



Australian Government  
Productivity Commission  
Right to Repair Consultation

By email: [www.pc.gov.au/inquiries/current/repair](http://www.pc.gov.au/inquiries/current/repair)

1 February 2021

## **Subject: Right to Repair, Productivity Commission Issues Paper, December 2020**

Thank you for the opportunity to respond to the issues paper.

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.

Rheem supports the submissions from the AiGroup and the Australian Water Heater Forum (AWHF) on this matter. Unlike many other consumer goods covered by the ACL, water heaters are complex installed consumer appliances and are relatively expensive and long lasting. In the context of water heaters, some key R2R considerations are:

- Water heaters are not portable appliances, Rather, they are a fixed, installed component of a larger system necessary for delivering sufficient, safe and reliable heated water to consumers.
- As direct user of large volumes of household energy, and as they generate water that is hot enough to scald, water heaters are potentially dangerous when not installed or serviced by qualified professionals. As a result all states and territories require that water heaters are installed, serviced, repaired and replaced by suitably qualified and licensed technicians.
- Water heaters are subject to mandatory product certifications and the requirements of local technical regulatory authorities. The use of non-OEM replacement components and the repair or restoration of existing components within water heaters rather than their replacement with new OEM parts may adversely impact safety, functionality and reliability and may breach product certification rules and the requirements of technical regulatory authorities.



The consumer must also accept responsibility for the product modifications and any adverse consequence related to poor workmanship quality and replacement part quality.

- Repairs carried out under consumer guarantee or manufacturer warranty are a special case and should be treated as such. This situation is not covered in the issues paper (see further comments under information request 1).
- The majority of water heaters sold in the market have a minimum of 10 years product warranty and as such usually continue to perform effectively for a number of property occupants over their working life. As such, we do not believe there is any evidence of planned obsolescence in the Australian water heater market. We take a product reliability improvement approach and have improved product life increasing our warranty periods over the last five years due to continuous improvement.

The above considerations are addressed in more detail in the responses from the AiG and the AWHF, however Rheem wishes to focus the Commission's attention on two key areas:

#### 1. Products Repaired Under Warranty

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 these should be treated as a special case that has not been adequately addressed within the issues paper.

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, even though they may be licensed in the applicable jurisdiction to undertake repair work.

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.

Of course, if the consumer approaches the manufacturer for warranty repair, and the latter fails to resolve the issue satisfactorily within a reasonable timeframe, then the obligation should lapse and the consumer should then have the right to approach a third party repairer.

## 2. Next Generation Water Heaters

Over the last few years a number of IOT “smart” water heaters have reached the Australian market to address issues such as demand response and self-consumption of PV. This trend towards more complex water heater designs is likely to continue with regulations mandating demand response capabilities already flagged by state and federal governments.

The nature of the products means that they are reliant on software that is remotely managed, accessed and updated based on the everchanging landscape for energy rules, tariffs and regulations. As this is a new area of product development, and as no standards or protocols for these products currently exist, much of the software on these products is proprietary, with access restricted by manufacturers to both protect their IP and to stop unauthorised technicians from changing the performance or attributes of the product impacting certification and most importantly adverse safety performance.

As this issue regarding new technology is not unique to water heaters, we would welcome the Commission opening a separate stream of investigation into consumers’ rights of repair for products reliant on new proprietary technology.

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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