



REFRIGERANTS AUSTRALIA & AREMA SUBMISSION ON THE RIGHT TO REPAIR

1 FEBRUARY 2020

About AREMA

Established in 1967, AREMA (the Air-Conditioning & Refrigeration Equipment Manufacturers Association of Australia) represents the interests of air-conditioning and refrigeration equipment manufacturers and importers active in the Australian market. Our members include leading companies involved in supplying over 80% of air conditioners to the Australian market. We work with government and industry on policy formulation and regulation to achieve the best outcomes for our members and the wider community.

Our aim is to:

- Help reduce the environmental footprint of air conditioning and refrigeration in Australia
- Encourage members to design and manufacture energy efficient equipment
- Encourage our members to deliver real energy savings to consumers
- Reduce emissions of ozone depleting substances and greenhouse gases safely
- Work closely with government to ensure the safe implementation of standards that will benefit end users and product designers
- Work with other local and global associations to ensure we adopt world's best practice
- Provide a unified voice for representation to government and industry on key issues
- Represent the air conditioning and refrigeration industry on key standards committees and, where possible, assist members to interpret these standards.

About Refrigerants Australia (RA)

Refrigerants Australia is the peak organisation representing the supply chain of refrigerants both in bulk and equipment. Its responsibilities and members cover the whole supply chain from importers of bulk refrigerants and equipment containing refrigerants, to wholesaling companies, to contracting organisations and to Refrigerant Reclaim Australia.

Our goals are to:

- Reduce the environmental footprint of all refrigerants
- Improve energy efficiency in equipment using refrigerants
- Ensure safety of all refrigerants
- Prepare the industry for a low emissions future
- Encourage government regulation that delivers environmental benefits.

Submission's coverage

This submission covers two main areas:

- Stationary refrigeration and air conditioning equipment that is installed (ie not domestic refrigerators or window air conditioners)
- Car air conditioners and transport refrigeration

Overarching Position

AREMA and RA support a right to repair by consumers. We recognise that refrigeration and air conditioning equipment is expensive and can require repair on occasion.

Is there a problem today?

AREMA and RA would observe that there is a strong and vibrant repair industry existing today. Because of the need to regulate refrigerants for safety and environmental reasons (more on this later) refrigerants can only be bought, sold by registered companies and used by federally licensed technicians under the Australian Refrigeration Council (ARC).

In its 2020 Annual Report, the ARC stated that there were 104,706 businesses and technicians covered by its scheme (there are about 80,000 technicians split evenly between mobile and stationary sectors). This workforce is focused on repair, maintenance and installation of equipment and is more than sufficient to meet the needs of Australia's population. The ARC further facilitates the public's access to repair by helping them identify people in their area whom are able to assist with repair and maintenance activities.

Additionally, manufacturers and installers typically provide support for maintenance on an ongoing basis through authorised dealers. There is effective access to repair personnel.

As a result of this, RA and AREMA would contend that sufficient avenue for repair exists.

Is an alternative approach to broadening repairers possible and sensible?

In short, we contend the answer is no. The use of refrigerants is currently restricted today for sensible reasons, including:

Safety: Refrigerants have risks. Some are flammable and others toxic. There have already. Been incidents in Australia and New Zealand as a result of untrained people involved in refrigeration systems leading to significant injury and death (2 deaths in Victoria on 2014, multiple serious injuries requiring hospitalisations in Perth, Adelaide, Melbourne and Queensland over the last decade).

Fostering an environment where more people with insufficient training, tools and expertise represents an unacceptable risk to the repairers and to the public that would be exposed to poor work practice. This risk will be exacerbated in the future as newer refrigerants are introduced that will tend to be more flammable.

Environmental Reasons: Most refrigerants are very potent greenhouse gases – up to thousands of times more potent than CO₂. (For example, it is quite likely that the refrigerant in your car air conditioner has the same potency if released as driving the car for 2 months). The requirements to ensure repair personnel were licensed was a critical reason behind the amendments to the *Ozone Protection and Synthetic Greenhouse Gas Management Act* in 2004 that put in place requirements for repairers to meet minimum levels of competency and be licensed.

Technical Sophistication: Refrigeration and air conditioning equipment is far more technically sophisticated than it was just a decade ago. Over the past 20 years, the energy efficiency of refrigeration and air conditioning equipment has improved by over 60% according to the Federal Department of Industry. These improvements are mostly due to increased sophistication of the equipment. A greater range of tools are required, as well as a greater level of knowledge and sophistication by the repairer. Additionally, the old approach of simply regassing equipment is now illegal – equipment must be repaired and not just “topped up”. All of this means that it would be counterproductive to open up repairs to people who were not well trained and highly competent. This increased sophistication is also seen in the software that operates equipment and requires detailed knowledge for repair and alteration.

