



Motor Trades Association of the Australian Capital Territory

Submission to the Productivity Commission Inquiry

Into

The relationship between the Australian Motor Vehicle Smash
Repair Industry and the Motor Vehicle Insurance Industry

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1.0 Overview

MTA ACT, one of the smallest of the MTAA members, in presenting this submission wishes to acknowledge and rely on the material submitted in the MTAA submission to the Productivity Commission in relation to Smash Repairers and the Insurance Industry.

Additionally, MTA ACT has been pleased to see that 25% of its smash repair members have seen the importance of submitting on their own initiative a submission to the Commission setting out their own concerns.

The smash repair industry has long suffered under a difficult and inequitable environment that was created by Insurance companies taking what some would describe as an unfair commercial advantage of their much smaller and economically weaker business partners, the independent smash repairers. For reasons well known in the industry, the insurers placed on the smash repairers, through a protracted but effective process, a regime of operations that had the effect, through this strategy of creating wholesale change that has seen;

- the demise of the smaller weaker smash repairers and continues
- the divisive nature of PSR (preferred smash repairer)
- unparalleled control of the smash repair industry
- delayed and preferential payment schemes
- gating or directing insured customers to PSR repairers removing choice consumer choice
- bullying, unfair and unjustifiable behaviour by insurers
- a reduction in quality through economic duress
- capped rates on labour and paint.

From this unfortunate system an economic dependence has developed that has seen the smash repairers erode to the sorry state that is today's reality.

From the consumers point of view this might well prima facie present as being in their interest, experience has shown that quite the opposite and perhaps unintended consequence has occurred. That is to say, competition has weakened, choice of repairer has lessened and quality in the field is threatened by the use of the economic powers that have been employed by the insurers.

More fundamentally, the consumer has unwittingly been guided into this environment through stealthy at times almost dishonest practices of insurers.

This submission is intended to highlight the issues that confront the industry from both the perspective of the insurers and the members of the smash repair industry.

1.1 Background and scope of submission

1.1.1 Previous Inquiries

In 1995, the Industry Commission into the Vehicle and Recreational Marine Craft Repair and Insurance Industries examined the repair and insurance industries. At that time it was considered to be a comprehensive investigation into what was considered to be an industry in crisis.

Thirty-one recommendations were made, only four of which fell within the Commonwealth's jurisdiction, the remainder were intended to be addressed by the States and Territories, or the industries themselves.

The recommendations made by the previous Commission have in most cases only been paid lip service and little else by both governments and industry. Over the past years as the situation has been growing more critical the various Motor Trades Associations have been attempting on behalf of the industry to redress the situation through the traditional processes of ministerial and government lobby. In more recent times, the last 3 years a huge investment in time and effort by the MTAA and its associated members has resulted in the development of an industry code of conduct that would appear to provide the solution to much of the industries needs.

Although insurers have resisted adopting this code several have nonetheless constructed a code of their own that they in turn have required repairers to adopt. It is no surprise that these insurers codes have a very detectable bias in their favour and thus have muddled the waters of an objective code that would work for all concerned. It is important to say however that in so doing the insurers themselves have identified a real need for a code that serves the industry. MTA would of course agree with that proposition with a caveat that it serves all concerned.

1.1.2 Hopes for this inquiry

The MTA is encouraged that the Commission will again find the same issues that were identified previously as being pivotal to the success of the industry and make appropriate recommendations for improvement to the industry for both repairers and insurers.

1.2 MTA-ACT Structure and its Members

The Motor Trades Association of the Australian Capital Territory (MTA-ACT) is an industry association, or registered union of employers that has been operating since 1975. The MTA-ACT is based in Canberra, whose operations are affiliated with counterparts in other States and Territories. The MTA-ACT is a member of the Motor Trades Association of Australia (MTAA).

1.2.1 Industry sectors represented

The MTA-ACT represents a variety of automotive industry sectors and comprises over 350 members and locations throughout the ACT. The sectors represented include:

- Automotive air-conditioning repairers
- Automotive dismantlers

- Auto electricians
- Brake and exhaust repairers
- Engine reconditioners
- Mechanical repairers
- Motor body repairers
- Motorcycle dealers
- Motor vehicle sales (new and used)
- Radiator repairers
- Service station operators
- Tyre dealers and re-treaders
- Tow truck operators

2.0 The industry in the ACT

2.1 Crash repair market in Canberra

The number of motor vehicle accidents in the Canberra region annually is difficult to ascertain, however;

The following is a summary of collated data:

- 221 thousand vehicles in the Australian Capital Territory
- Approximately 10% (20,000) motor vehicle repairs per annum
- 32 motor body repairers in Canberra
- Accidents represent the major cause of motor body repair but other sources exist, such as storm (hail) and incidental damage.

