

## **MOTOR VEHICLE REPAIR INDUSTRY**

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**Date Received:** 18/02/2014



One Company  
Many Brands



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14 February 2014

The Chair  
Select Committee on the Motor Vehicle Repair Industry  
Parliament House  
Macquarie Street  
**SYDNEY NSW 2000**  
Email: [motorvehiclerepairinquiry@parliament.nsw.gov.au](mailto:motorvehiclerepairinquiry@parliament.nsw.gov.au)

Dear Mr Barilaro

**RE: PARLIAMENTARY INQUIRY INTO THE MOTOR VEHICLE REPAIR INDUSTRY**

Suncorp welcomes the opportunity to contribute to the *Select Committee on the Motor Repair Industry Inquiry* (the Inquiry). In response to the broad Terms of Reference, Suncorp's submission is enclosed as Appendix A.

Our submission provides a response to the Inquiry Terms of Reference by:

- Providing strong evidence that repairs are carried out to the highest standards and that consumer choice exists in relation to repair options within motor insurance policies.
- Highlighting the changes occurring in vehicle manufacturing which require a renewed focus on smash repairer standards, training and technology.
- Outlining the drivers of Suncorp's vertical integration initiatives and the benefits those initiatives are delivering to consumers, particularly in relation to insurance premiums, convenience and safety.
- Discussing the Motor Vehicle Insurance and Repair Industry Code of Conduct and regulatory environment, including a proposal for an Australian Standard for vehicle repairers.

Our submission also provides a number of recommendations in relation to issues we consider could further enhance the delivery of motor vehicle repair services to consumers in NSW.

Attached in Appendix B are two relevant documents referred to in the submission, Suncorp's Roadmap to a Shared Future and Vehicle Repairer Standard. Appendix C, submitted in commercial in confidence, contains two audits by independent experts Delta V of our joint ventures – Capital SMART Repairs and QPlus.

If you have any questions related to this submission, please contact Duncan Bone - Executive Manager, Public Policy on [REDACTED]. Alternatively please contact Mike Thomas - Manager, Group Government and Stakeholder Relations on [REDACTED].

We look forward to hosting Select Committee Members for onsite visits of our industry leading joint venture facilities, Capital SMART Repairs and QPlus, and to addressing the inquiry directly to share our experience and knowledge.

Yours sincerely,



Mark Milliner  
**Chief Executive Officer**  
**Suncorp Personal Insurance**

## Executive Summary

Suncorp is a direct insurer that has an ongoing relationship with millions of Australian consumers in the motor insurance market. The company has over 126,000 cars repaired every year in NSW alone.

To ensure success as a business, we invest significant time, resources and people into listening to what consumers want from their insurance provider.

Many consumers have told us they are time poor and want the repair process to be as simple as possible. Consumers expect insurance policies to be affordable and look for added value in the form of flexible, high quality service experiences. The rapidly increasing technical complexity of motor vehicles has also left many less confident or willing to directly manage their vehicle's repairs after an accident.

Over the years we have used these insights to develop and redesign our motor claims services with a focus on quality, safety, convenience and value for money.

The highly competitive motor insurance market requires us to meet those needs or risk losing market share to aggressive domestic and foreign competitors. This approach defines Suncorp's relationship with the smash repair industry and our strategy of working with, and investing in, a more productive and innovative supply chain. This allows us to provide customers with benefits such as faster and high quality repairs, lifetime guarantees, better customer service experiences and affordable premiums.

The primary way Suncorp delivers those benefits is by establishing long term partnerships with repairers who carry out more than half of our repair work in NSW and share our goal to deliver quality outcomes for consumers. Suncorp also has two joint ventures with repairers – QPlus and Capital SMART Repairs – that carry out 21 per cent of our repairs, about seven per cent or less of all repairs in NSW. These ventures drive competition on quality, customer service and price through their innovative practices.

Consumer choice in relation to repair processes in motor policies has been a long standing feature in the insurance industry. An increasing group of consumers – 69 per cent – make the choice to have their insurer manage the end to end repair process in order to obtain a more competitive price. This process has been a core feature of the insurance product offered by AAMI and Apia for the past 30 years. For the 12 per cent of consumers who prefer to handle the repair of their vehicle from end-to-end, Suncorp offers five brands where choice of repairer is enshrined in the policy.

