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Final submission from Robert James Scott, of R J crash Repairs Pty Ltd.

Productivity Commission. Smash Repair Industry Insurance Inquiry

The Crash Repair Industry in Australia has been controlled by the Insurance Companies with poor rate of pay for labour and painting. To appreciate the problem we need to forget the funny money - funny times where most people, who are not involved in the Industry, think that we get paid for e.g 2 hours for each real hour of work. This may have been possible in the late 1970's but with Insurance companies having total control of times manuals and paying a maximum of \$28 per hour for Remove & Replace (R+R) times as well as reducing allowed times for R+R, in particular all welded panel times and Door skin times to real times and some below real times or manufacturers times. Repairers need to be paid for the work that they carry out and for their expertise.

I feel strongly that there was a need for the Government inquiry into the trading practices of Insurance companies when dealing with the Crash Repairers. There has been a major erosion of money paid to Repairers for in excess of 30 years with very small increases in payment of a few cents per hour but no major increases. The hourly rate has increased by a couple of dollars but the times allowed to carry out procedures have decreased in some cases by up to a third.

There is an urgent need for major changes where Crash Repairers are paid a fair and reasonable rate for the work done and provision for CPI increases on a yearly basis. Items such as Coolant, Seam Sealer, Consumables, Toxic waste, Mask up should be paid. These are all items that we have to purchase but that the Insurance companies don't want to pay us for. Most Insurance Companies claim that \$20.00 for coolant is all that they will pay, when coolant can cost on average \$60.00 per vehicle. If the incorrect coolant is put into a vehicle and the engine is damaged the Crash Repairer is liable. Insurance companies do not pay for Paint materials claiming that the hourly rate is inclusive of materials. The hourly rate for paint is too low and does not cover labour and paint materials.

As considerable money and time has been spent on a Government inquiry it is of the utmost importance that this problem is resolved as the Repair Industry is at an all time low with few Apprentices (Due to poor pay) and a considerable number of Workshops are closing due to lack of staff and poor profitability.

Every Industry has had to deal with increases in Wages, Superannuation, Workcover, Rent or Council Rates, Electricity, Water Rates etc and the Crash Repair Industry has also had increases in paint materials and consumables. The Crash Repair Industry has been subsidizing repairs for Insurance companies for far too long by working for poor rates. This enables Insurance Companies to increase their control and increase their profit.