

AIA Newsletter

April 2006

Inside This Issue

Message from the National President

Member Profile

National Recall

Amended requirements for the insulation of live pins and plus, and equipment with integral pins

Two new Australian Standards which will affect your Appliance Repair Work

Up and coming events

*The changing face
Of the
Appliance business*

Message from the National President

Our business are always facing change, change of the models (just how many models are out there?), changes to the companies that manufacture and distribute appliances, Changes to the business rules tax, super, licensing, just to name a few. Some of the changes force us to change, others don't. However you can't afford to take your eye off the ball for a moment.

At the beginning of this year, the Hoover brand ceased to be used by Electrolux. It marks the end of an era. To me it is quite sad, Hoover had a great reputation, and for many years was market leader. Perhaps it will return the again perhaps not, time will tell.

The average price of appliances sold remains strong. In a recent analysis of dishwasher sales, the average price paid by consumers was \$1019-, yet there is a broader range of price points than ever before, across local and imported makes. At the cheaper end we are seeing appliances in cash register stores such as Kmart, yet at the Premium end Miele is doing better than ever.

Until a few years ago, major repairs such as transmission changes, and reconditioned machine sales were a significant part of our income, however this is changing to smaller faster repairs, and repairing the machine apart from the primary mechanism. Some newer machines are fast to fix, others have not been designed to be serviceman friendly. The time taken to repair a machine is an important consideration in how it can be done profitably.

This shift from major to smaller repairs can have costing implications, I can remember years ago, thinking of buying a new piece of workshop equipment, or weighing up the price of an advertisement, we would think about how many gearbox repairs we would need to do to meet the cost. Customers are often focused on the call fee, and often this has been set as low as possible with the idea you make it up on the big jobs. But when over time you find you now do mostly small jobs, how do you make it up?



“So how would I improve my financial performance if that were my business?”

As repairers, we constantly need to monitor the mix of brands and products we support, efficiencies can be gained by reducing the range of brands, or product types, you support. When we face quiet times you tend to accept jobs you would otherwise refer on, though when busy you have an opportunity to refine what is working for you and what isn't. Do you manage your business? Or do you go with the flow?

On a recent visit to Friends of ours in country Victoria, I was told about, the experience of when their washing machine broke down. I was quite interested to see how well it was handled. The machine was a recent Simpson Esprit 450. The repair, (Failure of the transmission pawl) was completed promptly and without fuss.

About 4 weeks later, the invoice arrived, and it was a pre printed form that had been typed on a typewriter. I was really shocked to find some repairers still do this sort of thing. (It was a home visit repair). The Rate that was charged was a bit less than half of what my cost price to do the job would have been. It really made me think, Are the costs of doing business that much lower in the Country ? I'm fairly sure that a Service van costs the same. Certainly less travel time costs between town jobs. Does this mean he is able to complete significantly more repairs in a day? So how would I improve my financial performance if that were my business?

1. Invoice at time of repair, Introduce credit card facilities, and collect all domestic payments on the spot (I take a very firm view on this; getting paid on time is crucial)
2. Cease providing credit except where you receive a purchase order from a Real Estate Agent or school.
3. Implement Charge as you go. (So where you commence a repair, e.g. take a fridge to the workshop. We collect the service fee and 1st Quarter hour. At the start. This also applies if I need to order in parts. I implemented this some years ago, I rate it as one of my better decisions.)
4. Calculate what my real cost of a basic repair is. (Many repairers do not know their own cost price. You need to make sure your not one of them.)
5. Ensure my charges actually exceed my costs
6. Draw an appropriate salary (what could you get elsewhere?)
7. When was the last time I had a 2-week or longer holiday? (see items 4 & 5)

Of course sometimes it's a lot easier to look from the outside in, that's the great thing about being a Member, We are less likely to get stuck in our own little world, the repairer I describe above, Isn't a member, but he could benefit so much from just getting out and talking to other repairers. Sometimes we all need to reassess what we are doing, and what we could be doing better. Hope this makes you think a little about your operation.

