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Smash Repair Inquiry  
Productivity Commission  
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**Australia**

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## **Motor Trade Association Incorporated (“MTA”):**

### **Submission on Productivity Commission Draft Report on Smash Repair and Insurance (“Draft Report”)**

#### **1 Introduction**

- 1.1 The MTA welcomes this opportunity to provide comment on the Draft Report. The MTA considers that the fundamental key issues arising for the smash repair industry have been considered and addressed by the Productivity Commission (“Commission”).
- 1.2 In particular, the MTA is pleased that the Commission has acknowledged that there are ongoing and serious issues of dispute between insurers and repairers in relation to efficiency, transparency and fair trading. In this regard, the MTA wishes to submit on only two aspects of the Commission’s report, those being the preliminary findings in relation to preferred smash repairer (PSR) schemes and an industry code of conduct.
- 1.3 **In summary:**
  - a. Similar issues that are raised and considered in the Draft Report are occurring in New Zealand. The New Zealand government should undertake a similar inquiry to assess the situation and what steps are appropriate.
  - b. The MTA believes that PSR schemes in New Zealand, while providing benefits to some repairers, generally are unclear and non-transparent. This creates cost, uncertainty and insecurity for smash repairers.
  - c. The MTA agrees that there are many serious issues of dispute between insurers and repairers concerning efficiency, transparency and fair trading. In New Zealand, these are industry-wide issues that are not addressed insurance company policies or other regulation. An industry code of conduct would be able to effectively and efficiently address these issues.

#### **2 Preferred smash repairer arrangements**

- 2.1 The MTA agrees with the Commission’s analysis in relation to PSR schemes. It is important to note that the schemes will only provide the suggested benefits to insurers, consumers and repairers if they are implemented in a fair, transparent and consistent manner.
- 2.2 In relation to the conferring and removing of PSR status, the MTA agrees that this is currently a non-transparent process and therefore, a source of uncertainty and concern to repairers.

- 2.3 Although the evidence in Australia does not indicate that PSR arrangements are vigorously driving down costs leading to poor quality and unsafe repairs, MTA members have expressed similar concerns in the New Zealand environment. The MTA would like to see a similar analysis undertaken in the New Zealand market.

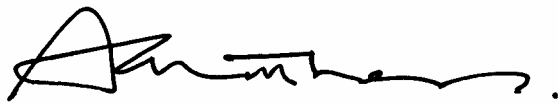
### **3 Dispute resolution and code of conduct**

- 3.1 Formal recognition that there are “many serious issues of dispute between insurers and repairers concerning efficiency, transparency and fair trading” is the first step to resolving those issues. The MTA is pleased that the Commission has considered that an industry wide code of conduct for the smash repair industry is appropriate.
- 3.2 The MTA believes that, given the issues are similar, a code of conduct for the New Zealand collision repair industry along the same terms as those proposed in the Australian Motor Body Repairers Association Code of Conduct (ABRICC) would be of major benefit to repairers, insurers and consumers alike.

### **4 Conclusion**

- 4.1 The MTA appreciates the opportunity to provide a New Zealand perspective on these issues and thanks the Commission for undertaking this valuable and productive study.
- 4.2 The MTA looks forward to receiving a copy of the Final Report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Matthews', followed by a period.

Stephen Matthews  
**Chief Executive Officer**