For these reasons, AREMA and RA contend that an alternative approach in opening up the right to repair is not warranted.

Changes to Equipment - design

We note the proposal to require change equipment design to better facilitate repair. We urge caution. The goods we are discussing are traded broadly internationally and there are few if any changes made for the Australian market, as we represent somewhere around 00.5% of the total market. It is not reasonable to expect international manufacturers to change their design as a result of any future bespoke Australian regulation.

We would also observe it is likely not necessary. The impact of regulatory changes in the EU and US will result in changes to the equipment sold here. Quite simply, we will get all of the benefits of international regulatory change without needing to regulate ourselves.

Changes to Equipment – gluing and similar practice

RA and AREMA point out that for both environmental and safety reasons manufacturers are increasingly looking to better seal components. While we acknowledge this makes repair more difficult, we would point out the motivation is to reduce refrigerant leakage and the concomitant safety and environmental risks that increase when leaks occur. Again, we would caution against making regulatory changes that would reduce the safety and environmental performance of the equipment we manage.

What about waste?

AREMA and RA would observe that refrigerant waste in the sector is managed by Refrigerant Reclaim Australia. This industry-led, award winning program is highly successful at recovering used refrigerant at the end of its life and involves every importer of refrigerant whether in bulk or pre-charged equipment. Recovery has been a long-standing practice within our industry for the last quarter of a century.



In part because of the practice and also because of the high value of copper and other materials within refrigeration and air conditioning equipment, previous assessments by the Federal Department of the Environment (2014/15) on developing a product stewardship scheme for air conditioners demonstrated that additional requirements on industry were cost prohibitive given the already high rates of recovery.

Further information

AREMA and RA thank the Productivity Commission for their discussion paper. We look forward to engaging further as your thinking develops on this issue. Feel free to contact Mr Greg Picker for further details or consultation.

Productivity Commission Questions

1. What would a 'right to repair' entail in an Australian context? How should it be defined?

The 'right to repair' relates to the ability of consumers to have their products repaired at a competitive price by the repairer of their choice. With respect to equipment covered in this submission we do not believe there are unnecessary barriers to achieving this as consumers have abundant choice in repair services, parts are readily available and market forces result in competitive pricing. See above for details on numbers of repairers.

In our view, repairs under consumer guarantee or manufacturer warranty are a special case not covered in the issues paper.

- 2a What types of products and repair markets should the Commission focus on?

Products and repair markets where there is evidence of problems. We do not believe this is the case for refrigeration and air conditioning equipment.

- 3a Do the consumer guarantees under the ACL provide adequate access to repair remedies for defective goods? If not, what changes could be made to improve access to repair remedies? Are there barriers to repairing products purchased using new forms of payment technologies, such as 'buy now pay later'?

We do not believe there are barriers for access to repair remedies for refrigeration and air conditioning equipment.

- 3b Is the guarantee of available repair facilities and spare parts effective in providing access to repair services and parts? Or is the opt out clause being widely used, making the guarantee ineffective?

We do not believe there is a lack access to repair services and spare parts in the refrigeration and air conditioning market. We are not aware of instances of the opt-out clause being used in this market.

- Information requests 3c, 3d and 4a

No comments.

4b Is there any evidence of a difference in quality, safety or data security between authorised repair networks and independent repairers? Are there ways to address concerns around quality, safety or data security while promoting a vibrant independent repair market?

Refrigerants Australia and AREMA do not have any information on this question

Information requests 4c to 4g

No comments.

5c Do current IP protections pose a significant barrier to repair in Australia?

We do not believe IP protections pose a significant barrier to repair in the refrigeration and air conditioning market.

IP protections apply to manufacturer service and repair information which contain the specific and detailed information for fault diagnosis and repair applicable to their products. In an R2R context we believe it is in the interests of consumer safety and achieving successful repair outcomes that this information is available and used by licensed persons that have the requisite specialist knowledge and skills to use it safely and successfully. This is not necessarily the case for those whom have not received specialist training from manufacturers, even though they may be licensed in the applicable jurisdiction to undertake service and repair work.

Information request 5d

No comments.

6a What evidence is there of planned obsolescence in Australian product markets? Do concerns about planned obsolescence principally relate to premature failure of devices or in them being discarded still working when more attractive products enter the market?

RA and AREMA know of no company involved in the sale or manufacture of refrigeration and air conditioning equipment that has planned obsolesce

Information requests 6b to 6f and 7

No comments.

8a What policy reforms or suite of policies (if any) are necessary to facilitate a 'right to repair' in Australia?

RA and AREMA do not have any proposal to make at this time.