AUSTRALIAN INDUSTRY

GROUP

Ai Group Submission

in response to the

ACCC Consultation on Evaporative Air Conditioners in Bushfire Prone Zones

May 2012

EXECUTIVE SUMMARY

The Australian Industry Group (Ai Group) welcomes the opportunity to comment on the Australian Competition and Consumer Commission's (ACCC) proposal to develop a standard for protecting evaporative air conditioners installed in bushfire prone areas.

The Australian Industry Group (Ai Group) is a peak industry association in Australia which along with its affiliates represents the interests of more than 60,000 businesses in an expanding range of sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries. The businesses which we represent employ more than 1 million employees.

Ai Group members recognise the need to ensure the safety of persons, homes and equipment in bushfire prone areas and have taken steps to ensure their equipment meets safety standards. However, this is a complex area with different manufacturers taking different approaches and it is important that any new mandatory standard is workable, clear and consistent with other requirements and current standards. It is essential that outcomes from the development of a mandatory safety standard benefit all stakeholders: industry, community, environment and government;

In response to the ACCC's letter seeking comment on the proposed new mandatory standard Ai Group sought and received feedback from our evaporative cooler manufacturer members. Ai Group is broadly supportive of a move to standardise the protection of newly installed evaporative air conditioners in existing dwellings in bushfire prone areas.

Ai Group's key recommendations include:

- Further consultation be undertaken before the development and application of an ACCC evaporative air conditioner standard that would apply at the point when a service technician is maintaining an existing evaporative cooler in an existing dwelling in bushfire prone areas. This is because there are outstanding issues regarding the availability and suitability of equipment to retrofit existing coolers, the costs of installation and third party equipment compliance with standards;
- The ACCC conduct a Regulatory Impact Assessment before regulating the retrofit of protective screens to existing installed evaporative coolers at the point when these systems are serviced;
- The requirements of any new mandatory standard must be clear, practical and consistent with related requirements in this area, such as requirements in the National Construction Code, the Building Code of Australia and AS 3959: 2009 *Construction of Buildings in Bushfire Prone Areas;*
- Further engagement and consultation with industry and other relevant stakeholders be undertaken prior to the development and implementation of further evaporative air conditioner safety standards. Face to face consultations with stakeholders must be undertaken so that key stakeholders can provide more detail to inform the process;

- Development of a safety standard should occur under the governance of a recognised standards development organisation such as Standards Australia.

RESPONSE TO THE ACCC CONSULTATION ON EVAPORATIVE AIR CONDITIONERS IN BUSHFIRE PRONE ZONES

BACKGROUND

The Australian Industry Group (Ai Group) provides this submission in response to the ACCC's letter dated 18 April 2012 titled Evaporative Air Conditioners in Bushfire Prone Zones.

To understand this Ai Group response, it is useful to provide some information about the supply chain, application and use of evaporative air conditioners (coolers). Ai Group members are involved in the manufacture of evaporative coolers and the supply of such equipment to the Australian market. The main supply chains for evaporative coolers are as follows:

- Manufacturers sell evaporative coolers to wholesaler dealers and directly to air conditioning installation contractors;
- Wholesaler dealers sell evaporative coolers to builders, air conditioning installation contractors and directly to homeowners (the homeowner would normally contract a professional installer to install the air-conditioner);
- Air conditioning installation contractors and builders sell and install evaporative coolers to homeowners.

Importantly, evaporative cooler manufacturers have no direct contact with homeowners or self installers.

Evaporative coolers, in the appropriate climatic conditions, provide comfort cooling with far lower electricity demand, much reduced operating costs for users, and place less demand on energy infrastructure resulting in lower greenhouse gas emissions than refrigerated air conditioner alternatives. They are an extremely efficient, cost effective home cooling solution and have been in use in Australia for more than 50 years. Their popularity is increasing particularly in the new home construction sector.

Evaporative coolers can be generally classed as "residential" or "commercial", primarily by their capacity and electrical supply requirements (most commercial units require 3 phase supply). Given the ACCC consultation letter only referred to the use of evaporative coolers in "homes", this submission is limited to residential applications only. If the scope of the proposed standard will include the commercial use of evaporative coolers, then the ACCC should conduct further consultation in regard to commercial installations.

In the context of bushfire prone areas (i.e. Bushfire Alert Level – BAL), there are three evaporative cooler installation situations which need to be recognised:

1. New evaporative coolers installed at the time of a new dwelling construction in BAL areas – These installations are currently covered by the National Construction Code;

2. New evaporative coolers installed (or retrofitted) into existing dwellings in BAL areas – These installations are not currently regulated;
3. Pre-existing evaporative coolers in existing dwellings in BAL areas – These installations are not currently regulated.

Following the introduction of AS 3959: 2009 *Construction of Buildings in Bushfire Prone Areas,* and its reference in the National Construction Code, evaporative cooler manufacturers have developed products that comply with the requirements of this standard. This standard aims to improve the resistance of evaporative coolers to bushfire ember attack, radiant heat, flame contact and a combination of all these dangers.

