

# Caravan Industry Association of Australia submission into the review of Right to Repair

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## Executive Summary

Caravan Industry Association of Australia welcomes the opportunity to provide feedback as part of the Productivity Commission's inquiry into the 'right to repair', and provides such after consultation with industry businesses, and our state caravanning and camping associations for which we work closely on matters of national interest.

As the peak national body for the Australian caravanning and camping industry we support the overarching concepts of right to repair and encourage mechanisms which provides an open trading market allowing for consumers to get best value out of their interaction with the industry, and industry businesses to flourish under the certainty of fair competition and a consistent regulatory framework.

With this in mind, we believe it is opportune through the issues paper to provide clarity to 'right to repair' in the context of Australia's Caravan and Camping industry, while considering the practical impact on both consumers and industry.

As part of our submission, we provide the following comments for consideration. We are certainly keen to continue to participate in any further discussions on the issues we have raised, or any other relevant issues raised by others.

## Preamble

The Australian caravanning and camping industry is large and diverse with an estimated 3,500 businesses directly supplying products to consumers, and for which the right to repair is relevant. These businesses cover the entire supply chain ranging from component suppliers, manufacturers and assemblers, retailers, repairers, and accommodation providers, and are located the length and breadth of Australia. Many of the products and services provided by businesses within our industry are fully or partly consumed in regional Australia.

The total value of the caravanning and camping industry to the Australian economy annually is estimated at \$23 billion and provides a much-anticipated release from everyday life or an opportunity for consumers to relax, refresh, recharge or reconnect with loved ones and nature. This means the consumer is heavily invested both financially and emotionally when interacting with businesses within the caravanning and camping sector. This weight of expectation means that when a fault does occur, a consumer's right to repair and Australian Consumer Law is greatly relied upon by consumers to seek an appropriate remedy.

At some point in their lifetime, 85% of Australians have gone caravanning and camping with an estimated 7 million Australians having gone caravanning and camping in Australia within the past two

years. The industry recognises that consumers are foundational to the current and future success of the industry, and therefore the industry is very responsive and nimble to the needs and expectations of the broader consumer base. As a result, the industry strongly values a right to repair framework which is robust, provides certainty for all parties, is consistent in its application for all participants.

## Barriers to Repair

A caravan and / or motorhome may be one of the largest consumable items ever purchased in a person's lifetime. A complex assembled or manufactured item, these products are made up of many moving parts and component products, some of which maintain their physical form throughout the assembly / manufacturing process e.g. an air-conditioner. In addition, the Australian Standards and Design Rules recognise that caravans and motorhomes in Australia are subjected to some of the toughest usage, terrain, and environmental conditions in the world and hence the Standards and Design Rules reflect these.

Unfortunately, component failures do occur, and while the vast majority of these are dealt with swiftly and to the satisfaction of the consumer, barriers exist in the ability to repair:

- Due to the nomadic nature of caravanning and camping, product failures can occur at the most inconvenient or remote places, and in this scenario the cost of returning the full product for repair is at considerable cost. Consumers are responsible for returning goods that fail to comply with a consumer guarantee unless the cost of doing so is 'significant' due to the size, weight or difficulty of removal. In this instance, the business must organise and pay for the return or exchange – this imposes an unfair obligation on behalf of the supplier where the nature or the size of the failure is yet to be quantified.
- For minor faults that require repairing in location of malfunction / break, for which may be a considerable distance from place of original purchase, significant delays can occur in the delivery of components required for repair. Whilst a reasonable level of component/product stock may be held by Australian based stockists, given the complex range of components in a recreational vehicle, in some cases they are required to be shipped from Europe or China before being forwarded to the repairer. This causes significant delays in repair, which has been further exacerbated by COVID-19 related impacts on supply chains.
- While in theory it may seem appropriate for a retailer / dealer to carry sufficient stock to meet a consumer's potential failure of a component product, in reality, the stock holding required would not be commercially viable and "timely redress" may not be able to be achieved (for reasons previously identified).
- The issues of parallel distribution of component supplies where a product is either imported into Australia direct, or is fitted to a larger product which is imported into Australia e.g. fridges and air-conditioners are imported and distributed throughout Australia by a number of named global brands under an exclusive distribution agreement for which local offices, supply networks, service facilities etc exist. These products are also subject to strict Australian standards which these genuine distribution networks adhere to and supply under. In recent

times we have seen demands on these company's where consumers have purchased over the internet or internationally product which carries the global name of the fridge or air-conditioner, but which is not approved or suitable for the Australian market (this we would suggest is both not safe nor is fit for purpose). In seeking repairs, service or warranty these consumers approach the Australian distributor only to be turned away given these products are illegal for use in Australia and there are hefty fines for the distributor to undertake work on such products. The consumer under these circumstances invariably has little protection under the Australian Consumer Law.

