

Finder submission to the Greenhouse and Energy Minimum Standards (GEMS) Act Review

Thank you for the opportunity to provide input to the Greenhouse and Energy Minimum Standards (GEMS) Act Review.

[Finder.com.au](http://finder.com.au) ("Finder", "we") is [Australia's most visited comparison site](#) with more than three million visits to the site a month. Finder compares over 50 product categories, including credit cards, home loans, savings accounts, personal loans and insurance products. Pertinently for this inquiry, we also compare energy tariffs for both residential and business customers as well as producing regular content on the topic. Our free service is independently owned by two Australians: Fred Schebesta and Frank Restuccia.

This submission focuses on recommendations 27-29 in the independent review, which discuss how Energy Rating Label (ERL) information should be displayed and promoted to consumers. We will use our own consumer research to inform the recommendations we make.

Finder consumer research:

There is a significant proportion of the Australian population that is intending to buy more energy efficiency products in the near future. This was shown in our most recent survey from December 2018 with 27% of the Australians surveyed intending to buy a more energy-efficient household item in the next 12 months. Clearly, the aspiration is there for nearly 1 in 3 Australians.

However, when it comes down to the actual purchasing decision, energy efficiency becomes a lower priority. This was demonstrated by Finder research from March 2018 which found that 41% of Australians don't rank energy efficiency ratings as one of the main considerations when purchasing household appliances. Initial purchase price was the resounding winner, cited by 88% of respondents as a key consideration. While a less efficient appliance may actually cost more over its usable life, this does not appear to be a major influence on buying decisions.

The same research also found that men are more likely to ignore an appliance's energy rating (47%) than women (36%). It also found that younger Australians are less likely to consider energy efficiency ratings. "Baby boomers" are the most conscious of energy ratings with 27% not thinking about an appliance's energy rating compared to 40% of "Generation X", 53% of "Generation Y" and 57% of "Generation Z".

Note: Finder defines Baby Boomers as born 1959 or prior, Generation X as born between 1960 - 1979, Generation Y as born between 1980 - 1994 and Generation Z as born in 1995 or after

Finder recommendations:

One way that Finder believes the information displayed in the ERL could be improved is to find a way to convert the ratings into estimated running costs in dollar figures.

This would allow consumers to consider the annual and/or lifetime cost of the product rather than just the initial cost. When our research was released in March 2018, our insights team analysed the running costs of various ERL rated clothes dryers across a 10-year lifespan as outlined in the table below:

Estimated ownership costs for different ERL rated clothes dryers in March 2018			
Energy rating	Cost of appliance	Annual running cost	Total ownership cost (over 10 years)
2	\$719	\$308	\$3,801
5.5	\$1,399	\$166	\$3,078
8	\$1,599	\$99	\$2,589

Methodology: Finder averaged the purchase cost of several appliances across each energy efficiency rating, then used data from energyrating.gov.au to determine the energy expended over one year. The cost of running each appliance was calculated using a national average electricity price in March 2018 of 27.95c/kWh (local pricing may vary).

The findings were striking with the higher ERL rated machines offering a significant saving across the 10-year period despite a much higher initial price point. For the vast majority of consumers who rate initial price as the top priority when purchasing household appliances, shifting the focus on to running costs in this way could improve uptake of energy-efficient products.

Another important consideration for the ERL is ensuring that it is easily read and understood on mobile devices such as smartphones and tablets. Consumer behaviour is rapidly shifting to making purchases through mobile devices, and on a smaller screen the current design cannot always easily be used to make comparisons.

To conclude, our research suggests that further educational and/or promotional campaigns are needed to ensure consumers are aware of energy ratings and their impact on appliance costs. Any move to make the display of such ratings non-mandatory seems likely to see consumer interest and awareness levels drop even further, a development which would not help the GEMS Act to meet its goals. As such, Finder supports continuing to make an improved version of such ratings mandatory.