



AUSTRALIAN INDUSTRY

GROUP

Ai Group Submission

in response to the

*REVIEW OF ELECTRICITY (CONSUMER SAFETY) ACT 2004
ISSUES PAPER*

APRIL 2010

EXECUTIVE SUMMARY

The Australian Industry Group (Ai Group) welcomes the opportunity to comment on the *REVIEW OF ELECTRICITY (CONSUMER SAFETY) ACT 2004*. Here after know as the *REVIEW*.

Ai Group's response to the *REVIEW* is based on consultation with industry through Ai Group's networks.

Ai Group welcomes the undertaking of the *REVIEW* and believes that the best outcome for industry can be achieved by the NSW Electrical Regulatory Authority supporting the current Electrical Regulatory Authorities Council Electrical Equipment Safety System (ERAC EESS) proposal. Ultimately this will involve reviewing the NSW Electricity (Consumer Safety) Act 2004 to bring it into line with national legislation as per the current ERAC EESS proposal. This high level statement is aimed at the overall focus of the *REVIEW* which is partially to reduce the burden on business of the NSW legislation. A move to national legislation will provide the best outcome for industry by reducing the legislative differences between jurisdictions and improving the efficiency of surveillance and enforcement efforts.

Regarding the targeted analysis of the current legislative requirements mentioned in the *REVIEW*, Ai Group supports:

- Maintaining the distinction between declared (high risk) articles and non-declared (lower risk) articles;
- The regulation of the sale of all second hand electrical equipment and especially second hand equipment sold by business. The equipment must have been originally approved for sale in Australia;
- Non-government certifiers being able to cancel only the certificates of compliance that have been issued by that non-government certifier.

RESPONSE TO THE *REVIEW OF ELECTRICITY (CONSUMER SAFETY) ACT 2004, ISSUES PAPER, APRIL 2010.*

Ensuring national consistency of the legislative requirements and practical application of the requirements.

The focus of the *REVIEW* is to determine if the original policy objectives of the legislation remain valid and if the terms of the legislation are appropriate for meeting these objectives. The review also aims to reduce red tape and the burden on business whilst maintaining overall benefit to all stakeholders: consumers, industry and government.

State based legislation, lack of surveillance and enforcement across all jurisdictions and independent action by state regulatory authorities all cause a burden on industry. Ai Group recognises that without national consistency our members will continue to be impacted by differences in:

- definitions / interpretation of key terminology;
- penalty amounts and the calculations and application of penalties;
- commencement dates for new or amended regulations; and
- transitional periods and arrangements when new or amended standards are introduced.

In addition, the risk to consumers of unsafe electrical equipment increases when surveillance and enforcement is lacking or uncoordinated.

Ai Group strongly encourages the NSW electrical regulatory authority to join with the other state regulatory authorities in adopting nationally consistent legislation, regulations and abiding by the mutually agreed decisions of ERAC.

The benefits of national consistency may vary, depending on the product, industry and associated costs, and include:

- greater certainty for investment in capital equipment, stock and marketing activities in the short, medium and long term;
- reduced adverse competitiveness impact on Australian industry through reduction of the number of non compliant products or suppliers in the Australian market;
- increased consumer safety by removing more non compliant products from the market;
- cost savings through more orderly business activities;
- encouragement of innovation through new product development.

In developing a national legislative framework, Ai Group encourages cooperation between all stakeholder groups on standards committees and amongst regulatory authorities at ERAC. Ai Group prefers:

- to be engaged in a formal consultation process regarding electrical product classification and determination;
- that the standards process move forward with consensus; and
- the decisions at ERAC level should be consistent and maintained by all regulators.

Targeted analysis – current legislative requirements

Regarding specific points mentioned in the *REVIEW ISSUES PAPER*, Ai Group supports maintaining the distinction between declared (high risk) articles and non-declared (low risk) articles. Significantly

increasing the regulatory requirements for low risk products is not likely to result in increased safety outcomes as these products are not often implicated in electrical safety incidents. The legislative power currently available to investigate implicated products allows for the forced removal of sub-standard product from the market. This is adequate.

Ai Group notes that electrical equipment of all kinds is used in a wide range of applications and generally deteriorates with age. Second hand electrical equipment may pose more of a safety risk than new electrical equipment and regardless of the price of equipment, it should either be proven to be safe or marked to warn of danger to consumers.

Ai Group makes the following comments in regard to regulation of the sale of second hand electrical equipment.

- Where second hand declared electrical equipment is sold by a commercial enterprise or business:
 - the equipment must have been originally approved for sale in Australia and not imported as second hand electrical equipment. This proves that the equipment meets the specific requirements of Australian standards.
 - a label must be attached stating that the equipment is second hand. Also, the equipment must be inspected, tested and marked in compliance with AS/NZS 3760, In-service safety inspection and testing of electrical equipment.
 - If the equipment has not be tested to AS/NZS 3760, a warning label must be applied stating that danger of electrocution exists and that the product should not be used until it has been inspected and tested by a competent person in accordance with AS/NZS 3760.
- Where electrical equipment is sold by an individual it must be marked as being second hand.

In regard to non-government certifiers, Ai Group supports non-government certifiers being able to cancel certificates of compliance. More specifically, a non-government certifier should only be allowed to cancel the certificates that it has issued.

ABOUT Ai GROUP

The Australian Industry Group (Ai Group) is a leading industry association in Australia. Ai Group member businesses employ around 750,000 staff in an expanding range of industry sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other related service industries.

In response to the *REVIEW*, Ai Group conducted industry consultations with members of our Electrical Appliances and Accessories Forum.

Electrical Appliances and Accessories Forum

Electrical Appliances & Accessories (EA&A) Forum addresses the technical and regulatory environment affecting supply of electrical appliances and electrical accessories through interaction with regulators and participation in standards bodies. This Forum is particularly focused on electrical safety, energy efficiency and environmental issues associated with appliances and accessories.