Suncorp's continued success in the market and ongoing positive feedback shows that consumers are satisfied with this approach. Almost 80 per cent of Suncorp's NSW customers say they are extremely or very satisfied with their claim service. This far exceeds the average across similar insurance markets in Western Europe.

Quality of repair is also high, with 99.2 per cent of repairs for Suncorp customers completed without any potential safety issues. Where issues are found, there are sound practices and procedures in place to correct them.

Vigorous competition within both the repair and insurance markets ensures that the insurance market delivers a wide variety of policy options, competitive premiums and services for consumers. It continues to support a diversity of profitable operators within the smash repair industry.

An insurance premium is the closest most consumers get to directly paying for a smash repair. Keeping premiums affordable is vital for consumers who are continuing to face rising cost of living pressures. Any changes that may drive up insurance premiums or otherwise disadvantage consumers should be made with great caution.

For example, reducing or removing Suncorp's ability to directly arrange repairs through its network of recommended repairers and joint ventures would increase costs by between 15–25 per cent. This in turn would put upward pressure on premiums of 5–10 per cent, with no benefit to consumers.

Suncorp believes consumer protections could be enhanced by imposing stronger licensing requirements to meet future technical challenges of repairing modern cars. Examining transition support for smash repairers struggling to meet these challenges should be incorporated into this approach.

Consumers would also benefit from increased enforcement to tackle criminal practices in some sections of the repair industry, such as fraud. It is estimated that overall fraud adds as much as 10 per cent to premiums.

Pockets of repairers, acting with a lack of transparency alongside recovery agents, solicitors and credit hire companies, are also providing poor consumer outcomes. They are inflating repair costs, doubling average repair times and leaving not-at-fault consumers liable.

Suncorp believes the broader insurer and repairer relationship has benefited from the Motor Vehicle Insurance and Repair Industry Code of Conduct (the Code) since its inception in 2006 and is currently advocating for updates to allow better outcomes for consumers, insurers and repairers.

Suncorp acknowledges the repair industry is facing the greatest structural challenges in its history. The increasing technical complexity of motor vehicles, skills shortages, improving road safety and rising consumer expectations are reshaping the industry in Australia, as they have across the world. Access to manufacturer's specifications for independent repairers also remains an outstanding issue, one magnified by the diversity of car models in Australia.

These changes are placing pressure on traditional repairers driving market consolidation towards larger, technologically advanced, and more capital intensive businesses. At the same time, better roads and safer cars, particularly those with accident avoidance technologies, are reducing the number of accidents and the need for repairs.

Suncorp agrees the changes occurring in the smash repair industry do require an examination of consumer safeguards and the processes and practices that influence repair standards such as the availability of manufacturer's specifications. Inevitably the way all parties respond to industry changes will create pockets of friction within the industry. With this in mind, Suncorp supports a fresh look at dispute resolution procedures. A full outline of Suncorp's recommendations to this inquiry is provided below.

## Recommendations

Suncorp makes a number of recommendations for this Inquiry to consider:

- Investigate the value of a certified standard for vehicle repairers, possibly through Standards Australia, as a minimum licensing requirement under the *Motor Dealers and Repairers Act 2013* (NSW). This would enhance consumer and wider market confidence. Suncorp is willing to share the analysis undertaken by forensic crash engineers used to create the Suncorp Vehicle Repairer Standard for our recommended repairers and would constructively engage with government and industry to develop a technical standard.
- Examine whether existing federal and state programs provide appropriate support to NSW smash repairers unable to meet the technological, consumer demand or workforce challenges facing the industry, and consider introducing initiatives such as means-tested income support, transitional training or other ways to keep smash repairers in a workforce that is struggling to retain new entrants.
- Support the current review of the Motor Vehicle Insurance and Repair Industry Code of Conduct, in particular the recommendations to:
  - Introduce an arbitration process within the Code for disputes between repairers and insurers. To avoid vexatious issues, initial costs should be borne by the complainant. Generally costs should follow the unsuccessful party to the dispute.
  - Foster greater education and awareness of the Code, its purpose, objectives and governing principles through both industries to encourage understanding and compliance.
- Amend the regulations to the *NSW Fair Trading Act 1987* (NSW) to include reference to the most recent Code, noting that it is currently being updated.
- Support the ongoing efforts of the Commonwealth Consumer Affairs Advisory Council to require manufacturers who sell cars in Australia to make their vehicle repair specifications readily available to all smash repairers. Many independent repairers do not have access to repair specifications which Suncorp argues is a major impediment to repairer competition.
- Further investigate the activity of not-at-fault accident focused recovery agents, solicitors, repairers and tow truck drivers. They can leave consumers with long repair delays and liability for grossly inflated repair or legal bills due to poor practices and a lack of transparency, while also generally inflating premium prices.