2.2.1 Competition, market forces and rationalisation of industry

Competition within the industry essentially comes from;

- Insurance companies competing for customers
- Other motor body repair businesses
- Suppliers to the smash repair industry

Inherent in the argument and directly relevant to competition is the question of who in fact owns (in a commercial sense) the customer. It has long been held by owners of smash repair businesses that they are the legitimate owners of the customer. It is they that provide the service from the very first contact until the damaged vehicle is repaired in professional manner and returned to the owner. Through this relationship the business 'good will' is established and maintained. Repetitive business is the basis upon which all business is built and relies. Any other philosophy is fundamentally flawed and is indeed evidenced by what has now become the operational ' norm' for insurers.

Insurers have, through a stealthy process, advanced in the insured, a mind set that has basically taken away the 'good will' component of the smash repairers. How can this happen? Insurers have instilled in consumers that because they underwrite the

damage to their vehicles, they have the right to dictate to them where, when and how those repairs will be done. In many cases through practices that might be considered as less than honest. Gating or steering, unsuspecting in many cases, confused and ignorant consumers through a series of 'instructions' that leave them in little doubt that they are required to comply with the insurers demands particularly with respect to who will carry out the repair of their vehicle and when.

It is however the motor body repairers that represent the true face of competition through quality of work, pricing and service. Regrettably, through a process of 'divide and conquer', the insurers have effectively stifled this competitive process, leaving repairers to conform, or be starved from the industry. Few repairers have the economic strength to challenge the practices of a multi national insurance company and risk being 'black banned' through their actions to acquire justice or embroiled in a protracted legal action.

The enforced rationalisation on the industry has had the effect of forcing all within to achieve unprecedented levels of productivity and proficiency to ensure survival. Increased savings in these areas can however only be taken so far and indeed have a finite limit to them. It is believed that the repair industry is now well past its peak in efficiency and now risks, through economic pressures and necessity, a falling off of professionalism in an endeavour to survive the enforced inequitable environment. That is to say, business owners have sought assistance from material suppliers, professional consultants and industry associations in this process; however, they feel there is nothing further they can do to improve profitability without receiving higher remuneration for work performed.

2.2.2 Estimated number of repairers

As previously mentioned, the estimated number of repairers in ACT is 32, down from some 52 repairers in 1998.

2.2.3 Insurer / Repairer / Consumer relations.

Historically, the relationship between insurance companies and the consumer or insured, allowed for the latter to 'shop' for what they considered to be their repairer of choice, when it came to the repair of their damaged vehicle. The Insurance companies, would in turn authorize the repair, following several quotes for the same work, with the repairer best suited to carry out the work.

Over the last decade the position has quite dramatically changed with the insurers moving to control all phases of the repair, from appointing preferred repairers, gating or steering consumers to these repairers and exercising a great deal of control over the type and cost of the repair.

Insurers vary in the level of choice offered to their customers. Consumers under a number of regimes retain the choice of where they want the vehicle to be repaired. Many insurance companies recommend the services of their own preferred repairers. The introduction of valet repair services, where the insurer takes delivery of the damaged vehicle and arranges its repair without the consumer being required to go

through the quoting process is generally seen as a benefit to consumers especially when this process involves the assessment of the vehicle once the work has been completed. Repairers believe that the quoting process is complicated and lacks transparency; in fact repairers believe that decisions are often made arbitrarily and in some cases in a remedial or unpredictable manner.

Repairers have stated that the insurers discriminate against those consumers who wish to have repairs carried out by the repairer of their choice, particularly when that repairer is not a member of a 'preferred repair' system. Repairers have stated that in these circumstances the insurers will reportedly pay only the amount provided for in the lowest quote for the work. Other disincentives include the risk of policy cancellation and the disadvantages associated with cash settlements.

Insurers claim that as the consumer enters into a contract for an insurance policy with the insurer, then that consumer is the customer of the insurer. The insurer then subcontracts the work of vehicle repair to a smash repairer.

