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**Submission to the Productivity Commission - Right to repair enquiry.**

**Background.**

I would like to offer considerations in my personal and business capacities.

My experience with the appliance service industry dates back to my childhood years where living above my fathers appliance repair business in an inner city suburb of Sydney in the 70's and 80's. I learned how machines worked and failed and how to fix them and helping customer in the shopfront as a way to earn pocket money.

I have kept close contact with the appliance industry for the majority of my working career and around 30 years ago began to inventing universal components for the appliance service industry which led us to developing a business that now provides products and services to the industry's largest companies. We are currently the largest supplier of Heating elements to the appliance service industry.

In 2014 the majority stake of our company Wilson Elements was acquired by Listed Swedish industrial company NIBE industrier AB.

I continued as Managing Director following the acquisition.

My submission will address major domestic appliance service.

**Consolidation and Fragmentation**

Over the last 40 years the suppliers and manufacturers of Major appliances have been through a period of substantial structural change.

The first half of that 4 decade period was a period of consolidation as major brands were rolled up into a few Manufacturers where once there many.

The last refrigeration manufacturer in Orange was closed by Electrolux in 2016 with only the cooking division remaining in Adelaide. (other manufacturers remain in hot water)

Although the larger brands continued to have significant market share the latter half was noteworthy for the number of smaller imported brands that entered the market (with often a fleeting existence as small economic downturns would cause their demise) as globalisation made it easier to import a whole range of appliance.

Today the cost of most major appliances to the consumer represent a small fraction of the cost of what they did 40 years ago relative to incomes. In part a result of government policies allowing easier importation within a broader context of easier international trade and improved

manufacturer efficiencies largely a result of expanded global supply chains reducing cost inputs for manufacturers.

However following interruptions to supply chains In recent years (manmade and natural) the steady decline in input costs for many manufactures seems to have come to end which will likely result in higher prices in the years to come.

### **Issues facing consumers.**

Although the cost of major appliances been generally have reducing in relative terms most still represent a significant and necessary expense.

There are several factors that should be considered.

### **Availability**

As a generalisation that larger companies support their product more thoroughly than smaller importers.

The proliferation of smaller importers, including in house brands of large retailers (both on line and physical) and project builders that have imported appliances, have minimal levels of commitment to simple spare parts could with most arguably considered close to non existent for repairs outside of warranty periods and estimations of reasonable service life under consumer law.

Service during warranty seems to be the dominant consideration for any technical support. Further many importers will simply replace defective units within warranty negating the requirement for service departments and the associated costs.

As appliance traders, with often many manufacturers as suppliers, they have limited ability call on original appliance manufacturers to supply on going service support scavenging returned appliances for limited warranty repair.

My experience as a specialist in developing multi-fit components and fielding customer enquiries is that consumers are regularly frustrated by the inability to source simple components to maintain an otherwise serviceable appliance. Often facing the cost of replacing an still relatively young appliance over the inability to replace something as simple as a knob. (with many spares requiring regular replacement, an analogy would be having to replace a motor vehicle because you could not source special tyres)

Unfortunately this ambiguity in maintenance support is rarely displayed to the customer in any meaningful way. Suppliers who transfer costs to the customer by shortening the effective life of an appliance are incentivised to do so by unfairly competing against those that support the customer maintain a service department.

Another transfer of cost to the customer of this approach, ignores associated costs of replacement such as delivery and fitting by a technician.

### Pricing

Where parts are available, pricing is often set at levels that are clearly designed to preventative the requirement to supply the part.

I receive customer feedback regularly that parts are nearly as expensive as a complete appliance.

(E.G. cooktop glass or 4 knobs costing the same as a new cooktop.)

### Information.

At the time of purchase consumers have no clarity on what sort of service levels they can expect. At the time of purchase they consumers get energy/water cost approximations via energy labels but have no clarity on how long they can get an element. EG What is the commitment to parts holdings?

Parts lists, exploded diagrams and service procedures are rarely obtainable for imported small and home brands.

This becomes a major impediment in sourcing basic service parts for both end users and technicians.

Requiring this information to be available would be a reasonably simple requirement.

A second consideration is the guided video tutorial, allowing appliance owners to conduct simple repairs themselves. However there are untested legal impediments to providing information to the consumer on conducting simple repairs.

Articles such as below are typical of the scare mongering that exists in the appliance industry.

<https://www.obrien.com.au/members/electrical-warana/articles/what-electrical-work-can-i-do-myself-in-australia/>

Clarity in allowing a customer to do simple tasks (that they are doing anyway) without threats of substantial fines would be a great improvement.

### Labour.

Un-unlike major appliance costs, technician cost have broadly kept up with inflation changing the balance on when an appliance is not economical to repair.

In several states in Europe, the economic and environmental costs of ever shortening appliance lifecycles have been determined to be detrimental.

Initiatives, primarily environmentally driven, such as exempting repair services from VAT are becoming more common as it is clearly better for the environment to keep a mature appliance in use than to dispose of.

An additional benefit from the Australian perspective is that with most appliances imported, more income generated in Australia will remain in Australia.

### **Australian Standards.**

Our standards system from my experience is broadly in line with European standards.

However we still retain a degree of localisation that could be utilised to assist in a consumers ability to perform effective service.

From my experience, user serviceability has declined as production costs are prioritised over serviceability.

For instance a heating element used in an appliance is a service part (much like an incandescent light ). It is easy to design the appliance with a consumer replacement supported and had historically occurred.

### **Summary.**

If it is given that a consumer should not be un-reasonably forced to replace an appliance by what is essentially market and regulatory failures (or their unintended consequences) and there are benefits in extending an appliance life cycle there are several improvements to current policies that should be considered.

- 1 Give customers the ability to assess the type of support to expect on an appliance. Star rating or similar?
- 2 Practical review of service legislation to allow basic consumer maintenance.
- 3 Consider benefits of exempting service from GST.
- 4 Require appliance standards to consider serviceability in standard design.