- Examine smash repairers' adherence to their own industry body's code of practice/ethics, and determine if further action is necessary to protect consumers where insurers are not directly involved, given the lower level of regulation governing non-insurance and third party related repairs.
- Examine whether additional resources should be provided to the NSW Department of Fair Trading to enforce legislation governing smash repairers and undertake further checks to address consumer concerns.
- Enhance enforcement against criminal activity - such as repair related fraud - to reduce the costs passed onto consumers through premiums.

### Suncorp key quality metrics



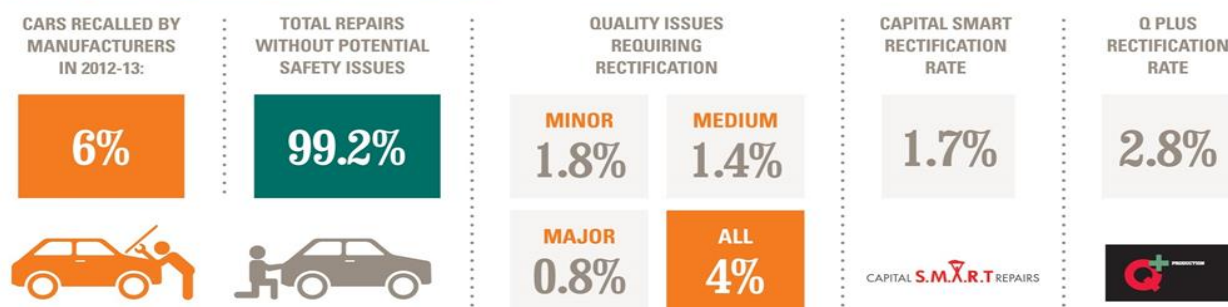
### DISPUTE RESOLUTION



### NUMBER OF REPAIRS 2013



### SUNCORP RECTIFICATION ANALYSIS



## Table of Contents

Executive Summary.....	2
Recommendations.....	3
Introduction .....	7
The Suncorp Group.....	7
Suncorp and NSW motor vehicle repairs .....	7
Suncorp meeting the needs of modern consumers.....	8
Repair service needs .....	8
Consumer service delivery preferences.....	8
Knowledge and process.....	8
Tracking Suncorp customer satisfaction .....	9
Suncorp motor claims process.....	10
Suncorp claims satisfaction figures in detail .....	11
Delivering safe repairs to our customers .....	13
Repairing to a standard, not a price .....	13
Comparisons across the industry.....	13
Suncorp repair quality indicators.....	14
Suncorp's approach to providing customers with quality repair services .....	15
Quality assurance protecting customers.....	16
Groups targeting not-at-fault consumers .....	17
Examples of poor outcomes from third party claims managed by agents or solicitors.....	18
The challenges of regulating a fragmented industry.....	19
The importance of repair costs to consumers.....	19
Other unnecessary costs to consumers: fraud and other criminal activity .....	20
Suncorp investing in a modern repair industry to benefit consumers .....	21
Fostering workforce sustainability .....	21
escribe – Improving repairer access to quality repair information .....	21
Suncorp panel repairer agreement – 2014 .....	22
Creating an industry standard – the Suncorp Vehicle Repairer Standard.....	22
Communications .....	22
Investing in innovation – vertical integration .....	22
Capital SMART Repairs .....	23
QPlus Productions .....	24
Australian Collision & Mechanical Parts (ACM Parts) .....	24

