

AWHF

Australian Water Heating Forum

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

By email: Lodged Online

23 July 2021

Subject: Productivity Commission Right to Repair Draft Report, June 2021

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

Member companies of the Australian Water Heating Forum (AWHF) supply more than 95% of all water heaters installed in Australia, and directly employ approximately 2,500 Australians. The purpose of the Forum is to represent the industry and work with governments and other industry stakeholders to develop and implement workable, safe and practical standards and regulations that address water heating's unique role in Australian homes. It seeks to do this whilst ensuring that an important Australian industry remains viable and competitive.

AWHF supports the submissions from AiGroup and GAMAA on this matter. Unlike many other consumer goods covered by the ACL, water heaters are complex, installed consumer appliances with a relatively long life. Regarding some of the key recommendations and requests for information in the draft report we make the following comments:

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 we read it the intent of this recommendation is that entitlements to consumer guarantees do not require the use of repair services or spare parts **authorised by the manufacturer**

As a basic position the AWHF believes that there are no barriers to a consumer's choice regarding repair services for water heaters given the many thousands of qualified plumbers throughout Australia, ready availability of parts and market forces resulting 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 and installed products such as water heaters. The skill and competence levels of repair persons who have not received specialist training and accreditation from manufacturers varies widely, and the industry's experience has led us to hold serious concerns about the quality and safety of repairs on products and systems when carried out by those that are insufficiently trained, especially where more technically sophisticated products are involved.

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 to the water heater and/or installation. 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 water heater and render the (mandatory) product safety certifications invalid. In these cases, connection of the water heater to the energy supplies (typically gas and/or electricity) and water plumbing infrastructure and subsequent operation would contravene the various state and territory product and installation safety regulations and, more importantly, result in serious safety concerns for the community. This applies whether or not the parts are replaced during warranty or outside of warranty. For gas water heaters in many cases this will also contravene the requirements of Australian Standard AS4575:2019 'Gas Appliances - Servicing of Type A gas appliances' now mandated in various states and territories.

The AWHF 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 in a timely manner or otherwise fails to meet their obligations under the ACL, the consumer has the right to approach an alternative repair service provider.

As a general rule, manufacturers should not be obliged to reimburse consumers for warranty repairs carried out by an alternative repair service provider if they never approached the manufacturer to carry out such a repair in the first place, and/or used parts not authorised by the manufacturer.

Manufacturers should also have the right to refuse warranty if the root cause of the product defect or fault is consumer misuse or failure by the consumer to have prescribed periodic service and maintenance works carried out.

Furthermore there must be an obligation on any service provider to warrant their work for a reasonable period relative to the product and work performed.

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 any proposal that prohibits manufacturers from voiding their warranty if repair service providers and/or parts not authorized by the manufacturer are used.

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.

As we read it, this recommendation aims to provide guidance as to how long major categories of common household product within specific price ranges can be expected to last without fault **and that it is expected the consumer does not have to pay for repairs and parts during this timeframe.**

The AWHF 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.

The longevity and durability of water heaters sold in the Australian market varies greatly, dependent on a large number of variables. These include but are not limited to:

- the climate in which the water heater is installed (extreme temperatures of the ambient air and water reduce the life of the product)

- the quality of the water supplying the water heater (hard water in country areas, Metropolitan Western Australia and Adelaide [in some years] erodes enamel or damages heat exchangers more quickly)
- the water pressure supplying the water heater
- 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)
- whether the product is installed internally or externally, or for solar water heaters, whether the cylinder is roof mounted or ground mounted
- the size (capacity) of the water heater (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)
- the material used in the construction of a water heater cylinder (stainless or mild steel)
- the type and thickness of enamel (beyond minimum standards) used to line mild steel products
- the size of the anode used to protect the cylinder lining

The AWHF 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. 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.

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, the AWHF does not believe that it is possible to account for all the possible variables impacting product longevity and arrive at a conclusive durability rating. As such it is not feasible to provide simple label-based durability guidance on water heaters given their range of possible usage and installation locations. For this reason water heater manufacturers provide owner's manuals 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.

Please do not hesitate to engage with us further on this matter.

Best regards

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Chair