



Australian National
Retailers Association
ABN 78 118 494 643

8/16 Bougainville Street
Manuka ACT 2603

Tel +61 2 6260 7710

Fax +61 2 6260 7705

admin@anra.com.au

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Mr Peter Dempster
Syneca Consulting

peterdempster@syneca.com.au

Re: Measure 2.2.5 Mandatory Advertising of Energy Rating Labels

I write to provide you with the retailer's perspective on your current deliberations around the proposal to introduce mandatory advertising of energy rating labels for household white goods such as refrigerators & freezers, clothes washers, dishwashers, clothes dryers, household air conditioners and televisions.

As outlined in the attachment to this letter, ANRA represents Australia's leading retailers, many of who sell household white goods and electrical products.

ANRA members are committed to assisting consumers to make informed decisions about their purchases. In the case of household white goods and electrical products, this includes providing energy rating information to consumers at the point of purchase.

As with all new regulations, it is important to undertake a cost-benefit analysis of the regulation and ANRA appreciates the opportunity to have input into this process.

There has been an estimate made of the costs associated with this proposal. However, ANRA would like to see a dollar value for the benefits that this regulation will deliver to consumers. This information was not provided in the survey or background paper.

ANRA is concerned that the proposed measure will deliver minimal benefits to consumers because retailer-based advertising is not used as an information tool by consumers.

In most cases, the modern consumer researches and compares particular brands and products prior to entering a store. This is particularly true for large, long-lasting purchases such as household electrical and white goods. This is usually done via the internet using manufacturer-based, retailer-based and consumer-based (eg open forums and blogs) sites. Unlike retailer print/radio/tv advertising, these sites allow consumers to find out a range of information about a product that might influence their purchasing decision including relative performance and running costs. The role of the internet in the consumer decision-making process is already recognised by some ANRA members who voluntarily provide energy rating information for products on their own websites.

Once the consumer has decided which product they would like to buy, it is at that point they turn to retailer-based print/radio/tv advertising to decide where to purchase the item.

In other words, retailer-based advertising determines where a household electrical or white good is purchased. It does not play a major role in determining which type or brand of product is purchased.

In summary, the impact of the proposed measure will add to retailer's print/radio/tv advertising costs but is likely to have a minimal benefit for consumers. More analysis of these benefits is needed before a cost-benefit assessment can be made.

Apart from this cost-benefit analysis, ANRA members raise a number of other issues to be considered around this proposed regulation.

- Retailers will rely on manufacturers to provide energy rating information and therefore the liability for incorrect energy rating information in an advertisement should lie with the

manufacturer, not the retailer that publishes the advertisement. Any corrections that may need to be made should be done so at point of sale not via an expensive national correction notice or apology.

- The variety of advertisement types and publications means that the regulation should not specify the size, font, positioning or colour of the energy rating information.
- The regulation should cover all retailers, irrespective of size to ensure there is no competitive disadvantage created by this regulation.
- For practical reasons there will need to be a limit on the spoken word advertisement that this regulation applies to. For example, live reads and short radio/TV advertisements that retailers use around things such as weather/traffic announcements are often as short as 10 seconds. For such short advertisements it is not practical for the energy rating to be disclosed.
- For practical reasons retailers will only be able to provide the star rating- not the actual label. Some ANRA members have already trialed the printing of the energy labels in print advertising and found the labels were illegible.

The consultation paper also raised a number of other issues for stakeholders to comment on.

- Supplementary policies – ANRA supports a government-funded and run, awareness campaign to promote the new regulation rather than an MoU or a prescriptive Code of Practice approach. This education campaign will allow consumers to understand the information being presented, so that an explanation note of the energy rating system on each advertisement will be unnecessary. Explanatory notes will be particularly impractical for print/radio/tv advertising.
- Government provided energy information – ANRA supports this initiative as long as it is government run and funded and the information is easy to access and reliable.
- Implementation period – ANRA supports the suggestions for a 6-12 month phasing in period when a light-handed approach to compliance monitoring and awareness-raising would be the focus.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Margy Osmond', written in a cursive style.

Margy Osmond
Chief Executive

Attachment 1:

About ANRA

The Australian National Retailers' Association ("ANRA") was established in 2006 to represent the interests of Australia's leading national retailers.

Members of ANRA are:

Best & Less	Just Group Portmans Peter Alexander Dotti Smiggle Just Jeans Jay Jays
Bunnings	Luxottica OPSM Laubman & Pank Budget Eyewear Bright Eyes Sunglass Hut
Coles	Dymocks
Costco	RedGroup Retail Angus & Robertson Borders
David Jones	Reece Plumbing
Franklins	Super Cheap Auto Group
Harvey Norman	Woolworths Supermarkets Big W Dick Smith

Their combined turnover exceeds \$100 billion of the \$215 billion turnover across the retail industry, representing 6.2% of Gross Domestic Product.

The members of ANRA employ over 450,000 Australians – 37.5% of the retail workforce and 4.1% of the Australian workforce. Approximately 100,000 of these employees are located in regional and rural Australia. Over 750,000 people hold shares in members of ANRA.

Members lead the Australian retail industry, across all types of retail goods and services. The spectrum of their businesses, their scale and their contribution to all Australian communities means that the development of robust policies is critical, to strengthen the retail sector and protect the interests of retail businesses and consumers.

A key objective is to ensure that governments and the community understand the vast contribution the retail industry makes to the national economy. ANRA develops and endorses public policies which will enhance the capacity of the sector to meet consumer needs. ANRA recognises that retailers rely on all Australians, and must competitively deliver to consumer needs. Conversely, the industry and members of ANRA in particular, are leading employers, contribute to community and regional development, and strongly interrelate with other Australian industries, not the least of which is the agricultural industry. ANRA's food and grocery retailers overwhelmingly supply Australian produce.