The Building Code of Australia (BCA) prescribes the mandatory use of AS 3959: 2009 as the means of demonstrating building compliance in BAL 12.5 to BAL 29 level areas. Requirements for evaporative coolers for installation into all residential applications (Class 1, 2, 3 and 10a buildings) in these BAL areas are as follows:

> *Clause 5.6.5 (f)*
> *Evaporative cooling units shall be fitted with non-combustible butterfly closers as close as practicable to the roof level or the unit shall be fitted with non-combustible covers with a mesh or perforated sheet with a maximum aperture of 2mm, made of corrosion resistant steel, bronze or aluminium.*

New evaporative cooler units have been developed to satisfy the second part of the above requirement (protective non-combustible covers). Some manufacturers also supply retrofit bushfire protection kits including screens able to fit existing and older model evaporative coolers; however, not all manufacturers supply such kits to fit their already installed, non-metal construction evaporative coolers.

Ai Group is concerned that while AS3959: 2009, Clause 5.6.5(f) allows two compliance options (butterfly closers and protective screens), the ACCC letter (dated 18 April 2012) focuses entirely on "protective screens".

It is important that all regulatory obligations in this area are clear, certain, practical and consistent. Ai Group therefore recommends that further consultation must be undertaken to resolve the protective measures included in a mandatory standard under the *Competition and Consumer Act* 2010. Ai Group suggests the ACCC conducts further consultation meetings with all manufacturer stakeholders and that the standard be developed within the Standards Australia process.

RESPONSE TO ACCC QUESTIONS

1. ***The introduction of a mandatory safety standard under the Competition and Consumer Act 2010.***
    a. ***Suppliers / installers to fit bushfire protection screen to all retrofitted units in BAL areas.***
    b. ***Extend this 'upgrade' to when units are serviced.***

1a) The introduction of a mandatory safety standard under the *Competition and Consumer Act 2010* is supported in relation to new evaporative coolers installed into existing dwellings in BAL areas. Manufacturers have existing solutions for this installation situation.

Ai Group recommends further industry consultation on any new obligations applying to retrofitted units to ensure that the obligations are clear, consistent with other regulatory and standards requirements, and practical to implement.

1b). Regarding the application of a mandatory safety standard requiring the upgrade to existing evaporative coolers when servicing takes place, Ai Group makes the following points:

- Some, but not all, manufacturers provide screens to retrofit existing and older models of evaporative coolers. There is also a difference of opinion amongst Ai Group members as to whether ember screens are compliant with the second part of Clause 5.6.5(f);
- The undertaking of a service call provides a good opportunity to remind customers about the reasons for having bushfire protection screens fitted. If done at the same time as the service, it could reduce costs and inconvenience for home owners. However, any move to make the upgrading of evaporative coolers with screens mandatory and introduce penalties for non-compliance should be treated carefully, as it may lead to customer reluctance to have their coolers serviced. This could lead to further problems with the coolers in future resulting from a lack of maintenance. As such, Ai Group recommends that the ACCC conduct a Regulatory Impact Assessment before regulating the retrofit of protective screens to existing installed evaporative coolers at the point when these systems are serviced.
- Ai Group suggests a better approach may be for the ACCC to work with manufacturers, wholesale dealers and service agents to help them communicate to customers the need for servicing and the benefits of having screens fitted. If this approach is taken, Ai Group recommends that further discussion be undertaken on the best methods of communicating with home owners.

2. ***The Western Australian Department of Commerce has found that bushfire protection screens are not readily available. Please indicate if you are aware of issues regarding the supply and costs of bushfire protection screens.***

Ai Group manufacturer members indicate that some, but not all, manufacturers provide screens to retrofit existing and older models of evaporative coolers. One reason why bush fire protection screens

have not been widely used in the past is a concern that they created the additional problem of entrapment of leaves and other combustible material in bushfire situations.

Some Ai Group members believe that third party protective screens are becoming available and are accompanied by claims that these screens will fit any cooler. However, there is concern amongst Ai Group members that these third party screens do not fully comply with AS 3959: 2009. Further stakeholder discussion on this point is encouraged.

Third party constructed protective systems should be able to be constructed to provide for safety from ember attack. Additionally, airflow considerations are a key requirement of an evaporative cooler installation. Evaporative cooler manufacturers should be a significant part of any standards committee or working group writing a mandatory standard under the Competition and Consumer Act 2010 as the technical requirements of the evaporative cooler are key to safety and long lifespan of equipment.

Ai Group argues that Standards Australia (SA) is the suitable standards development organisation to oversee such a project as SA provides a sound governance structure and proven standards writing process with allowance for balanced input from all key stakeholders. A sound committee and public comment process is needed as part of such a standard development.

With respect to the cost of retrofitting the protective screens, the wholesale cost of mesh panel kits ranges from around $260 to $360. The wholesale margin and installation costs would need to be added to determine the final cost to the homeowner;

3. ***The ACCC is aware of a range of non-flammable filter pads especially for evaporative air conditioners. Please indicate if you are aware of non-flammable filter pads and their suitability as an alternative to bushfire protection screens.***

Some Ai Group manufacturer members indicate they are aware of manufacturers claiming to produce non-flammable filter pads or fire retardant cooler pads for use in evaporative coolers. However, our members do not use these products and therefore cannot advise on their safety or suitability as an alternative to bushfire protection screens.

GUARANTEEING FURTHER CONSULTATION WITH INDUSTRY STAKEHOLDERS

Ai Group considers that further engagement with stakeholders will be essential to guarantee the effective implementation of a mandatory standard, including consultation with industry prior to implementation of any changes to standards and regulations. Ai Group would be pleased to be actively engaged in this process.

Such a process should ensure that any newly developed standards or regulation are consistent with and complementary to existing standards and regulatory requirements.