



PRODUCTIVITY COMMISSION INQUIRY INTO AUSTRALIA'S CONSUMER POLICY FRAMEWORK

COMMENTS BY AUSTRALIAN ELECTRICAL AND ELECTRONIC MANUFACTURERS' ASSOCIATION (AEEMA)

INTRODUCTION

The Australian Electrical and Electronic Manufacturers' Association Ltd (AEEMA) is the peak national industry body in Australia representing some 300 infrastructure providers for Australia's ICT, electronics, and electrical manufacturing industries. AEEMA is organised in three principal divisions (electrical, electronics and 'ICT Australia[®]'). Member companies belong to some 16 industry forums. AEEMA provides secretariat services for two other associations: the Armed Forces Communications and Electronics Association and the Illuminating Engineering Society of Australia and New Zealand. AEEMA also supports industry-led clusters linked to national strategic development.

AEEMA's policy platform is based on adherence to competitive market principles, removal of trade barriers including non-tariff barriers, reduced red tape, regulation only where required, equitable tax treatment for business and the removal of impediments to Australian manufacturing that harm its international competitiveness.

AEEMA welcomes this opportunity to provide input to the Commission's Inquiry on consumer policy. This submission is confined to electrical product safety and technology convergence issues.

ELECTRICAL PRODUCT SAFETY

Australia's electrical product safety regime generally has served the country well. However as a consequence of globalisation and other factors a large and increasing quantity of electrical product is being imported. While most of this product is safe, AEEMA increasingly has become aware of product that fails to conform to electrical safety standards and is demonstrably unsafe. Most of this unsafe product is manufactured in developing countries where technical standards and conformance infrastructures are immature, and originates from suppliers who lack an understanding of Australia's regulatory requirements.

Electrical safety is regulated in Australia by the states and territories. The increased importation of unsafe electrical product has coincided with a reduction in resources, both financial and technical, available to electrical safety regulators. This has affected in particular the enforcement regime. In addition to having inadequate resources to enforce electrical product safety, regulators have failed to evolve a truly national system of regulation.

A major challenge facing Australia's consumer product safety regulatory system is the need to deal more swiftly and less reactively with emerging product safety problems. Electrical safety regulation is a classic example of this problem. AEEMA's concerns with the current framework of electrical safety regulation lie with the non-uniformity of such regulation, it results in delays and poor outcomes for both consumers and suppliers of electrical equipment.

One recent example of such a delay is the case of an unsafe work light purchased in Victoria. The product had been registered in Queensland. It was provided to the New South Wales regulator who, after a four-week delay, decided that it was an issue for the Queensland regulator to manage. That four-week delay is unacceptable for what was patently an unsafe product and should be of concern to consumers and policy makers alike.

AEEMA's preference is to abolish the state and territory regulators and replace them with a single national electrical safety regulator. However, realising that states are unlikely to relinquish their power in this area, we suggest that electrical safety regulation should be brought under the jurisdiction of a ministerial council; mirror legislation should be enacted in each state and territory that is complementary to part 5A of the Trade Practices Act.

While currently there is a single body that purports to coordinate the regulatory activity among the states and territories (the Electrical Regulatory Authorities Council, or ERAC), that organisation has little authority, is poorly resourced and has no legislative recognition.

Review of the Electrical Equipment Safety System in Australia

In response to sustained criticism of the electrical safety regulatory system, ERAC has initiated a Review of the Electrical Equipment Safety System in Australia. The

consultants appointed to assist the Review have consulted widely and have reported that:

Despite variations in the strength of their opinions almost all stakeholders were of the opinion that significant change is needed to ensure that the system meets its objectives in an efficient and effective way. The following two dominant concerns have been identified:

- **A lack of harmonisation / consistency / uniformity between jurisdictions** in both legislative requirements and in the practical application of those requirements.
- **A serious deficiency in enforcement** across all jurisdictions.

All jurisdictions (including New Zealand) are participating, with the notable exception of New South Wales. The absence of the NSW regulator is of serious concern and threatens to compromise the Review. The Review is expected to be completed later this year.

CONVERGENCE

The Commission has requested AEEMA to address the consumer policy issues, if any, surrounding the increasing convergence of electrical products, electronics and content. AEEMA is pleased to provide the following brief comments.

Convergence of electronics, electrical products and information content is now driving many new technology developments. This has flow-on impacts for consumer choice, productivity and industry development generally. Inappropriate regulation can impede such developments. A recent example is sub-sections 109A(1)(ia) and (ib) of the *Radiocommunications Act 1992* (the Act), which represent a highly undesirable precedent for suppliers of consumer electronic equipment. These regulations purport to be technology specific and by defining a particular broadcasting service by the type of equipment on which it can be received rather than providing a definition of the service itself, it is AEEMA's view that the Act:

- (a) puts an unfair responsibility onto consumer electronics suppliers rather than on the broadcast service licensee; and
- (b) fails to recognise the convergence of audiovisual, communications and information technology products where any content can be received on any device anywhere.

AEEMA also submits that the proposed determination may inadvertently favour one sector of our converging industry over another. By way of example a manufacturer of a laptop computer is able to include a digital TV receiver for licence B services, while a manufacturer of a desk-top computer or multi-media receiver is not. In a converged environment both these devices may be used as a media centre within the home, providing consumers with more choice under the new digital platform. Regulatory policy which thwarts such choice may add to the slow uptake of this new technology, a current concern for government and industry alike.

CONCLUSION

A robust electrical safety regulatory regime is essential in Australia because of the inherent danger of electricity. Imports of unsafe electrical product have coincided with a crucial resource reduction in electrical regulators. The need for a national safety regulator is urgent now, but since states will most likely not relinquish their regulatory status in this area, AEEMA calls for a properly resourced regulatory system that comes under the jurisdiction of a ministerial council and is chaired by a Commonwealth officer.