Conversely, repairers claim that they have developed a relationship with a customer through a wide range of reasons, such as reputation of the repairer, personal relationships, business relationships, group marketing and relationships, family and friends and of course referrals from previously satisfied customers.

A policy holder who is denied the ability to choose their own repairer, by definition erodes the repairers' goodwill base and in turn the means by which business is able to grow and remain in business.

3.0 The appropriateness and transparency of criteria used by insurance companies to confer 'preferred smash repairer' status on smash repairers

3.1 The transparency with which such status is conferred on (and removed from) individual repairers

Preferred repairer schemes (PRS) have since their inception been shrouded in secrecy. Insurers have never had what could be called a transparent system that allows repairers to understand what the benchmark is, should they wish to apply. Anecdotally, it seems that insurance companies have selected repairers and excluded others through a process that has left many in the industry mystified. However one could say that the general criterion for selection would include;

- Location
- Historical repair costs
- Relationships
- Quality of work
- Equipment
- Management and control

Above all however is the willingness of a prospective PSR to sign the contractual agreements which insurers require and be prepared to work within the arrangements of the scheme. While prima facie, the above premise appears to be a rational approach to such a scheme, it does not take into account that a vast majority of repairers are forced to enter agreements of this nature through economic necessity, duress and fear of consequences resulting from non compliance.

The advantage some repairers see in their preferred repairer status seems to be based around the fact that it guarantees a stream of work that although at times falls far short of an equitable return on investment, nevertheless allows some degree of stability. However, the constant concern often expressed by repairers, that insurance companies consistently fail to take into account the ever spiraling costs of running a repair business such as wage increases, insurance and superannuation, environmental matters, occupational health and safety legislation, training, technology, new car manufacture costs, paint and many many more weigh heavily on small business today.

Repairers outside a 'preferred repairer' network struggle to maintain their existing customer base due to insurer influence of policyholders. Ample anecdotal evidence indicates insurers continue to inform policyholders that taking their vehicle to a repairer outside the insurers own 'preferred repairer' network, will result in the repairs not being guaranteed. The natural consequence of this advice is a diminution in the confidence of the consumer in a 'non-approved' repairer, leading to a belief that the repairs on their vehicle will be compromised.

3.1.1 Transparency of selection of preferred repairers

If the practice of insurers selecting their preferred repairers continues, then a robust overhaul of the methodology is required to ensure that the selection criterion is transparent so that all qualified repairers are able to apply for PRS status and compete fairly within the market. Repairers report that the secrecy and non disclosure continue to be a barrier to entry and become anti competitive and discriminatory.

3.1.2 Preferred repairer contracts

The IAG contracts that were offered to repairers in the past were such that the Association warned members not to enter into any agreement without receiving independent legal advice. In many cases having received that advice however, repairers offered these contracts were still in an economic bind, to refuse could spell economic ruin and so were forced to sign in many cases thus committing them to a contract that was both unfair and economically damaging. The Motor Trades Association of Australia (MTAA) wrote to the Australian Competition and Consumer Commission in relation to the inequitable nature of the IAG contracts.

3.1.3 Supply of parts and sublet arrangements

Information received indicates that parts margins have been progressively eroded. A previously allowed 4% margin on new parts will be removed (with effect 01 October 2004) and 'given back' to the repairers in the form of an increased 'weld on panel' rate (from \$25 to \$32.25 per hour) and a percentage of labour (2.7%) allowed for

consumables. Comparative exercises performed by repairers in relation to this would seem to indicate that this will further erode profit margins and mean further losses.

Insurers also request copies of parts invoices from repairers in order to substantiate the price invoiced to the insurer. This results in increased costs (photocopying, faxing etc.) with no return for this outlay.

Sublet repairs are generally authorised without adjustment as other automotive businesses (mechanics / suspension specialists, tyre fitters etc.) will not negotiate price. Insurers pay up to \$120 per hour for these businesses to perform mechanical repairs without question. Despite this, there has been examples of insurers refusing to pay more than a set price for a particular service. For example, a vehicle that has been involved in a collision often requires repairs that cannot be undertaken by the smash repairer, i.e. air-conditioning system re-gas, wheel alignments, suspension repair etc. Insurance companies will often only pay the minimum charge that they can receive for that particular service. Insurers know that suppliers will charge (for arguments sake) \$70.00 for an air-con re-gas. Insurers will then expect to pay repairers no more than \$70.00 for this service, regardless of vehicle make, model or the physical location of the panel shop. The same situation is relevant to the other previously mentioned sub-let repairs. Insurers stop short of Third Line Forcing breaches by not forcing repairers to use certain suppliers however, the MTA is of the opinion that insurers appear to exert undue influence. Surely a margin on top of the sub-let repair should be allowed for associated handling and transportation of the vehicle to and from the supplier's place of business. Some insurers allow no margin. It would appear that Insurers will not take into consideration the complexity or extenuating circumstances of a certain vehicle when assessing a quote prepared by a smash repairer.