## Australian Consumer Law and Right to Repair

### Consumer Guarantees

Under consumer guarantees, the consumer is eligible to seek remedy from anyone along the supply chain e.g., supplier in this case being the retailer, or the manufacturer. We are seeing a growing number of cases because of the component nature of the parts making up a caravan / manufacturer where retailers / dealers (despite having the contractual relationship with the consumer and the legal requirement to satisfy) are advising the consumer to go direct to either the manufacturer or the component supplier. This is using the provisions of the Australian Consumer Law identifying that the consumer has a remedy against parties other than themselves. It also recognises in some cases where the contractual relationship between the dealer / retailer and the manufacturer or component supplier is not covered under the Australian Consumer Law and therefore exposes them to substantial risk and out of pockets. Furthermore, it can complicate the repair process for the consumer as the responsibility for repair can 'bounce' between businesses. This remains a concern to industry and it ongoingly seeks clarification of party's obligations through a supply chain process.

### Right to Repair Remedy Effectiveness

The Australian Consumer Law provides for remedies, or more importantly, who chooses the remedy depending upon whether the failure is "minor" or "major". Figure 1 and Figure 2 on the following page, indicates that the majority of consumers who seek a repair on their recreational vehicle are 'satisfied' with the outcome of the remedy. With 61% of respondents in 2019 and 77% in 2018 indicating a positive repair outcome. This suggests that the *right to repair* as a remedy is functioning with the intent that it should.

We do however acknowledge the concern that 27% and 19% of respondents who have sought a repair were unsatisfied, and as an industry, we would like to see this figure much lower. However, while the objectives of 'right to repair' need to ensure the consumer receives the necessary redress, the circumstances during which the consumer may be inconvenienced at times, may be unable to be met by industry within a timeframe which suits the consumers expectations. For example, the fitting of a replacement part or a product service in regional Australia when the consumer is on holiday and has fixed leave entitlements, or the supply of a replacement part where the retailer may not have a direct distribution relationship with a manufacturer/supplier or where the manufacturer/supplier may no longer be in business e.g. the sale of a second hand product.