Darren Latta

Member Profile: Rick George, Tasmania

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Rick works with his wife, Suzanne, from their home on the edge of the water at Primrose Sands in Tasmania. They are almost half way between Hobart and Port Arthur (and he couldn't resist telling us about – standing looking over the water).

Suzanne and Rick regularly took holidays to Tasmania and they loved it so much that in 2002 they decided to up stakes and move there. They moved from Forresters Beach on the Central Coast of NSW where they had operated under the same business name for twenty four years.

Rick finds the lifestyle much more laid back. In fact on a recent job to Port Arthur, some fifty kilometres away, he passed only two cars on the road. When they first arrived, Rick checked the local Tassie phone books and found there were only twenty five appliance repair business on the whole island advertising their services.

Rick and Sue like to go boating and fishing, and with the long summer twilights there is still enough light to enjoy being outdoors until around ten o'clock. Rick is happy doing about five or six jobs per day. He has found most of the locals keep having their appliances repaired, as opposed those in his old area on the NSW Central Coast who were happy to replace appliances. He finds they get more repeat business with a smaller customer base with this 'repair rather than replace' philosophy. Rick says he has replaced more refrigerator sealed units in one year in Tasmania than he did in ten years at Forresters Beach.

Rick was asked why he is still an AIA Member (even though he is the only Tasmanian representative)

Rick replied:

"It's a good way of keeping in touch. It's nice to know you can get information from AIA when you need it and I don't feel cut off from the world"

National Recalls

LG DISHWASHERS AND WASHING MACHINES

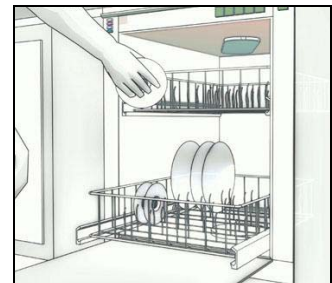
Supplier Name: L G Electronics Australia Pty Ltd

Product Info: Washing machine model no WD-8013F. Serial numbers 204KW00001 to 306KW99999, manufactured between April 2002 and June 2003. Dishwashers models LD-12AS1, LD-12AW2, LD-14AW1, LD-14AW2, LD14AT1, LD-14AT2 and LD_4050W. Serial number range is 111KW00001 to 306

Defect Details: There is the remote possibility of solder joints in a batch of circuit boards to overheat and in extreme cases this may result in fire.

Consumer action: Contact the customer information line on 1800 506 154 to arrange an appointment. LG service representatives will visit to replace the circuit board free of charge.

Recall Coverage: National



"As a result of concerns raised by industry regarding existing articles with uninsulated pins, a nationally agreed strategy was agreed to allow already imported and manufactured stock and retail stocks to be further depleted."

REACH NEW MARKETS

The Appliance Industry Association has sponsorship available in the following categories:

- *National Conference
- *Advertising
- *Newsletter
- *Website
- *Training Courses
- *Member Seminars

For further information contact the National Office on 1300 65 99 79

Amended requirements for the insulation of live pins and plugs, and equipment with integral pins

Modifications to AS/NZS 3112:2000 Approval and test specification - Plugs and socket outlets require that, **from 3 April 2005**, the live pins of new plugs and equipment with integral pins must be insulated.

This requirement was introduced around Australia in 2000 in response to a number of fatalities and other accidents involving plugs and plug-in devices with integral pins. The incidents involved a metal object (such as a metal blind slat or sheet of galvanised iron) coming into contact with exposed live pins that were not correctly plugged into socket outlets or that became partially dislodged from the socket outlet, resulting in an electric shock and in some cases, death.

As a result of concerns raised by industry regarding existing articles with uninsulated pins, a nationally agreed strategy was agreed to allow already imported and manufactured stock and retail stocks to be further depleted.

