

Department of Industry, Science, Energy and Resources,
Department of Planning, Industry and Environment NSW

By [email: spaceheating@industrv.gov.au](mailto:spaceheating@industrv.gov.au)

5 July 2021

Re: Residential space heaters in Australia and New Zealand

Thank you for the opportunity to comment on this product profile.

GAMAA is the peak industry body representing the interests of Australian manufacturers and suppliers of domestic and commercial gas heating, hot water and cooking appliances and components. Our member companies employ a combined total of 4,500 workers in Australia and supply the vast majority of the more than 11 million domestic gas appliances enjoyed by Australian consumers.

GAMAA is generally supportive of the sensible transition of the market to appliances that result in better economic, social and environmental outcomes. However, we believe a number of fundamental questions need to be answered, in the context of the Australian market.

Why aren't consumers using government websites that already exist?

The proposal to develop additional energy labelling and complementary tools appears to be based on a premise that the residential space heater market suffers from a lack of accessible and comparative information. It contends that additional energy labelling and complementary tools will enable consumers to make a more considered choice of space heater.

In describing the results of market research conducted, the profile states that *'only 1 per cent of respondents mentioned a government website that provides information and advice'* and that survey respondents *'indicated that a government website would be considered the second most trustworthy source of information and advice'*.

In fact, numerous, easily accessible government websites already exist providing the type of information the profile is proposing to make available. These include:

<https://www.sustainability.vic.gov.au/energy-efficiency-and-reducing-emissions/save-energy-in-the-home/reduce-heating-costs-at-home/choose-the-right-heating-system-for-your-home>

https://www.actsmart.act.gov.au/data/assets/pdf_file/0012/697287/Actsmart-Household-Energy-Savings-Guide-June-2018-updates-FINAL.pdf

<https://www.sa.gov.au/topics/energy-and-environment/using-saving-energy/heating>

<https://www.vourhome.gov.au/energy/heating-and-cooling>

An answer to this question should be sought before any further significant product profile work commences. The answer would inform the extent and nature of the required work, if any.



Is there a need for an additional comparative energy label and complementary tools?

The new homes market forms a significant proportion of total space heating sales. As the profile mentions, work is underway by the ABCB to introduce an 'annual energy usage' budget for space conditioning (heating and cooling), hot water, lighting and pool pumps into the 2022 version of the National Construction Code (NCC 2022). The NCC is nationally mandated through State and Territory regulations and applies to all new homes and significant renovations of existing homes.

It is GAMA's understanding that the 'annual energy usage' budget proposed for NCC 2022 will be based on a combination of energy efficiency, running costs and greenhouse gas emission metrics for the various appliance technologies and will provide a 'shortlist' of appliance options that fall within the 'annual energy budget' allowance. For space heating, it is our understanding that this shortlist will be categorised by appliance star rating, where such ratings are available (reverse cycle air-conditioners and gas heaters). The shortlisted options will be matched to the size of the dwelling, its type of construction and its geographic location (climate zone). As such, for space heating into new homes and significant renovations, the proposed NCC 2022 will already optimise the appliance choices in terms of energy efficiency, running costs and emissions. For new homes and significant renovations this suggests any additional energy labelling and complementary tools will be superfluous.

The most significant portion of the market is for replacement heaters. The profile states that one of the findings of the market research conducted is that a significant number of participants consider it an important factor that the new heater 'fits' in the existing space of the old system, particularly for purchasers of gas heaters. This will result in 'like for like' replacements in the majority of such cases, with a significant driver being the urgency to restore heating amenity quickly. We are not surprised by this, as it reflects entirely rational consumer behaviour and does not constitute evidence of market failure. The majority of heaters in cold climates are of the 'installed/fixed type' (reverse cycle air conditioners and gas heaters) for which energy labelling information already exists to guide consumers towards the specific replacement product that best suits their need (as the profile also acknowledges, consumers are well aware that 'more stars' means the product is more efficient). As for the new homes market, this also suggests any additional energy labelling and complementary tools to be superfluous for the majority of the replacement heater market in cold climates.

Future replacements of installed/fixed space heaters that have been included in new homes in accordance with the energy performance requirements of NCC 2022 onwards will also be 'like for like' in the majority of cases and will therefore also reflect an optimised solution for consumers, again suggesting any additional energy labelling and complementary tools superfluous for such replacements.

In summary, given government websites already exist which provide the type of information the profile is proposing to make available and prior to further work on the product profile, it should be determined why consumers aren't using these resources. Secondly, we submit that additional energy labelling and complementary tools will be superfluous for the majority of heaters sold in cold climates which are of the 'installed/fixed' type (reverse cycle air conditioners and gas heaters).

Nevertheless, should it be determined, following a rigorous cost/benefit analysis, that there is a 'net benefit' for the generation and provision of additional information, we do not believe there is a need to develop an additional 'comparative labelling scheme' which is what the profile paper seems to suggest (through adaptation of AS5389:2019 and AS/NZS3823.4). The development, implementation, and



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maintenance of such a scheme for the thousands of products on the market would be an enormous undertaking and cost. As discussed, significant work in this area is already being undertaken for the NCC 2022 and complementary work is also being undertaken by NatHERS, as the profile also indicates. The significant volume of additional information, algorithms and data that the NCC 2022 and NatHERS initiatives will generate can be directly used in generating any such additional information.

We look forward to further engagement in this matter which is of significant interest to GAMAA and the broader community.

In furthering this discussion, please contact our XXXX XXXXXXXXXX, XXXX XXXXXX (XXXXXXXXXXXXXXXXXXXXXXX or XXXX XXX XXX) or myself (XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX or XXXX XXX XXX).

Yours sincerely,

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