### Satisfaction with Recent Recreational Vehicle Repair 2019

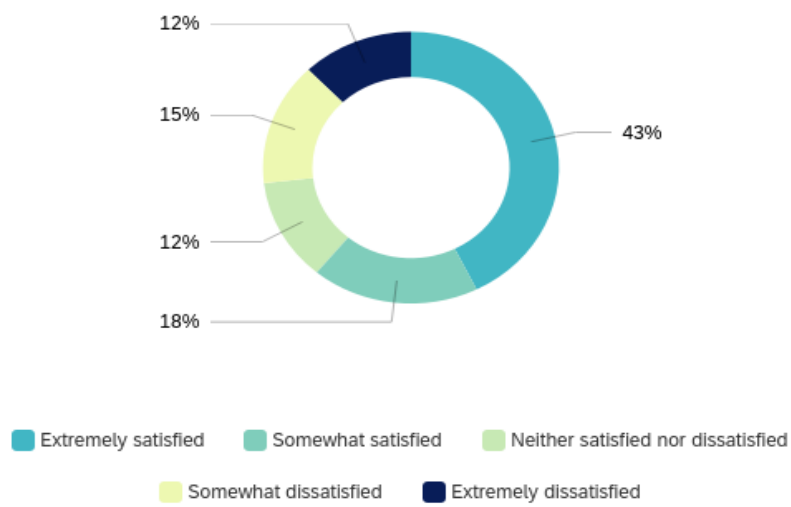


Figure 1 Were you

satisfied with the service you received with your repair? (2019) N=134

### Satisfaction with Recent Recreational Vehicle Repair 2018

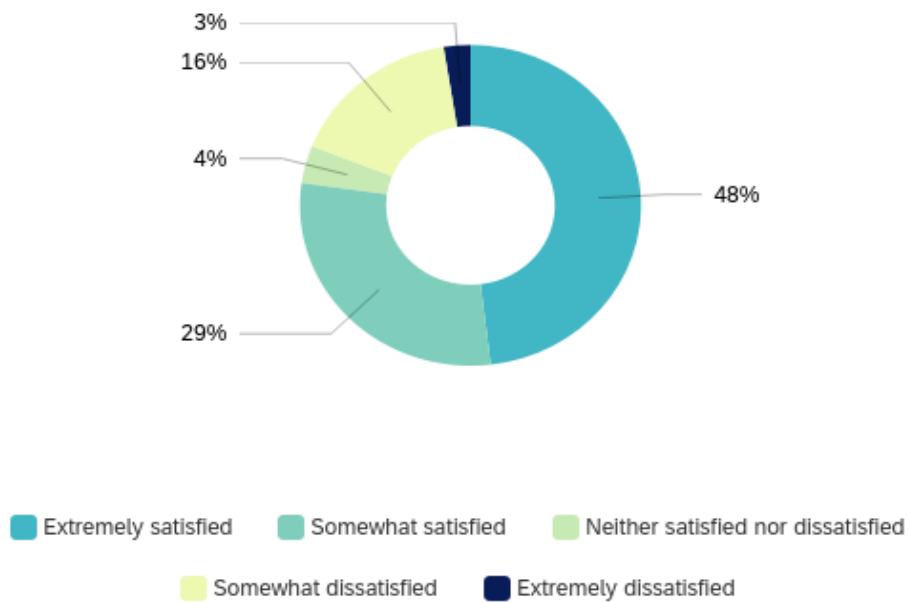


Figure 2 Were you satisfied with the service you received with your repair? (2018) N=137

We are of the position that repairs should be the favoured remedy as it provides the quickest solution to providing the product back to the consumer; and is a required element of owning a recreational vehicle and given the complex nature of the product, will require ongoing repairs and servicing. However, where a consumer believes they have not received a right to repair or believe that a repair is not a fair outcome, we believe that appropriate pathways exist within Australian Consumer Law for a consumer to seek other remedies.

While supportive of the concept that consumers (and for that matter businesses) are sufficiently well informed of available remedies, and in the case of consumers they benefit from the right to repair, we are of a position that consumers are adequately informed of existing mechanisms. Whether this be through business websites, consumer forums, information provided at the point of sale or through various government websites.

## Competition, Obsolescence and E-waste

### Competition

As an industry we embrace an open economy, one in which businesses are rewarded for their investment, innovation, and responsiveness to market conditions. In the broadest sense, the industry's service and repair network is diverse and consists of both nationals and independent operators located throughout the country. By enlarge, it remains commercially unviable for businesses to specialise in the repairing or servicing of only one or two vehicle brands given there are over 150 manufacturers in the market. As such, no monopolies exist from a repair or servicing perspective. However, as with all industries, some contractual arrangements do exist between repairers and dealers/manufacturers, which is particularly relevant in situations where it is unfeasible to send a product back to its point of manufacturing/sale for repairs and services. Noting that 90% of all recreational vehicles are manufactured in Victoria.

Whilst broadly, repairs and servicing of caravans and motorhomes can be done by general mechanics, highly specific skill sets are often required in relation to gas, electrical and plumbing components of a recreational vehicle. As such, businesses can often specialise in certain types of recreational vehicle repairs and services. Furthermore, there is a complexity of servicing pre-installed components such as refrigerators, which may then require specialised knowledge. This is in addition to warranty requirements for products to be repaired by authorised businesses.

Consideration must also be given to the emerging peer-to-peer business models and how this impacts a consumer's right to repair. If a vehicle requires repairing whilst being rented through a contractual arrangement, who is responsible for obtaining those repairs? In addition, increased usage of a product through the peer-to-peer economy, whereby the consumer who rents the vehicle may not have received the relevant information on how to use the vehicle, may lead to the void of warranties or additional damage.

## Obsolescence

Recreational Vehicle manufacturers and OEMs to the industry, as a whole, do not subscribe to mass planned obsolescence strategies to encourage increased sales of products. This is evident that the average age of a recreational vehicle registered in Australia is 17.8 years, indicating the significant life span of the product. In addition, the Australian Standards and Design Rules recognise that caravans and motorhomes in Australia are subjected to some of the toughest usage, terrain, and environmental conditions in the world and hence the Standards and Design Rules reflect these. As such, components and products are manufactured to ensure reasonable longevity.

Furthermore, given the ongoing implementation of the Road Vehicles Standards Act and the need for vehicles to be type approved before being released to market, this requirement makes it more costly and resource intensive for businesses to release new models frequently. Thus, limiting the scope for the 'churning' out of new models.

Consideration must also be given to consumer preferences and how this impacts product longevity. Approximately, 10,000 recreational vehicles are imported from China each year and whilst these products meet Australian Standards, given their significant lower price point and lower quality grade of components to produce at the price point, the expected lifespan of such products and its components are less than that of a locally manufactured vehicle. However, given the lower price point, certain consumer segments are seeking imported products over locally manufactured vehicles. Therefore, it is important that a right to repair framework considers the need to balance consumer demand for lower valued products with the quality of the product produced, and how this will impact repairs and servicing.