To this end, uninsulated plugs and integral pins on existing retail stock were allowed to be sold, subject to continued safety, up until April 2, 2006. The supply of electrical articles in contravention of the new requirements may result in enforcement action, including prosecution, against any individual or corporation responsible for that supply.

An enquiry to the Department of Fair Trading's Energy Safety division regarding second hand equipment resulted in the following advice: *"The legislation (and therefore the insulated pin issue) currently makes no distinction between new or second-hand equipment. Therefore no non-insulated pin plug (either attached to a cord attached to an appliance or as a separate article) can be sold after 3/4/2006. In effect, the approvals held by non-insulated pin plugs would have expired."*

Therefore it seems that selling second hand (IE used or reconditioned) electrical appliances without fitting a new style plug with insulated pins is illegal Australia wide after April 2 this year.

Get online with www.appliance.asn.au

Two new Australian Standards which will affect your Appliance Repair Work

Two new Australian Standards which formally recognise the Appliance Industry Association's stand that all repaired electrical items should be inspected and tested to ensure their electrical safety have been released. They formalise the AIA requirement that all repaired items be inspected and tested in accordance with those in AS/NZS 3760.

The new standards directly relate to 'repaired' items, and those offered for sale 'second hand'. They basically mandate the inspections and tests from AS/NZS 3760 with some extra requirements which I will explain in general here.

The two standards are:

AS/NZS 5762 In-service safety inspection and testing—Repaired electrical equipment.

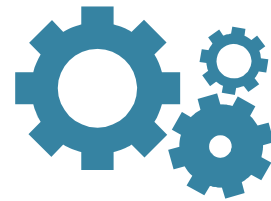
This new standard uses the testing and inspection regime detailed in AS/NZS 3760 and details the testing process expected to be performed before an appliance which has been serviced or repaired for any reason, is returned to its owner or to service. This is to ensure that when the appliance re-enters service, real and potential hazards such as electrical shock, mechanical injury, electrical and thermal fire, have been discovered, and rectified, as far as is practicable.

AS/NZS 5761 In-service safety inspection and testing—Second-hand electrical equipment prior to sale.

This new standard is closely aligned with AS/NZS 3760 and further extends the process of inspection and testing expected to be performed on a second-hand appliance before it is offered for sale to include consideration of faults not only likely to cause an electric shock, but also those which could cause injury to the purchaser from electrical burns or from a mechanical malfunction.

The new requirements basically are:

- The new standards clarify that they apply to both workplace **and** domestic environments
- You must confirm the equipment is operationally safe to use by determining that the equipment is free from hazards which would lead to mechanical injury or electrical burns.
- "Second hand equipment" is defined as: "Electrical equipment from any source which is offered for sale as second-hand."



Two new Australian Standards which will affect your Appliance Repair Work (contd)

- "Repair" does not include operations to fix mechanical faults unless they may have affected the item's electrical safety.
- Replaced components shall be the direct equivalent or have at least the same safety characteristics as the original.
- Following a repair you must check any mechanical safety mechanisms such as guards, or electro-mechanical mechanisms such as tilt switches or interlocks for correct operation.
- Equipment must be fitted with pass or fail labels as appropriate

The association will develop a short refresher course for those who have already completed the AS/NZS 3760 Safety Inspection and Testing course. The new requirements will be included in future 'Safety Inspection and Testing' courses.

Up and coming events

MARK YOUR DIARY

National Conference

20-22 October 2006
Novotel Darling Harbour Sydney

Victorian Events

April 20 – Training Course

Basic Electronics – Understanding sensors & inputs

NSW Events

May 18 - Members Meeting

Guest Speaker:

Paul Fasullo, NSW Manager, Australia Refrigeration Council
"National Refrigeration Licensing System Presentation"

For more information, or to register for these up and coming events, please contact the AIA National Office on 1300 65 99 79, email: admin@cameo.net.au or check out the website: www.appliance.asn.au

Editorial

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