3.1.4 Method and appropriateness of repairs

As technological advances are made within the motor industry, repairers are called upon to carry out more sophisticated types of repairs with new and exotic metals being employed, together with manufacturers specialty joints, glues and substances. For repairers to keep current with this rapid explosion in technology a great deal of additional training and research has become necessary and costly

Repairers report that Insurance Companies by and large refuse to acknowledge the investment in time and training that is taken up just to enable a repairer to understand the manner of manufacture and method of repair. Critical to the process is the specific knowledge to safely and professionally carry out the repair. Evidence suggests that sometimes the 'best price' wins over the more competent and technical proficient repairer. Insurance companies must acknowledge and address these issues as part of the assessment process.

3.1.5 Insurer directives on repair methods

Anecdotal information to indicate that insurance assessors will direct repairers to perform repairs that contradict manufacturers' specifications and repair techniques exists within the industry. It has been reported some assessors have directed repairers to take 'short cuts' including the use of second hand parts in order to save

money on repair costs all the while fully aware that it is the repairer that carries the 'lifetime' guarantee on the quality of repairs.

3.1.6 Use of genuine and parallel parts

Repairers are regularly directed by insurers to procure and fit parallel parts and indeed on occasions second hand parts. Non genuine parts have an unenviable reputation of being often inferior in quality and commonly not able to be fitted without a great deal of additional work to 'relocate' the part in question. Commonly repairers are given no additional allowance for ultimately finishing the job under these circumstances.

Second hand parts are on the whole totally abhorrent to repairer's, accept in unusual circumstances where new parts are unavailable and only then, with the customers knowledge. In all other circumstances the use of second hand parts generally represents a position as far removed from professionalism as can be imagined. Insurers however continually demand that repairers employ second hand parts to meet their expected repair costs and then require a life time guarantee to be supplied to the customer. Repairers find this type of repair a most difficult and unprofessional situation seriously compromising safety and unable to be justified by any test.

Although the use of parallel or second hand parts by repairers are usually instructed by insurers once the vehicle is outside any manufacturers warranty period it still represents a second level of quality for the unwitting consumer and the onus of responsibility of the repairer to warrant the repairs for the 'lifetime' of the vehicle remains.

3.1.7 Access to Manufacturers intellectual property

Repairers continue to struggle with the ongoing problems associated with manufacturer's specifications. Whilst it is readily acknowledged that the intellectual ownership clearly rests with the individual manufacturers, however they are not the sole repairers who perform the inevitable repairs of their vehicles. In many cases it has become very difficult and at times impossible for repairers to access information regarding the correct method and procedures required to repair a specific vehicle. It is imperative for the benefit of the industry that this information is made available to repairers other than dealership repair shops, so that a competitive market can be assured.

3.1.8 Role and qualifications of assessors

Of significant concern to repairers is the use of independent assessors within the industry. Often these assessors are untrained and act only as loss adjusters with the specific intent of writing down or minimising the cost of a smash repair through various means. It is this element of the assessment industry that must be carefully monitored so as to avoid additional economic pressure from being used as a criterion for repairs.

A national accreditation scheme that qualifies insurance assessors in the area of motor vehicle smash repairs is essential to the industry if we are to avoid exacerbating what is already an industry in crisis.

3.1.8 Licensing of premises

A disturbing anomaly within the industry continues to allow at times unqualified, under equipped, poorly trained people to open smash repair shops. Existing arrangements give no comfort or encouragement to proprietors of businesses that have invested many hundreds of thousands of dollars on training and equipment so that they can perform at a professional and economical level.

Consumers run the risk of being left the beneficiary of unprofessional repair practices, particularly when seeking repairs outside the insurance net in this totally deregulated market. MTA ACT would strongly support licensing of smash repair businesses based on sound consultative model of criterion.

