



Australian Government

WATER  
RATING

# WELS Strategic Plan

## Our focus for 2022 to 2025

Water Efficiency Labelling and Standards Regulator

October 2022

The Water Efficiency Labelling and Standards (WELS) scheme is an Australian Government initiative in partnership with state and territory governments.



# Introduction

The Water Efficiency Labelling and Standards (WELS) scheme is Australia's urban water saving scheme. WELS reduces demand for high quality drinkable water by informing consumers about water efficiency at the point of sale.

The scheme was established under the *Water Efficiency Labelling and Standards Act 2005* and corresponding state and territory legislation. The objectives of the WELS Act are to:

- conserve water supplies by reducing water consumption
- provide information for purchasers of water-use and water-saving products
- promote the adoption of efficient and effective water-use and water-saving technologies.

The WELS Regulator, within the Australian Government Department of Climate Change, Energy, the Environment and Water, leads the administration of the scheme on behalf of all governments. The success of the scheme depends on the partnership between industry and governments.

The scheme continues to deliver significant benefits to all Australians. The environmental and economic benefits of consumers choosing water-efficient models are estimated to annually save over 158 GL of water and \$1.4 billion in water and water-heating utility bills in homes and businesses across Australia.

The star rating of products by the WELS scheme also provides significant indirect benefits by providing a reference framework for many government, water utility and industry-led schemes, legislation and initiatives. This includes sustainable development schemes, product exchange programs and water saving education campaigns that rely on products being rated for their water efficiency.

This document sets out the priorities and funding for the administration of the WELS scheme for 2022 to 2025.

## Priorities for delivering the objectives of the WELS Act

These priorities have been informed by broad stakeholder engagement, lawful obligations of government, independent reviews and audits, and government strategies aimed at driving better regulatory practice and future-proofing Australia's water resources.

### **1. Deliver WELS product ratings and registrations**

As part of core business, the WELS Regulator will continue to deliver assessments of product registration applications and renewals efficiently and effectively, provide advice to national and international registrants, and support improvements to the registration database.

## 2. Improve the WELS registration database

Opportunities to align registration processes with the GEMS Energy Rating and WaterMark schemes will be explored collaboratively. By engaging with a wide range of external stakeholders, improvements will be made to the user experience when registering products and searching the registration database to find products or water efficiency information.

Improvements will include automating processes to streamline and shorten assessment timeframes, allowing registered products to reach the market sooner.

All significant changes to the registration database will be developed in consultation with industry and implemented with support and minimal business disruption.

## 3. Strengthen and expand the WELS compliance program

A revised Compliance and Enforcement Policy will be published.

Annual targeting plans will be published on the [Water Rating](#) website. These plans will be informed by stakeholder views about where the risks of non-compliance with the scheme are likely to be occurring.

The compliance program will include working towards implementing a check testing program in collaboration with co-regulators and to progress arrangements with Commonwealth, State and Territory co-regulators that will enable joint inspection and check-testing programs, information sharing and collaboration on communication initiatives.

## 4. Progress improvements to national and international standards and codes

In keeping with Standards Australia requirements, a full review of the WELS AS/NZS 6400:2016 *Water efficiency and labelling standard* will commence in 2022. This review will be led by the WELS Regulator as the owner of the standard. It will involve significant stakeholder engagement to determine beneficial improvements and involve commissioning research of diverse and inclusive consumer needs about product labelling when deciding what products to purchase.

The WELS Regulator (as a relevant standards committee member) may also propose improvements to product specific standards owned by other Commonwealth agencies responsible for the Energy Rating and WaterMark schemes, that would promote water efficiency and improve technical requirements.

The WELS Regulator has overseen the finalisation of the ISO standard for Water Efficiency Labelling Programs in 2022 and will continue to be supportive of the development of an international standard for water efficiency labelling of products.

The WELS Regulator will continue to collaborate with the Australian Building Codes Board to ensure that the National Construction Code remains complementary to the WELS scheme and supports the national minimum water efficiency standards of products being installed in housing and buildings.

## **5. Enhance stakeholder engagement and communication**

Stakeholder engagement and communication will be embedded in the delivery of all the priorities.

The WELS Regulator will continue to proactively engage with industry, co-regulators, the regulated community and consumer groups through formal engagement with the WELS Officials Group (WELSOG) and WELS stakeholder advisory group WELSAG, Standards Australia committees and the JAS- ANZ Technical Advisory Committee.

We will ensure that all channels of communication are open with the WELS Regulator including with the Registration team and Compliance teams.

Consumer research will be commissioned to understand how consumers use the WELS label (and in combination with the energy rating label for appliances) so that education or standards changes can be made to support Australians to save water.

The WELS Regulator will continue to progress embedding information about WELS into the training packages particularly for plumbers and builders, working in collaboration with peak industry bodies, the education sector and co-regulators.

## **6. Regularly review funding arrangements**

The WELS Regulator will deliver two Cost Recovery Implementation Statements. The first will be an administrative update of the 2014 CRIS review to align with current government policies and templates required under the with Australian Government Cost Recovery Guidelines. It will reflect the existing cost model.

The second CRIS will be a full review that considers whether the current cost model remains fit for purpose. It will consider options proposed by industry and government.

Both CRIS will seek stakeholder engagement including public comment.

An upgraded ICT system for registration of products is expected to better support the financial analytical capability of the scheme, which will lead to more informed decisions about the funding arrangements.

## **7. Design a product assessment framework**

The WELS Regulator will investigate the establishment of a product assessment framework that can be used to determine which additional water using products could be included in the scheme, including the associated cost-benefit analysis and implementation considerations.

## **8. Modernise governance arrangements**

The WELS Regulator and State and Territory governments will work together to modernise the intergovernmental agreement and the WELSOG arrangements.

This will include consideration of the alignment of the suite of legislation that underpins the scheme and possible legislative amendments.

The WELS Regulator will work with industry members to modernise the WELSAG arrangements.

The WELS Regulator will seek to strengthen collaboration with the GEMS Regulator and through State and Territory government departments responsible for the enforcement of building regulations that includes enforcing WaterMark and the National Construction Code.

## Funding arrangements

The cost recovery arrangement will be reviewed under priority 6. Until such time as a change is determined, the funding arrangement for the financial years for 2022/2023 until 2025/2026 are set out below.

The scheme is cost-recovered 80% from industry, with Australian and State and Territory Governments contributing the remaining 20% split 50:50 in accordance with the Intergovernmental Agreement. The government contributions increase by 4% per annum.

The individual State and Territory contributions are proportionate to their population, as quantified by the Australian Bureau of Statistics.

Industry contribution is based on product registration fees, which is subject to demand for product registration.

<b>Contributions</b>	<b>2022-2023 (\$,000)</b>	<b>2023-2024 (\$ ,000)</b>	<b>2024-2025 (\$ ,000)</b>	<b>2025-2026 (\$ ,000)</b>
<b>Industry</b>	1763	1834	1907	1982
<b>Australian Government</b>	221	229	239	247
<b>State/territory governments</b>	221	229	239	247
<b>TOTAL</b>	<b>2204</b>	<b>2292</b>	<b>2384</b>	<b>2476</b>
<b>National economic return</b>	1,468,540	1,541,000	1,608,040	1,683,220
<b>National water savings (GL)</b>	157.8	165.2	172.2	178.7