Consideration must also be given for product obsolescence strategies around regulation and environmental requirements. This includes the retiring of components that are deemed unsafe such as those relating to gas and electrical; advancements in components such as composite materials that make vehicles lighter and as such, better for the environment; as well as the impact of EU, China and USA policy and regulation changes that may impact the ability to source components to the Australian market.

## Wastage and E-Waste

Collectively, the industry welcomes sustainable initiatives that aim to reduce wastage generated both from the manufacturing of products as well as the ongoing servicing and repairs of vehicles/components. Whilst no specific data exists that quantifies the volume of waste produced, broadly there are three areas of focus: vehicle batteries, tyres and electric wires/cabling. Many businesses subscribe to existing National Product Stewardship Programs including the Tyre Stewardship Australia as well as subscribe to battery recycling or repurposing programs.

Scope does however exist for a National Stewardship program focused on wire and cable recycling. Whilst some businesses collect electrical cable offcuts and then sell this to scrap yards to salvage/ recycle the copper. Industry feedback suggests that there remains a significant number of businesses that do not recycle scrap cable, with most going into factory rubbish bins. A national stewardship program focused on wire and cable collection is warranted.

## Who are we?

Caravan Industry Association of Australia is the peak national body for the caravanning and camping industry in Australia. Our organisation's vision is *"to lead and champion a robust, compliant and sustainable caravanning and camping industry"* in Australia, with all operational pillars – marketing; research; lobbying and advocacy; compliance, accreditation and training – working towards this vision.

Caravan Industry Association of Australia operates as a not-for-profit organisation with a membership base comprising the individual state caravanning and camping industry associations, who we work collaboratively with on matters concerning the caravanning and camping industry in Australia:

Our members are:

- Caravan, Camping and Touring Industry and Manufactured Housing Industry Association of NSW Limited
- Caravan Industry Association Western Australia Incorporated
- Northern Territory Caravan Parks Association Incorporated
- Caravan Trade and Industries Association of Queensland
- Caravan Parks Association of Queensland Limited
- Caravan and Camping Industries Association of South Australia Incorporated
- Caravan Parks Association of South Australia Incorporated
- Caravanning Tasmania Incorporated
- Victorian Caravan Parks Association Inc.
- Caravan Trade and Industries Association of Victoria

As the peak national body for the Australian caravanning and camping industry, Caravan Industry Association of Australia represents over 3,500 industry businesses across the entire supply chain. Many of these industry businesses financially support the organisation by voluntarily making a contribution towards a cooperative fund that aims to grow the market and support the sustainability of the greater industry. In addition, we communicate regularly with consumers who have an interest in caravanning and camping and have an online active database of over 313,000 consumers, and social media sites which number more than 115,000 participants.

The caravanning and camping industry is significant in Australia as evidenced by the following fast facts:

- The total value of the caravanning and camping industry to the Australian economy annually is an estimated \$23 billion.
- Approximately 3,500 caravan and camping industry businesses directly supply product to consumers, covering the entire supply chain from manufacturers to suppliers, retailers, repairers and accommodation providers.
- The caravanning and camping industry have 53,000 direct employees in Australia.
- A total of 21,000 recreational vehicles (towable and motorised) are manufactured in Australia, the largest automotive sector in the country.
- A caravan or campervan is manufactured every five minutes in the working week in Australia.
- 741,443 recreational vehicles (RVs) were registered across the country as at 31 January 2020, comprising of 72,034 campervans and 669,409 caravans – an annual increase of +4.2%.
- Domestic and International visitors generated million nights in caravan parks and camping grounds around Australia, contributing AU\$8.6 billion of visitor expenditure to the economy.

- 13.9 million overnight caravan and camping trips were undertaken throughout Australia in 2019, creating 58 million nights.

## Conclusion

As the peak national body for a sector which is heavily invested in the operation of the Australian Consumer Law we have a keen interest in the progress of right to repair framework. We request the opportunity to participate in further discussions on matters which have been raised above, or with regard to relevant issues raised by others as part of the issues paper, and prior to any final report outlining recommendations be provided to Government.

We specifically ask to be kept abreast of developments with regard to the issues paper, and wish to be noted as a stakeholder in the process.

Thank you for your consideration of the matters raised in this submission, and if you have any questions please feel free to contact me direct

Kind regards

Stuart Lamont  
Chief Executive Officer