3.2 The need for a nationally agree criteria for the smash repair industry.

3.2.1 Current Act Situation

The ACT currently does not have smash repairers licensed as businesses or individuals. It does however have a Motor Vehicle Repairers Code of Practice under the Office of Fair Trading that is imbedded in consumer legislation. Smash repairers are required to be licensed under this legislation and are compelled to act within the Code of Practice. Within this structure exists a dispute resolution tribunal that allows consumers to be heard and determined at a low cost for both consumers and repairers.

3.2.2 Need for licensing of individuals

For similar reasons as licensed smash repair businesses there is a need for the workforce within the industry to be licensed. Whilst most businesses use skilled trained workers that have graduated from the apprentice scheme, some, often through the extreme shortage of skilled workers within the industry are forced to use alternative measures to satisfy the immediate need.

3.2.3 Transparency of quotation system

Repairers and insurance companies continue to be embroiled in the out dated and economically flawed quoting system 'funny money funny time' as it is well known by both parties in the industry and is used almost exclusively in the current environment operating today. Insurers refuse to grant an increase in hourly labour and paint rates, and repairers to survive, are forced to 'over quote' on job times. This situation is neither professional or satisfactory on either side and creates a false and misleading impression within and without the industry. It is difficult to see on any test how the consumer the ultimate user of both services can benefit from this system.

An industry agreed rate imbedded in an industry code of practice stipulating an agreed hourly labour and paint rate, adjusted annually on a CPI basis, seems to be the only equitable solution.

3.2.4 Steering of consumers

Insurers rely on consumer's ignorance and indifference to achieve their objectives in relation to directing work to their 'preferred repairer' networks. Those consumers that insist the vehicle be repaired at their chosen repairer are either browbeaten into changing their minds or are continually informed of the consequences should they continue with their choice. The most common line used by insurers is "That repairer is not one of our 'preferred repairers'. We cannot guarantee the quality of the repairs if you take your vehicle to that repairer". The inference that the repairer is inferior in some respect and not one of the 'preferred repairers' weighs heavily on the mind of customers and nearly always results in the consumer 'going' with the nominated insurers repairer. MTA would submit that this type of behaviour is unscrupulous in the extreme and ought to be stamped out immediately. Other jurisdictions in the United States of America have recognised the danger in this type of behaviour by insurers and have subsequently legislated against such practices.

4 Financial relationships between smash repairers and insurance companies

4.1.1 Lifetime warranty

The trend of insurers to offer 'lifetime warranties' on repairs performed continues to be a bone of contention with repairers. 'Life time' warranties are used as a marketing ploy by insurers, who woo consumers with these promises that lead them to believe that the insurers are in fact giving them extra protection at their cost. It remains a bitter pill for repairers however as the cost of carrying that promise falls squarely on their shoulders not that of the insurance companies who have so generously given the warranty. Why do repairers honour this warranty? Because they have no choice, like many issues within their contract with insurers, they are locked in.

4.2 The time taken by insurance companies to pay smash repairers for completed work

4.2.1 Late payment trends

It seems from surveyed evidence of repairers that the payment of smash repairs by insurers continues to be a major source of economic hardship to repairers. Many repairers report variances of between 7 days by some companies up to 90 days without payment. It is believed by many repairers that this method of holding back payments for work that has been completed is a form of control, sometimes punishment, sometimes reward but nonetheless remains an effective tool of control over small business. Insurance companies have denied these reasons and usually fall back on the "invoice is incorrect" "we don't have that paper work" " resend it and we will get to it" in the past, however most have done little to rectify their systems to stop what has been described by some repairers as corporate thuggery.

4.2.2 Arrangements for consumers to have reasonable choice in the selection of repairers

4.2.3 Choice of repairer offerings

MTA ACT believes that insurers have the right to appoint preferred repairers, provided that the selection is transparent, and all qualified repairers have an equal opportunity of being appointed. However it is fundamental to free trade and competition policy that the consumer be given the right, without duress to choose their repairer of choice.

