



Right to Repair Inquiry
Productivity Commission
Locked Bag 2
Collins Street East
Melbourne Vic 8003

By email: [Lodged Online](#)

23 July 2021

Subject: Productivity Commission Right to Repair Draft Report

Thank you for the opportunity to comment on the Commission's draft report.

Rheem is the largest local manufacturer and supplier of water heaters in Australia. As we offer extensive warranties across most of our domestic product range, we are well versed in the need to provide repair services to the market. To meet these obligations Rheem employs a large number of plumbers and service personnel, both directly and indirectly, throughout Australia. Additionally, we supply thousands of plumbers across Australia with parts to enable them to undertake repairs to our products where they are the first point of contact for households and warranty obligations have lapsed. We therefore have a significant interest in the outcome of your investigations.

As a general rule, Rheem believes that caution is warranted to ensure any additional 'Right to Repair' regulatory intervention strikes a reasonable balance between the rights and interests of consumers and manufacturers. In line with this approach, Rheem would like to provide detailed feedback on some of the elements of the draft report. This response should also be read in conjunction with the submissions to the draft report from AiGroup, GAMAA and the AWHF on the draft report.

Draft Recommendation 4.2 *'The inclusion of text in manufacturer warranties that states that entitlements to consumer guarantees under the Australian Consumer Law do not require consumers to use authorised repair services or spare parts'*

As a basic position Rheem is of the opinion that there are no barriers to a consumer's choice regarding repair services for water heaters. There are many thousands of qualified plumbers throughout Australia, parts are readily available and market forces result in competitive pricing.

For repair work carried out under the manufacturer's warranty, however, we believe that there is a need for special provisions regarding complex products such as water heaters.



With lengthy warranty obligations stretching to 10 and 12 years in many cases, Rheem has found it practical to employ specialist technicians or to appoint ‘accredited’ contractors for the warranty repairs of its products. These people have received specialist information and training from Rheem that is specific to the products supplied, and as such they are best placed to safely and effectively diagnose faults and repair such products to our desired level of quality and workmanship.

The skill and competence levels of repair persons who have not received such specialist training and accreditation varies widely, and Rheem’s experience has led us to hold serious concerns about the quality and safety of repairs on products and systems even when carried out by repairers licensed to carry out such work. There are many cases where repairers attempt to carry out repairs and either fail to fix the problem and/or introduce new problems and/or cause damage.

For gas appliances in particular, the repair of parts contrary to manufacturer instructions and the use of replacement parts not originating from, or specified by, the manufacturer is likely to adversely impact safety, functionality and reliability of the product and in many cases will contravene the requirements of Australian Standard AS4575:2019 ‘Gas Appliances – Servicing of Type A gas appliances’ and render the (mandatory) product certification invalid.

In these cases, the connection of the product to the gas supply and subsequent operation would additionally contravene the various state and territory gas safety regulations. This would apply regardless of whether the parts were replaced during warranty or outside of warranty.

The ACL currently imposes an obligation on manufacturers to repair, replace or provide a refund when a product is defective and is covered by consumer guarantee or express warranty. Whilst we are supportive of this position, we believe that any changes to repair legislation should include the inclusion of a reciprocal obligation for consumers to approach the manufacturer to resolve any warranty issues, at least in the first instance.

Rheem therefore opposes Draft Recommendation 4.2. Rather, for repair claims during the manufacturer warranty period, the ACL should place an obligation on the consumer to approach the manufacturer in the first instance. If the manufacturer does not respond or otherwise fails to meet their obligations under the ACL, the consumer has the right to approach an alternative repair service provider.

Information Request 4.3 *Prohibiting manufacturer warranties from being voided if consumers do not use the repairers and spare parts specified by the manufacturer.*

From our comments to Draft Recommendation 4.2 it follows that we do not support prohibiting manufacturer warranties from being voided if consumers do not use the repairers and spare parts specified by the manufacturer.



Draft Recommendation 3.1 ACCC to develop and publish guidance on how long common household products could reasonably be expected to last without fault (durability) under consumer guarantees. Guidance could use ranges for different value products.

Rheem does not support the proposal that the ACCC publish guidance on the longevity of common household products, even if this advice is expressed as ranges.

One of the marketable features of water heaters sold on the Australian market is the warranty with which they are sold. These warranties are based on manufacturers long experience regarding their products, and their expectations of how long their products are likely to be operable.

Manufacturers of water heaters can and do differentiate their products based on a number of factors including:

- the type of enamel used in the product manufacture
- the thickness of the enamel
- the size of the anode in the water heater
- judgement based on confidence in our manufacturing and quality processes.

All of these factors vary between manufacturers, and even between products made by the same manufacturer, so that they can meet a price point or brand positioning in the market.

External to the manufacturers' control are factors such as:

- the climate in which the water heater is installed (extreme temperatures of the ambient air and water temperatures reduce the life of the product)
- the quality of the water supplying the appliance (hard water in country areas, Metropolitan Western Australia and Adelaide [in some years] erodes enamel or damages heat exchangers more quickly)
- the number of heating and cooling cycles that the water heater is expected to perform (there is a minimum requirement to which water heaters must comply, however large families can substantially exceed these requirements)

Additionally, different water heating technologies and capacities are likely to have significant different operational lives. For example, thermosiphon electric boosted solar water heaters theoretically have a longer life than traditional storage water heaters, however have greater exposure to the elements and may be more impacted by extreme weather events. Smaller water heaters tend to have a shorter life than larger sizes of an equivalent technology as they are likely to experience a greater number of heating and cooling cycles over a similar period.

As water heating has traditionally been a low interest category, consumers are prone to not be as aware of their products as they are in other categories. For example, census data on questions surrounding the type of technology that consumers have for heating



their water always result in a large number of “don’t know” responses. Without this knowledge it is possible that any guidance by the commission on product longevity could be either misconstrued or misapplied.

We also have concerns, and seek some clarity from the Commission, as to whether any government provided guidance on product life could be construed by consumers to be an implied warranty.

Rheem would therefore recommend against the Commission attempting to provide consumers with guidance on product longevity or durability unless the above variables can be addressed in the advice. In the event that these variables are not addressed in any communication, it is likely consumers will become more confused rather than more informed by any proposed advice.

Information Request 6.1 *The Commission is seeking further evidence about how significant these information gaps are, as well as the costs, benefits and design of a product labelling scheme.*

As outlined in our response above, Rheem does not believe that it is feasible to provide simple label-based durability guidance on water heaters given their range of possible usage and installation locations. It is for this reason that all Rheem water heaters are supplied together with an owner’s manual to cover many of the variables contributing to product durability that have been outlined above.

Additionally, the majority of consumers receive expert advice from plumbers on their product selection. This expert advice would cover many of the issues outlined above, with the aim of helping the consumer identify the most suitable product for them based on variables including their geographic location, household size, budget, load size and water quality.

We therefore recommend against the requirement to provide durability information for water heaters under a product labelling scheme.

If you have any queries regarding this response or our market, please don’t hesitate to contact me per the details below.

Yours Sincerely

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LTD**

