

# Improving the water efficiency of commercial ice makers

Department of Climate Change, Energy, the Environment and Water



## The policy problem and preferred policy approach

- The national stock of commercial ice makers consume a significant quantity of water – over **6.1 GL** each year, equivalent to the water used by about **35,000** households. Product water efficiency varies widely across the product range.
- Consumers are rarely aware of product water use or operating costs, as information is unavailable or is presented in a way that makes it difficult to compare. This failure prevents consumers from identifying efficient products. Consumers would save water and lifetime operating costs if products could be compared and the most efficient product selected.
- Considering costs, benefits, stakeholder feedback and risks, a staged implementation approach is preferred. The initial stage (Option 1 – status quo) assesses voluntary declaration of product water use rates. This option builds market data, with declaration rates and water use information assessed against targets to inform future options to improve water efficiency.



## Impact Analysis

### Impacts

- Following Option 1 assessment, adoption of Option 2 (non-regulatory) or 3 (regulatory) will be considered. Option 2 actively encourages voluntary declaration of water use rates and provision of comparable information to inform purchasing, but without new regulation. This option is projected to deliver a net benefit of **\$9.9M** over the 2025-2040 period. Option 3A mandates product registration and information disclosure under the *Water Efficiency Labelling and Standards Act 2005*. This option is projected to deliver a net benefit of **\$10M**. The benefits are higher than Option 2 but so are the costs.
- Implementation of Option 2 will deliver a water saving of **5.8 GL**. The water saving delivered by Option 3A is **7.3 GL**.
- The burden from Option 2 on businesses who supply and distribute commercial ice makers averages **\$82,500** each year over a 10-year period, and under Option 3A averages **\$262,355** each year. These costs comprise administrative and substantive compliance costs.

### Who is impacted

#### Individuals

No direct costs impact on individuals. It is expected that business costs will be passed on to consumers via a slight increase in prices.

#### Businesses

Direct costs impact businesses that supply and distribute commercial ice makers. The average annual cost incurred over a 10-year period is **\$82,500** (Option 2). The annual average cost is higher if regulatory options are adopted. The regulatory option with the highest average cost is **\$287,725** (Option 3B).

#### Community organisations

Community organisations would not be impacted under any of the policy approaches.



## Other considerations and implementation

- The Impact Analysis initially considered five mutually exclusive options compared to the status quo (Option 1). Options ranged from voluntary water use disclosure (Option 2), mandatory product registration (Options 3A and 3B) and mandatory Minimum Water Efficiency Standards (Options 4A and 4B).
- Although some international water use data and USA performance benchmarks are available, a lack of Australian market data presents risk (particularly to Options 4A and 4B which impact product market supply). This informed the staged approach, where progressive options gather relevant data to be assessed and inform the next option to be implemented.
- Options deliver efficiencies by leveraging the existing regulatory framework provided by the Greenhouse and Energy Minimum Standards Regulator to enable voluntary declaration in accordance with established product test standards.