

Extract from the 4 Corners program transcript from Jonathan Holmes' report into energy efficiency in Australian households, "The Home Front".

JONATHAN HOLMES: But thousands of cheap air conditioners are imported each year, mostly from China, and sold under little-known brand names, through discount stores or directly on the web. And you don't always get what you think you're buying.

Four Corners bought a 2.5 kilowatt capacity Optical air conditioner from this discount store in downtown Melbourne.

(Image of Nightingale Electrics store-front)

We took it to a Melbourne company whose business is testing the efficiency of appliances. VIPAC performs many such tests every year for manufacturers, importers, and regulators.

VIPAC LABORATORY WORKER (referring to testing apparatus): We also have ultrasonic humidifiers and we control them here as well, and we have an output here ...

JONATHAN HOLMES: The data from similar tests, often carried out by the manufacturers' in-house lab, has to be supplied to an Australian state regulator before any appliance can be registered for sale.

But the VIPAC test showed its performance to be dramatically different from that claimed on the Optical's label and on the official Australian Government website.

The Optical label says its cooling efficiency merits four-and-a-half stars.

According to the VIPAC report to Four Corners, it rates no more than two stars.

(Images of test results. On screen text enlarged: "Energy consumption (kWh/h +20.1 per cent)", "Energy Efficiency Ratio (EER) -22.8 per cent", "Applicable 2006 MEPS Level NO)")

It used 20 per cent more power than it claimed, and was 22 per cent less energy efficient. In fact, it fell far short of the 2006 Minimum Energy Performance Standard.

It's a result that's all too familiar to VIPAC's engineers.

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: This air conditioner is typical of a large number imported from the Northern Asian countries. Most of them show a deterioration from the label of approximately 20 per cent.

JONATHAN HOLMES (to Michael Smith): So it's not just a one-off result that you're seeing?

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: No, no, no, no. This is very typical. This is more the likely result than the unlikely of the bottom end of the market. This is not the top end, name brand market.

JONATHAN HOLMES (to Michael Smith): And what would that translate to in terms of numbers of machines?

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: Possibly 100,000. Possibly 100,000.

JONATHAN HOLMES (to Michael Smith): Every year?

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: Every year.

JONATHAN HOLMES: Optical air conditioners are imported by a small Melbourne-based wholesaler, but manufactured by a giant Chinese company, the Chunlan Corporation, reputed to be the fifth biggest air conditioner manufacturer in the world.

Chunlan puts whatever brand name its customers want on the air conditioners it exports to Australia. It looks after testing and registers the results with the Australian regulator.

Nightingale Electric's proprietor George Anderson had told me earlier that he had himself imported thousands of air conditioners directly from Chunlan in the past four years.

So I went back to speak to him. He declined to appear on camera, but he did know I was recording his voice.

JONATHAN HOLMES (to George Anderson): George. Hi. Remember me from Four Corners, from the ABC? We had a chat before? Look I want to warn you, I've got a microphone on me, I'm recording this conversation, okay?

GEORGE ANDERSON, NIGHTINGALE ELECTRICS (voice only): Did you have a microphone on you when ...

JONATHAN HOLMES (to George Anderson): No, no. We have to tell you if we're doing that and I'm telling you now.

GEORGE ANDERSON, NIGHTINGALE ELECTRICS (voice only): Okay.

JONATHAN HOLMES: I told Mr Anderson about the result of the VIPAC test on the Optical 2500 watt machine.

JONATHAN HOLMES (to George Anderson): You did tell me earlier that you've imported over 30,000 of these machines.

GEORGE ANDERSON, NIGHTINGALE ELECTRICS (voice only): Exactly, over the last four years, no 25s, not that particular model, I've never imported that model.

JONATHAN HOLMES (to George Anderson): Right. So when you said that you were talking about Chunlan machines in general?

GEORGE ANDERSON, NIGHTINGALE ELECTRICS (voice only): Yes.

JONATHAN HOLMES (to George Anderson): So what are the machines you mostly sell?

GEORGE ANDERSON, NIGHTINGALE ELECTRICS (voice only): Model KFR 70, KFR 35 and KFR 60.

JONATHAN HOLMES (to George Anderson): Right.

JONATHAN HOLMES: So an ABC staff member unknown to Nightingale bought a second air conditioner from them on our behalf.

It was a Chunlan model KFR 35 and we had that tested too at VIPAC. The results would turn out to be even worse than the 2500 watt machine.

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: It was labelled as a four-and-a-half-star machine. It was actually a one-and-a-half-star machine, it used about 25 per cent more electricity than it was labelled and the smaller one was slightly better than that.

JONATHAN HOLMES (to Michael Smith): And neither of them actually met the minimum energy performance standard?

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: No neither of them complied with the current regulations.

JONATHAN HOLMES: Industry sources have confirmed to Four Corners that up to 25 per cent of the air conditioner market consists of cheap, imported units with little known brand names.

From the consumer's point of view, they're a good buy. They cost hundreds of dollars less than the big name brands and even if they're as inefficient as the models we tested, they'll typically cost only a few dollars more per year to run. It's the cost to Australia that matters.

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: If they were all this level of inefficiency then we're talking about a small power station and roughly the equivalent in CO2s of about 8500 cars on the road.

JONATHAN HOLMES (to Michael Smith): And that's the difference between how they're actually performing and how they say they're performing?

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: That's just the difference that's not the absolutes, so that's the additional amount you need.

JONATHAN HOLMES: The Australian Greenhouse Office in the Federal Department of the Environment coordinates the regulation of the MEPS system, under powers delegated by state and federal governments.

VIPAC claims it's told them about the problem, with no apparent result.

MICHAEL SMITH, VIPAC ENGINEERS AND SCIENTISTS LTD: We demonstrated to them that on a sample of some 60 units tested during 2003/2004, about 46 of them were about 20 per cent below the capacity that they were rated at.

JONATHAN HOLMES: But the Greenhouse Office reacted with remarkable speed when we gave them a summary of VIPAC's test on the Optical two-and-a-half kilowatt model.

Here at the School of Mechanical Engineering in the University of New South Wales, the AGO had an identical Optical air conditioner tested three weeks ago.

That test has been completed. The Australian Greenhouse Office won't tell us the results but I understand that they're similar to VIPAC's.

No doubt Optical and Chunlan will be hearing from the regulators soon. But this laboratory is the only one in Australia that's officially accredited to do check tests on air conditioners.

And besides, funds for testing are limited, so for the most part the regulators are forced to rely on the results of the manufacturers' in-house tests. And that, say the critics, is asking for trouble.

MALCOLM TURNBULL, FEDERAL MINISTER FOR ENVIRONMENT: Well Jonathan, the - all I can say to you is that the system that we have at the moment is working in that we, when we identify units that are not compliant they are dealt with. If there is an assertion that a particular model is not meeting the standards ...

JONATHAN HOLMES (to Malcolm Turnbull): But who's going to make that assertion? I mean Four Corners isn't going to do it very often. Who else is doing it?

MALCOLM TURNBULL, FEDERAL MINISTER FOR ENVIRONMENT: No, no well, we live in a very competitive free market environment and what happens is competitors, bluntly, do each other in.

JONATHAN HOLMES (to Malcolm Turnbull): In this case if our tests are replicated by the tests that I gather the AGO is doing, the particular Chinese manufacturer that's exporting these machines can expect to be hearing from the AGO.

MALCOLM TURNBULL, FEDERAL MINISTER FOR ENVIRONMENT: Of course, absolutely, that's exactly how the system works.

They will rue the day that they allowed a non-compliant product to come into Australia. It will prove to be a very expensive error on their part.