



June 14 2019

Director
Standards & Policy
Consumer Product Safety Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

To Whom it May Concern,

The National Retail Association welcomes the opportunity to provide feedback on the Australian Competition and Consumer Commission review of the information standard - Care labelling for clothing and textile products.

We understand that the Government seeks feedback on the information standard and comment on the options provided in the Consultation Paper.

The National Retail Association submits that the information standard should be revoked as the regulation of care labelling for garments and other textiles is unnecessary, can create more confusion with product safety labelling, and unduly increases cost burdens on businesses.

ABOUT THE NATIONAL RETAIL ASSOCIATION

The National Retail Association is Australia's most representative retail industry organisation, servicing more than 39,000 stores and outlets nationwide. We are a not-for-profit organisation built on strong relationships with our members.

We exist to help retail and service sector businesses comply with an ever changing and growing regulatory environment. Our services are delivered by highly trained and well-qualified in-house experts with industry specific knowledge and experience. We provide professional services and critical information right across the retail industry, including the majority of national retail chains and thousands of small businesses, independent retailers, franchisees and other service sector employers.

Members are drawn from all of the sub-categories of retail including fashion, groceries, department stores, household goods, hardware, fast food, and cafes. The National Retail Association has represented the interests of retailers and the broader service sector for almost 100 years. Our aim is to help Australian retail businesses grow.

RESPONSE

1. What is your preferred option and why?

The National Retail Association supports Option 3, that is, to revoke the information standard.

As mandatory standards are better suited to address product safety concerns, the National Retail Association submits that the regulation of care labelling for garments and other textiles is unnecessary and can create more confusion.

In both the market and regulations, care labelling compliance can come into conflict with product safety compliance. As such, businesses that supply apparel and other hard goods need to divert resources from product safety to non-safety related care labelling compliance.

In today's market with more savvy and vocal consumers, incentives exist for businesses to meet consumer needs. The National Retail Association believes that by revoking the mandatory standard, or allowing it to lapse, the majority of the market would indeed self-regulate and continue to provide meaningful user care instructions to ensure their customers are satisfied and likely to return.

2. Should a new standard include a requirement for care labelling information to be displayed on an online platform?

The National Retail Association considers a new standard for care labelling instructions to be unnecessary and therefore for online platform requirements to be unnecessary.

The National Retail Association understands that the mandatory standard had the dual purpose of informing consumers on post-purchase care for their garments and to allow consumers to anticipate the care involved to inform their purchase decision.

The National Retail Association disagrees with the Australian Competition and Consumer Commission preliminary view that care instructions are less likely to inform consumer purchases and that consumers indeed may consider both perceived effort to clean using hand washing or other time-exhaustive methods, and dry cleaning expenses.

The National Retail Association suggests that more research is to be completed on the extent to which consumers base their purchase decisions on care instructions. If significant, and if a mandatory standard is retained, there is a case for online instructions.

However, the National Retail Association also considers that listing care instructions for all products would be burdensome. If this standard is retained, the National Retail Association suggests this requirement could apply where there are non-standard care instructions, such as "dry clean only." If not retained, the National Retail Association considers that mandatory point of sale marking should be removed altogether from the standard as a way of reducing business impost and levelling the field across sizes and types of retail businesses.

3. Do stakeholders have information about the costs of complying with the current information standard?

The National Retail Association agrees with the Australian Competition and Consumer Commission that the cost of affixing a label to a product is small.

However, the National Retail Association suggests that the overall cost associated with complying with the current information standard is much higher than indicated.

The AS/NZS 1957 upon which the information standard is based, is a bureaucratic standard, as is the legislative instrument that mandates it.

First, this standard costs over \$100 to purchase which is not an insignificant burden on small businesses. Then, to apply the standard to individual garments and other textile products requires attention to the specifications and technical assessment, such as testing, to determine the correct care instructions. The time required to interpret, assess and determine correct labelling for each product represents a significant cost. In some instances, particularly for small businesses, testing may only be commissioned so as to provide a report to trade customers to demonstrate regulatory compliance.

The National Retail Association considers that Australian fashion retailers are currently burdened by the current standard due to the sheer number of diverse products and designs that constantly change every season, each requiring individually determined care instructions.

The cost of compliance increases significantly when dealing with errors or omissions as detected down the supply chain in post-production and shipping. Products found to have a technical non-compliance, such as incorrect text size or label placement, may be rejected by a diligent importer or retailer. The National Retail Association understands strict compliance policies are essential, but recognises such rejections represent significant financial, opportunity and environmental costs as relabelling is not always possible. As such, items may be disposed of in landfill or elsewhere.

4. Do stakeholders have information about the possible costs from clothing damage that may arise in a self-regulation environment?

The National Retail Association believes that most consumers are well-equipped to make and apply reasonable care decisions without necessarily referring to care instructions of individual items.

New clothes are often laundered as the customer sees fit, even if they consult the care labels. Many new garments are laundered alongside existing articles and when excessive shrinkage or colour loss occurs, the consumer is then likely to refer to care instructions. We submit that many consumers will choose to launder an item based on their own experience and preferences, regardless of the exact specifications provided on the care label.

Under current consumer laws, customers are still empowered to raise a valid complaint with the retailer. The National Retail Association considers that as the standards of testing are now more diligently applied by retailers or brand-owners to protect their brand, it would seem the frequency of such occurrences has reduced dramatically.

If option three was to be adopted, it is reasonable to expect that the dynamics of customer complaints and retailer / brand-owner testing would continue as retailers and brand-owners have strong incentives to meet customer expectations and satisfaction in today's competitive marketplace.

5. Are there any other matters to consider?

The National Retail Association considers the implementation of option 3 to allow for an internationalisation of care labels. While pictograms are not necessarily readily understood by consumers, the symbols are easily decipherable through internet searches. This should not be deemed a significant detriment to option three.

The National Retail Association also puts forward a fourth viable option of a non-prescriptive mandatory standard for consideration if Option 3 is not adopted. Such a regulation could be framed to ensure care information is provided in legible English, suitable for the effective care of the item and retain mandatory dry cleaning specifications and/or pictograms to assist the dry cleaning industry, without imposing strict compliance with a published standard. This option would allow continued support for consumers and suppliers via a regulated approach to the fashion, homewares and dry cleaning industries, but also allows for a more flexible approach to compliance, thereby saving time and money. Considering the breadth of products and businesses affected by the current mandatory standard, the total savings could be substantial.

6. Do you have any comments or suggestions?

The National Retail Association suggests that caution is needed to not over-cater for the requirements of relatively small industry groups, such as the dry cleaning industry.

In the absence of garment or dry cleaning care instructions if customers have removed care labels or products have been purchased from overseas markets, dry cleaners should and do adopt a considered and cautious approach to treatment. Dry cleaners typically ask customers to sign a waiver if instructions are not provided or are unclear.

If option three was adopted, this practice would continue and consumer protection is still available under the ACL. Moreover, misleading and deceptive provisions and consumer guarantees provide incentive for suppliers to ensure care instructions are fit for purpose and give consumers recourse in the event of failure.

We hope that by coming together and forming a unified view on policy, retailers have demonstrated that we want to make a positive contribution to your deliberations around a way forward. Our members are eager to be an active part of solutions and the National Retail Association is well placed to assist with this. Any change in legislation needs to have a wide level of support and understanding by all retailers, manufacturers and consumers.

We appreciate your assistance in this matter and look forward to hearing from you. I may be contacted on 0409 926 066 or by email d.stout@nra.net.au.

Yours faithfully,



David Stout

Director, Policy

