

# Watch and Clockmakers of Australia Inc.



## Response to Right to Repair: Productivity Commission Draft Report

### Introductory Comments

The Watch and Clockmakers of Australia is the trade association for professional watch and clockmakers and as such any representations made by the association must be taken in this context. Whilst we appreciate that some owners of watches and clocks may be skilled to undertake repairs on their own timepieces, we cannot argue in support of these individuals having access to replacement parts, particularly for watches. We specifically advocate for trade qualified members. This would ensure work is competently completed and to industry standards.

Our members have all completed an apprenticeship and trade training provided by TAFE or an equivalent recognised training institution, and we can thus be assured of their workmanship as they adhere to the WCA's Customer Service and Service Standards.

### Overcoming barriers to repair in Australia

In the watch industry the manufacturer, distributor, retailer, service centre are usually all one entity. Globally there are only a handful of manufacturers/brands/groups that control all aspects of watchmaking. Each group controls a large number of brands not only in Australia but internationally. These groups control both higher and lower end watches, thus having control of a broad spectrum.

Manufacturers of high-end luxury watches argue that independent watchmakers will not be able to cope with new technology. This argument may have had some validity in the 1980's when Quartz technology impacted on the market, however high-end mechanical watches generally use technology which has been a standard in our industry for several decades.

Over the last two decades, high-grade watches now consist primarily of mechanical watches. There are some exceptions where some high-grade watches are various types of complicated quartz electronic watches, but with access to technical information these would be well within the capabilities of independent watchmakers to be competently repaired.

### Response to specific points of the draft report

- Much emphasis has rightly been placed on the consumer, however none on the Australian Watchmakers who are trade qualified. Large companies are hiring internally and bringing in employees from overseas to avoid hiring locally. Much simpler would be providing spare parts and technical information to locally qualified repairers who can already take on the job. Sourcing watchmakers on overseas visas

or in other restrictive ways, and refusing to provide spare parts affects the viability and sustainability of our local industry, and the training of our future tradespeople.

- The draft report theorises that consumer harm is “likely to be small given the small size of the repair market”. This statement seems highly speculative and without foundation. All mechanical watches and even quartz electronic watches require regular servicing (overhauls) every 3-4 years to maintain their performance and water resistance. The work independent watchmakers perform are not just minor repairs but also these requisite major overhauls. Most importantly, the Commission could consider what consumer harm may occur if independent watchmakers’ business failed or didn’t exist. One of the fundamental principles of “right to repair” movements around the world is to advocate for and promote the rights of small businesses like local mechanics and electronics repair businesses. Independent watchmakers are no different, other than we may be considered a niche industry. It appears that brands have a mindset to exclude independents on the guise of exclusivity and superiority, where qualified independent watchmakers could perform to equal or better standards and customer experiences, with industry cooperation.
- Obvious benefits of independent watchmakers to the consumer are choice, convenience and competition. If independents cannot carry out repairs to high-end watches, the customers will suffer from reduced choice, convenience and competition, particularly for post-warranty repairs. It has become a common consumer perception that a good watchmaker is very hard to find.

### **Actions of manufacturers that impede trade for independent repairers**

Several watchmaking companies/brands/groups restrict the supply of spare parts, specialised service tools, repair manuals and technical information. There are at least 50 brands managed by 6 large groups, some of which have service centres in Sydney City, who would not entertain a request for spare parts by an independent qualified watchmaker. These include, but are not limited to Rolex, Richemont Group, Swatch Group and Fossil Group.

Omega, which is part of the Swatch group, has recently offered training and spare parts within specific criteria defined by them. The independent watch repairer is required to sign a contractual agreement which requires a significant financial investment in purchasing tools and equipment to a very high level, and also a stock of spare parts which always remain the property of the manufacturer in that it must be sold back if the agreement fails.

### **Manufacturer warranties can discourage independent repair**

The terms of most Swiss watch warranties deem a warranty void if the watch is serviced by an independent watchmaker. Only original parts can be used in any service to prevent warranties being voided.

While we largely understand why companies may be taking this approach, there is also the fact that there are many highly-qualified watchmakers that could complete these tasks with the aid of spare parts. In situations where the customer is inconvenienced by long warranty repair times or watches having to be sent offshore for repairs, the option of an independent is highly palatable.

The argument which usually is used by these brands as to why they do not provide spare parts to independents is that the independent watchmaker lacks training. However,

this argument very quickly falls apart when they do not supply even their own ex-watchmakers with parts.

Another point to consider is that the Swiss watch industry sponsors the Watchmakers of Switzerland Training and Education Program (WOSTEP), which is the most highly regarded training English language program. Even still, graduates of this program are not eligible to receive spare parts from the companies who sponsor this program.

### **Implications of repair issues for e-waste**

Watch cells used in electronic watches are problematic in regard to disposal as some watch cells contain lithium and others contain small amounts of silver oxide. These cells can be economically recycled with less environmental harm. Also to be considered are the significant dangers of button cells being ingested by small children, highlighting the need for proper disposal and handling.

When large brands do not encourage the repair or make it difficult or unpalatable, many watch mechanisms will go straight into landfill not allowing for proper disposal of batteries or other materials that can be recycled. As the WCA encourages responsible disposal at collection points, batteries are collected before mechanisms are discarded, and in many cases, old mechanisms are kept for the future where they could be used for other spare parts to further prevent waste.

### **What we would like reflected in the Findings**

- We would firstly like to see the Watch Industry recognise the competence of our members.
- The watch manufacturing industry to again provide training opportunities so that our members are able to keep abreast of developments in servicing technology and repair techniques.
- That our members be able to source original genuine spare parts, specialised service tools and technical information for brand watches at reasonable prices and under equitable conditions.
  - The reasonable prices should enable trade price discounts so that parts and labour can be performed to be competitive to manufacturer-offered repair. This would not preclude the manufacturers requesting independents follow recommended retail pricing etc. Regarding equitable conditions, this should imply a fair and balanced agreement that doesn't put unreasonable financial obligations (such as having to spend a significant amount on the brand's tools to be approved) onto independents' businesses, and terms that are agreed upon, not just imposed by manufacturers

### **How we propose these changes could occur**

The draft report mentioned positive obligation which is one possible solution to the current issues we are facing in our trade, which would be a good start. However, a positive obligation will not necessarily ensure that big brands will adhere to the Commission's proposals, in which all independent watchmakers would have an equal opportunity for spare parts and technical support.

For this reason, communication between the big brands, the WCA, and other stakeholders would be vital. In this manner, there would be a chance for consulting and negotiations to investigate practicable solutions. As a result, there would be an even playing field for the

independent watchmakers, and there would once again be a mutually beneficial relationship between the independent watchmakers and the big global watch brands.

Yours Sincerely,

Trenton Firth  
WCA Federal President