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President

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## Re: Right to Repair Agricultural Machinery

NSW Farmers welcomes the opportunity to respond to the Productivity Commission's Inquiry into the Right to Repair.

NSW Farmers is Australia's largest state farming organisation, representing the diversity of interests of its members. Our focus extends from issues affecting particular crops and animals, through to broader issues including the environment, biosecurity, water, economics, trade and rural and regional affairs.

We support the Productivity Commission's work gathering evidence and inquiring into these issues to deliver a more level playing field with greater competition and access to parts and diagnostics to enable independent repairs. Our key issues of concern are:

- the importance of access to machinery diagnostics, codes, and schematics,
- the challenges of significant reduction of dealer networks across regional areas,
- the need to support qualified mechanics to make non-critical repairs without voiding warranties, and
- inadequate consumer law protections for agricultural machinery

### Importance of access to machinery diagnostics, codes, and schematics

Access to machinery diagnostics, codes, and schematics are considered a key barrier to an open repairs market by many farmers. As part of NSW Farmers' recent collection of member feedback on machinery repair issues, this problem featured prominently (full list of member examples available in **Tab A**). Inability for farmers or independent repairers to access diagnostic codes means that the problem with the machinery cannot be identified until an authorised repairer is available to inspect the machinery. This adds to repair delays by increasing the time spent waiting for parts or for the repairer to return to the property with the necessary parts to undertake repairs.

Similarly, access to machinery codes and schematics is not readily available, and is often inaccessible to consumers and third parties, preventing independent repairers from undertaking repairs. This restriction of the market results in inconvenience for farmers through inability to utilise local repairers to fix non-critical machinery issues in a timely manner, and increased costs through being forced to use an authorised repairer.

### Challenges of significant reduction of dealer networks across regional areas

There has been significant reduction of dealer networks across regional areas over time due to a combination of factors including improved technology and longevity of machinery, and increased opportunities in other fields of work. A smaller number of dealerships exacerbates the issue of accessing parts, which has been widely reported across the country and in our members' recent feedback. The primary issue is that significant delays are experienced by farmers waiting for parts to arrive from around Australia and from overseas, costing time and money whilst machinery is forced to sit idle until it can be repaired.

## NSW Farmers' Association

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Additionally, parts become increasingly difficult to obtain as machinery ages, even if it is under ten years old. NSW Farmers considers it critical that parts are required to be available for agricultural machinery for at least ten years to ensure longevity of machinery and to reduce waste impacts from being forced to discard it prematurely. This would go toward resolving some of the issues farmers have reported in accessing parts for machinery that is only a few years old and well within its working life.

A further challenge of reduced dealer networks is increased travel charges for repairs. Due to the inaccessibility of diagnostic tools and parts, many farmers are forced to rely on authorised dealers for repairs. As farms are usually located significant distances from dealers, this results in a high travel cost for the repairer to complete repairs on farm, which is often the only option. Significant delays can also occur due to the limited number of repairers, particularly during busy periods such as sowing and harvest, where rapid repairs are critical as delays can have significant impacts on yield and income.

### **Enabling qualified mechanics to make non-critical repairs without voiding warranties**

NSW Farmers supports healthy competition in the agricultural machinery sales and repair markets to provide farmers with a genuine choice both in purchasing machinery of any brand, and in choosing who can repair that machinery should any issues arise, without impact on warranty validity. It is therefore critical that diagnostics, codes and schematics are made available to better facilitate independent repairs.

We understand that manufacturers are considering categorising repairs into critical and non-critical classes, and that this classification may inform suitability for an independent repairer to undertake repairs without voiding warranty. NSW Farmers agrees that critical repairs need to be completed by authorised repairers, but need a clear definition of both critical and non-critical repairs in order to provide complete support for this proposal.

NSW Farmers notes manufacturer concerns around safety, for example if modifications were to be made to machinery, but wish to highlight that farmers are very cognisant of the adverse impacts of modification. For example, engine modifications to increase power or modification to pulleys and control equipment or other critical areas increase pressure on particular parts of the machine and significantly decrease its running life, ultimately resulting in a negative outcome for the farmer.

Farmer interest in gaining increased access to software diagnostics and parts is instead focussed on increasing access to local, third party repairers to enable faster, more convenient and affordable repairs, particularly where they are minor.

In addition to opening the repair market to enable third party repairs whilst machinery is under warranty, further work should be progressed to increase the clarity and explanation of warranty terms at the time of purchase, as recommended by the ACCC. For example, a consumer should have a clear understanding of the warranty period, whether it be a certain number of hours or a certain number of years, and what actions may impact upon validity of their warranty.

### **Inadequate consumer law protections**

NSW Farmers also supports expansion of the Australian Consumer Law to include farm machinery related purchases of greater than \$100 000 under consumer protections. Most machinery, even second hand, costs in excess of \$100 000 and represents a significant outlay for often small or medium farm business enterprises. We recommend that the Australian Consumer Law is amended to encompass the purchase of agricultural goods and machinery. By broadening the definition under Sch 2 cl 3, a level of protection can be provided for farmers as consumers.

Our members consider the right to repair agricultural machinery an important issue, with most farmers readily able to provide examples of barriers faced in trying to repair their machinery. Whilst some have made the deliberate decision to retain older machinery so that it can be repaired more easily, those who have

purchased newer, more technologically advanced machinery have encountered a variety of problems and barriers to repair.

As outlined above, these issues impose significant impacts on farm businesses including delays and inconvenience in accessing repairs which can result in machinery sitting idle until such time as repairs can be completed. These impacts can be amplified at particular times of year such as during sowing and harvest, when any machinery downtime can have significant consequences due to missing the sowing/harvest window and consequential impacts on yield. The ultimate result is significant time delays and financial costs for farm businesses.

Finally, it is important to note that Australia does not offer a large number of agricultural machinery dealers per capita. This is due to many factors, some of which are explored above, but it is essential that no excessive increased costs or regulatory burden falls to dealers, as ultimately this will be passed on to the farmer. We consider it important that any changes and potential consequences be carefully considered to prevent any cost increases to farmers or a decline in the number of available machinery dealers.

Should your staff require additional information, your office is invited to contact Renee Austin, Policy Advisor

Yours sincerely

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**President**