considered view obo their members on this subject sometime in the future.

ATTACHMENT 1

## **Equipment Energy Efficiency programme Review Committee**

### **Terms of Reference**

#### ***Vision***

The Review Committee is a forum for key stakeholder groups to provide advice to government and potentially endorse individual regulatory proposals presented by government if, in the view of the Review Committee, those proposals:

- Have been the subject of reasonable Consultation;
- Have sufficient Technical and Engineering rigor underpinning the proposal;
- Provide a basis in Law and fit within the administrative frameworks;
- Meet the objectives of the Program in a cost effective manner.

#### ***Terms of Reference***

##### **1. Membership**

Any industry group affected by the Programme should have the opportunity to participate on the Review Committee.

Membership of the Review Committee in 2006 shall be open to:

- a representative from each of the following industry associations:
  - Air Conditioning and Refrigeration Equipment Manufacturers Association of Australia
  - Australian Electrical and Electronic Manufacturers' Association
  - Consumer Electronics Suppliers Association
  - Gas Appliance Manufacturers Association of Australia
  - Australian Information Industry Association
  - Commercial Building Association
- representatives from the Equipment Energy Efficiency programme drawn from:
  - the Equipment Energy Efficiency – Electrical Committee
  - the Equipment Energy Efficiency – Gas Committee
- a representative from Standards Australia

In addition to the above, industry specialists may be invited to attend meetings from time to time to provide advice on specific issues or regulatory proposals.

## 2. Joint Chairs

The committee will operate through consensus:

- Joint Chairs shall be appointed – the Industry Chair to be elected from among industry association representatives, and the Government Chair from government participants.
- The term of the Joint Chairs shall be at the discretion of the Committee.
- The Joint Chairs are responsible for ensuring relevant and adequate representation at meetings.

## 3. Meeting procedure

The role of the review committee is to improve transparency about the regulatory processes. It does not replace any of the existing or required steps in the regulatory process but rather provides a forum to discuss and review any concerns about the entire process or of specific regulatory proposals.

The Review Committee shall operate in accordance with the following procedures:

- (i) The secretariat will submit an agenda to members for approval identifying each item any party wants to discuss;
- (ii) The joint chairs will resolve the agenda and meeting venue allowing reasonable time for members to consult with their constituencies;
- (iii) Members will have access to project plans and reports and may ask for a status report on any project from the government project manager and consultants to assist them in their deliberations;
- (iv) Review Committee members will either endorse the process to proceed, or will identify specific concerns that will be the subject of detailed consultation with relevant industry stakeholders at a specific event before, or at the next Review Committee meeting.
- (v) At the conclusion of this consultation, if members again cannot reach consensus to endorse process to proceed:
  - i. A first review will occur through The Industry Chair and nominees meeting with the E<sub>3</sub> committee;
  - ii. If the initial review does not resolve the matter the Industry Chair and nominees have the opportunity to raise the issue with

- the Energy Efficiency Working Group to make the case for a reconsideration;
- iii. It should be noted that these opportunities to seek a reconsideration do not (and are not intended to) impact on the right of any stakeholder group from exercising their right to approach any Minister or agency involved in E3 to make direct representations at any time.
- (vi) The Review Committee's views will be formally recorded in regard to the adequacy of consultation and the rigor of analysis at five discrete points during the development of regulatory proposals:
- i. Prior to three-year work plans or ten-year strategies being submitted to the MCE committee structure for approval (following completion of Step D 5);
  - ii. Following release of the Regulatory Impact Statement for a specific product regulatory proposal (following Step R10);
  - iii. Following the release of the final Minimum Energy Performance Standard for a specific product (following Step M 11);
  - iv. Following the release of the final label for a specific product (following Step L 8); and
  - v. At Stage F – the Final Review Stage.

The Regulatory Process Flow Chart identifies these decision points within the Council of Australian Governments' agreed regulatory process.

#### 4. Member Costs

The Committee's function should not cost members any more than their time and travel costs.

#### 5. Project Manager and Secretariat Resources

The E3 Committee shall ensure reasonable resourcing for the Review Committee.

#### 6. Meeting Frequency and Records of Meetings

Meetings of the Review Committee are to be conducted in as open a fashion as possible with records enabling members and the public to understand the improved process.

The Review Committee shall meet at least twice in each calendar year with the number of meetings to be determined by the Joint Chairs. The secretariat will keep a record of meetings and a synopsis of each meeting for public release will be agreed by the Review Committee.

End

## **Background**

The need for a process review became apparent in 2005 because of concerns expressed in three concurrent dialogues surrounding the Programme:

- At the 2005 national forum, several key stakeholder groups called for an additional consultation procedure whereby interested parties could identify issues at any stage in the regulatory development process, but particularly at an early stage. Stakeholders were notably concerned about delays, bottlenecks and inefficiencies in the progress of proposals to regulate the performance of products and saw this committee as a way to identify bottlenecks, avoid delays and generally improve the process;
- Two regulatory proposals in 2005 did not meet with universal agreement despite years of discussions under the existing procedure bringing into question that communication process;
- The Productivity Commission review in 2005 encouraged more rigor in economic analysis of regulatory proposals and a more transparent demonstration of the worth of the Programme.

These concerns led to a reconsideration of the process developed in the late 1990s to deliver nationally consistent regulation. The major outcome of that reconsideration is the establishment of this Review Committee. Other elements will include publishing both an initial regulatory proposal, and a second proposal reflecting industry comments prior to developing the economic case and undertaking the final decision-making processes.

As the Programme has always been successful as a government and industry partnership, the formal involvement of key stakeholder groups is not only appropriate but desirable. The work of the Review Committee is intended to improve the process by which regulation and related projects are implemented. The Review Committee process provides more structure for the consultative process between government and industry than was previously the case, and confirms responsibilities of all parties.