

The Hon. Treasurer Josh Freydenberg

Productivity Commission: Right to Repair

1 February 2021

I thank the Productivity Commission for its thorough Issues Paper on Right to Repair, and congratulate the Treasurer on his focus on such a timely issue within Australia's transition to a circular economy through this decade.

I understand that the terms of reference and scope of this PC inquiry are narrow by necessity and timeframe. However I wish to offer two central inputs:

- 1. The focus on higher-cost durable goods and proprietary electronics misses the greater opportunity for productivity gains and waste reduction in Australia through repair expansion for the majority of household bulky waste (cheap household appliances, furniture, etc).**
- 2. An inquiry with a December 7 Issues Paper and February 1 submissions dates is, in our culture, a disservice to full consultation. Once submissions are collated, please compare response levels with comparable Inquiries run at other times of the year, and, if statistically lower, consider a campaign of re-opening and publicising this Inquiry for a comparable public review.**

Repair of household goods is a behaviour change issue, like many other elements of waste reduction and more efficient consumption that underlie advanced Circular Economy principles. This consumer habit shift may indeed be facilitated by several of the policy options canvassed in the Issues Paper for high-cost consumer items.

However, behaviour change is best facilitated via transparent financial advantage delivered through stable programmatic policy. All consumers are economically rational, which includes a cost put on their time. This is why repair is most commonly relegated to the 'Too Hard Basket.'

However, this issue is entirely appropriate for Australian commonwealth government engagement through the PC. Take this example of wasted productivity:

1. Most consumer goods are shipped to Australia from overseas with an implicit carbon emissions footprint.
2. Retail sales volume is predicated on the cost of *replacing* a broken item being cheaper than the cost of *repairing* an item.
3. The unrepaired items create solid waste that represents lost value and embedded energy. This is therefore an inefficient allocation of Australian consumer assets.
4. Retail through-put and jobs lost when repair becomes preferable to repurchase can be replaced through robust repair economy and upskilled roles.

Example: It's summer and my fan, purchased for \$30, has broken. A vicious cycle gets created when shops try to offer *new* fans cheaply, so that I am disincentivised to repair mine. I am not even sure where I would start to try to repair it, and my time is precious. Shops can only afford to provide new fans at competitive prices if they are cheaply made with poor components and overseas labour. The cost of shipping the fan to Australia needs to be further off-set by further cost-cutting on component quality. These poor-quality materials result in the new fan breaking in the next couple years and the cycle repeats. I try to unscrew the back in hopes of re-soldering a loose wire but the soft head of the cheap screw gets stripped when I try to loosen it or the proprietary hex-head just means I'd have to head to Bunnings. Too hard.

How this example relates to the specific Information Requests:

1. Right to Repair in the Australian context should be defined as a consumer getting an economic incentive to shift behaviour towards repairing an item, away from wastefully disposing and purchasing new. Current landfill costs discourage most circular economy innovation across the board, not just in the repair space: the PC can see this through simple cost/benefit analysis.
2. The Commission should focus on consumer items that one sees in a typical local Council clean-up – cheaper broken appliances (i.e. fan example), white goods, furniture, etc. This is the bulk of lost productivity through waste and inefficient allocation of Australian consumer spending.
3. The Repair Market currently cannot compete with the Primary Market.
 - a. The Repair Market is granular and localised – repairs are needed for items in dispersed homes, whereas the retail industry, with its greater organisation, influence, and concentration will always lure consumers as an easier option.
 - b. The Right to Repair Inquiry, through this broader lens, ultimately represents a disruption to retail industry in Australia. It must consider policy avenues to change consumer behaviour towards responsibility for repair of an item and away from abdication of this obligation in favour of new purchase.
 - c. Repair in broader consumer categories is not a viable business strategy, which is why repair services are better defined in higher-cost items. To address greater impact in tonnes and dollars of wasted consumer items, this broader area of repair service needs to become economically viable.
4. The cottage industry of Repair in Australia is nascent and indeed deserves this policy support. The ultimate goal is to smooth the transition of work force away from menial retail jobs and towards more skilled product-repair and stewardship jobs.
 - a. Most OEMs for products owned by Australians are overseas – think an Asian manufacturer of the fan example, not Apple. Producer responsibility is opaque in cheaper retail items, however the Australian government would have more impact at the lower product cost level.
 - b. This policy support may be delivered, among other ways, via skills and training expansion in repair expertise, and underwriting of costs to repair to generate attractive employment opportunities.

5. Lack of competition in repair markets is less of a concern when there is a much greater magnitude of economic activity in this industry, and the scope is expanded more generally to cheaper household goods. Indeed there is plenty of work to go around, once behaviour change is corrected toward repair by effective policy settings.
6. Planned obsolescence includes cheapness of manufacture, not just technological generational shift. The cheap fan in the core example is as much an exemplar of planned obsolescence in that its poor-quality metal components are unlikely to last several seasons, which generates more physical waste as well as wasted expenditure.
7. The biggest problem with current policy settings around repair and reuse is local government variability. Consumers have little faith in a successfully running Mobile Muster program after just one bad experience with cancellation of a state-based program (for example NSW second fridge buy-back) or, even more commonly, local government variability (contract with Soft Landings to pick up mattresses cancelled; shift to new waste services provider means existing programs all changed.) This is the single biggest problem with the core **behaviour change** theme of this inquiry submission: repair is put into the “too-hard-basket” at the consumer level because policy supports at the local level are too mercurial which engenders little faith.
Therefore, this is an entirely appropriate Commonwealth policy area.

In terms of Productivity, this Inquiry, at its core, about balancing the ‘productivity’ of retail churn and waste disposal with the productivity of expansion of semi-skilled repair jobs and reduced reliance on overseas exports.

Again I congratulate the Productivity Commission on such a well-researched Issues Paper, including several European Commission policy precursors. If helpful, I would be happy to provide introduction to the European peak body of consumer goods reuse and repair practitioners. RREUSE. I am a policy consultant who attended the RREUSE annual conference in late 2018, and subsequently hosted its Executive Director on a visit to Sydney, including meetings with the NSW reuse and repair social enterprise The Bower, and with the NSW EPA regarding its Circular Economy policy.

Best of luck with this important Inquiry.

Kind regards,

Carrie Hamilton