

SUBMISSION TO THE PRODUCTIVITY COMMISSION

Right to Repair Inquiry

18th January 2021

Reading between the lines of the “terms of reference “the inquiry is mainly aimed at the conduct of tech manufacturers like Apple & Samsung limiting service, parts and diagnostic software although it could be equally used to push for changes in the regulation for the supply and service of home appliances.

I have been in the appliance industry for over 40 years and am continually frustrated by the short-sighted legislative changes made trying to get appliance manufactures to improve the energy and water efficiency of their appliances they have nothing to reduce to amount of waste and pollution caused by cheap unrepairable appliances.

In my current role as the Australian National Sales Manager of the world’s largest commercial and industrial laundry appliance manufacturer I see thousands of home appliances from other manufacturers come in to our warehouses, many only a few years old being relegated to the scrap heap because they cannot be repaired due to a shortage of parts and service personnel making them uneconomical to repair.

At the moment once any “prescribed appliance” has passed its safety testing and performance standard (as dubious as some of the regulations can be) it can be sold to the market without any regard to its repairability, obsolescence or recyclability.

When I first started in the appliance industry there were commercial mechanisms put in place by some appliance suppliers and manufacturers that restricted supply to any reseller that did not sell that manufacturers product for the price that they dictated. (price maintenance) This was systematically outlawed by changes to legislation. (COMPETITION AND CONSUMER ACT 2010 - SECT 48 Resale price maintenance)

With the retailers all wanting to attract the same customer they all started discounting the price putting pressure on margins and operating profits not only retailer but the manufacturers as well.

Under COMPETITION AND CONSUMER ACT 2010 - SECT 98 Withholding the supply of goods & restrictive trade legislation led to the manufacturer having to then supply everybody which then meant his product was subject to retailer discounting which then lead to manufacturers both discounting their product and then seeking cheaper parts, methods and places to manufacture.

This led to a significant reduction in quality across the appliance industry. The average life of a washing machine in 1980 was 20+ years, today it is less than 7.

So, while changes to legislation and regulation in the appliance industry has led to cheaper prices for the consumer buying an individual appliance however over the cause of time todays consumer will have to purchase 5 to 6 of any one product over a life time consequently spending 3 – 4 time as much.

Along with the drop in product quality there have been other significant trickle-down effects on the industry over time.

Lower profit levels in both retail and manufacturing/wholesale resulted in reductions in customer service, employment, reinvestment.

It has also led to less competition with smaller businesses being forced to close with the larger category killers now dictating terms to the consumer.

Lower product quality has led to the uneconomical repair of many appliances which has led to a huge increase in land fill and massive reduction in appliance repairers available.

In some instances, today some consumer has no option but to replace the broken-down appliance because they cannot wait the 3-4 weeks to get repaired if the parts are available.

The changes over time to regulations set out under the GEMs legislation were meant to reduce the amount of water and electricity used by appliances and while in some limited instances it has done this for the most part it has caused

appliances to made with smaller motors, less effective engineering, longer wash cycles in the case of washing machines all resulting in a shorter working life.

An example of this is the average length of a WELS approved wash cycle is currently 214 minutes compared to less than 60 minutes 25 years ago.

The reality of this that consumers seldom use the approved wash cycle opting for a quicker cycle which results in some machines using more water and or others needing a reduced load size resulting in extra washes and in both instances, they can use more water and electricity and again shorten the life expectancy of the appliance.

The long-term consequence of the above is we now have no appliance manufacturing in Australia, a very reduced capacity to repair appliances, a huge increase in landfill waste.

So, what is the answer?

How can we develop a regulatory system that can improve the quality and the over all efficiency of consumer appliances while keeping the focus on what is best for our society as a collective?

I believe it has to come from accountability, making both retailers and manufacturers alike responsible, measurable and accountable for the appliances they send into the market.

Questions that need to asked and answered so the consumer can make a better-informed purchase decision.

How long will this appliance last? *Every manufacturer knows their product's redundancy. This would need to be proven by testing and historical data.*

How long is it repairable for? Are parts available at reasonable cost. Does it have to be repaired by the manufacturer. What is the total cost of parts compared to the cost of a new appliance? How easy is it to repair?.

How is its recyclability? What percentage of the whole (including its packaging) can be recycled cost effectively?

At the moment once an appliance leaves the retailers door regardless of its shortcoming and as long as it last longer than the warranty and when it fails it becomes a whole of society issue.

Both retailers and manufacturers alike can take anything to market regardless of quality with total disregard to the impact that the item will have on the environment and economy once it no longer functions or wanted.

Thank you for opportunity to make a submission.

With Kind Regards