4.2.4 Transparency of motor vehicle insurance policies and disclosure

It is important for insurers to recognise if any headway is to be made in relation to the user choice question within the smash repair industry, the consumer must be given the opportunity to choose the type and scope of policy that is appropriate to their requirements. Very recently NRMA announced a new form of policy giving consumers a choice of repairer. However they immediately neutralised the effect of a significant step forward by placing a caveat on the policy requiring an additional fee or premium on the policy for the 'luxury' of consumer choice. On the one hand it seems that at last there was recognition of the need to disclose or offer a choice of repairer, but the opportunity to address the issue in an equitable manner seems to have eluded them.

5 The extent, adequacy and independence of dispute resolution systems between the smash repair industry, insurance companies and consumers

5.1 Requirement for independent disputes resolution process

5.1.1 Adjudication of quotation disputes

Currently the adequacy of dispute resolution processes for both insurers and repairers is less than satisfactory, with recourse to courts being the only viable option available. Repairers are of course disadvantaged economically, through excessive court costs, time to obtain a hearing and the disproportionate resources available to large insurers .

Other industries have resolved this type of issue in varying jurisdictions through the effective use of independent tribunals established to deliver low cost independent resolutions. This type arrangement, accessible on a national basis at a relatively low establishment cost would serve the industry well and be imbedded in an 'industry code of practice'.

5.1.2 Adjudication of appropriateness of repairs

It has been the practice in the repair industry to allow assessors to determine many aspects of a repair. The industry understands that this type of activity serves all concerned poorly. Of importance however is the consumer who has a right and an expectation that any repair carried out on his vehicle is completed in accordance with the manufacturer's specifications, including the use of genuine parts and the correct methodology.

Regrettably, the repair industry is unable to boast any such repair philosophy. Paradoxically, the consumer is subject, after paying a substantial insurance premium, to the vagaries of the individual insurers repair policies, and the repairer's ability to work some solution within those instructions and who is ultimately at the mercy of the insurer.

6 Summary

The MTA ACT is concerned that the status quo cannot be sustained and provide an insurance and repair industry that will ultimately benefit all concerned, but most importantly the consumer.

It is clear that practices currently employed within the industry, are at best unfair, uncompetitive, discriminative, dishonest and deceptive. Interestingly all parties are equally interdependant on one another, however the balance of power is clearly held by the insurers, through economic might, organisational control and market power. Until and unless an equitable Code of Practice that all parties are prepared to sign off on, the smash repair industry will continue to spiral downward until it reaches an unsustainable level of repairers, staffing and economic incentive to enter a failing market.

Already a chronic skills shortage exists within the industry with skilled workers walking away, unable to see a sustainable future. Businesses without any form of good will are unable to sell or be seen as an investment future by younger repairers that may have considered entering the industry. An ongoing shortage of skilled workers has seen the supply and demand curve graphically demonstrated with a dramatic rise in salaries paid, increased workers compensation, contributing to an ailing industry with profitability obliterated.

7 Recommendations

1. Insurers and repairers should adopt an industry Code of Practice similar to that developed by the Victorian Automobile Chamber of Commerce in consultation with MTA Associations throughout Australia.
2. All repairs carried out should reflect accurate times for work assessed and paid at an agreed rate. Agreement must be based on a model that reflects continued assessment, variations through established economic indicators including the true cost of repairs, infra structure and encompassing a realistic margin of profit for the stakeholders.

3. Establish a National scheme within the automotive insurance assessors industry to create accreditation for those positions insuring a high level of professionalism.

4. Introduce a licensing scheme that would encompass both businesses and skilled workers with a national accreditation acceptable to insurers and consumers, incorporating an independent affordable dispute resolution process, similar to that which is embedded in the ACT Motor Vehicle Repairers Code of Practice.

5. Ensure manufacturers make available body and chassis dimensions of new vehicles and any peculiarities in repair techniques that could affect the structural integrity of a vehicle.

6. Establish a 'Code Administration Committee' by the appointment of an 'independent chair' and representatives from insurers and repairers to determine disputes in relation to time and cost of repairs.

7. In the absence of a Code of Practice, legislate anti steering measures to prevent insurers 'gating' or 'steering' consumers to preferred repairers, but rather facilitate freedom of choice.

Conclusion.

MTA ACT is optimistic that a thorough investigation of the smash repair industry by the Productivity Commission will result in recommendations that are long awaited. They are essential if this very important industry is to prosper and remain a viable and necessary service to the Australian public. The need to recognise small business as a major stake holder in this industry is as important as the survival of the largest insurers. The public have a right to expect competition, fair play and a quality of service that can only be achieved through genuine reform of this ailing industry.