Effect on the market .....	25
Challenges facing the motor vehicle repair industry .....	26
Technical complexity .....	26
Skills shortage and demographics .....	29
Safer roads and fewer accidents .....	29
Responding to change .....	29
Industry consolidation .....	30
Regulation protecting consumers .....	33
The Motor Vehicle Insurance and Repair Industry Code of Conduct .....	34
Future challenges – higher repairer standards .....	34
Conclusion .....	36

## List of Figures

Figure 1 - International benchmarking – Suncorp Group NSW customer satisfaction .....	9
Figure 2 - Customer repair options by policy .....	10
Figure 3 – International benchmarking – Suncorp Group NSW customer satisfaction by repair method .....	11
Figure 4 - Consumer satisfaction benchmarking – Capital SMART compared against similar repairers undertaking small to medium non-structural damage for Suncorp .....	11
Figure 5 – Overall NSW satisfaction compared to growth in Capital SMART repair volumes .....	12
Figure 6 – Suncorp’s motor claims quality metrics .....	14
Figure 7 – Suncorp quality concern process .....	17
Figure 8 – Costs of solicitor/recovery agent vs Suncorp managed not-at-fault claims in NSW .....	18
Figure 9 – SMART satisfaction figures against comparable repairers .....	23
Figure 10 – The technology challenges of modern cars, Suncorp’s Roadmap to a Shared Future .....	27
Figure 11 – Smash repair industry workforce challenges, Suncorp’s Roadmap to a Shared Future .....	28
Figure 12– Reduction in serious accidents .....	29
Figure 13 – Ongoing rationalisation of the smash repair industry, national. ....	30
Figure 14 – Shape of the Australian smash repair industry, Suncorp’s Roadmap to a Shared Future .....	32

## Introduction

Suncorp welcomes the opportunity to make a submission to the NSW Parliamentary Motor Vehicle Repair Industry Inquiry (the **Inquiry**). The quality and safety of motor vehicle repairs is of paramount importance to Suncorp and our customers. We believe this Inquiry provides a timely opportunity to comprehensively review the current state of a continuously evolving vehicle repair industry within NSW and to look at further ways of improving consumer outcomes in the sector.

Suncorp has partnered closely with the repair industry to respond to changes in car design and technology to ensure quality repairs and create world-leading customer satisfaction. As a primary link between vehicle owners and repairers, Suncorp is well placed to provide evidence to the Inquiry on the evolving shape and demands of the future repair industry.

### The Suncorp Group

Suncorp Group Limited and its related bodies corporate and subsidiaries (collectively **Suncorp**) offer a range of financial products and services in banking, life insurance, superannuation and general insurance across Australia and New Zealand. Suncorp has more than 15,000 employees and relationships with more than nine million customers.

Suncorp is the second largest general insurance group in NSW with our portfolio of brands including AAMI, GIO, Apia, Vero, JustCar, Bingle, InsureMyRide and Shannons. Combined, these brands provide insurance cover to over one million policyholders in NSW.

Suncorp is a significant contributor to the NSW economy paying more than \$1.4 billion in motor, home, commercial, personal injury and compulsory third party claims to NSW residents during 2013. We are also a major employer in the state, with 3,789 employees working from our major offices located in the CBD and network of over 50 branches. In addition, our repairer joint ventures employ more than 250 staff.

### Suncorp and NSW motor vehicle repairs

In NSW, Suncorp authorises around 126,000 vehicle repairs annually, directing \$340 million into the smash repair industry to repair customers' cars. This supports the employment of more than 1,500 tradespeople through our recommended repairers and joint venture partners, and a large number of tradespeople employed by other repairers across the state. Suncorp also provides direct financial support to 100 recommended repairers to employ apprentices and train tomorrow's workforce.

Approximately 51 per cent of Suncorp repairs in NSW are conducted via our network of independent recommended repairers, consisting largely of independent repair shops. This network supports a diverse range of repairers, from single-site rural and regional operators to multi-site national chains operating under one banner.

Our joint-ventures – including seven Capital SMART facilities and the single QPlus facility in NSW – undertake a further 21 per cent of repairs for our customers. Overall it is estimated they account for about 7 per cent of repairs across the NSW smash repair industry.

The remaining 28 per cent of repairs are conducted by other repairers selected for a variety of reasons including customer choice, managing workload peaks, specialist repair requirements and location convenience for consumers, particularly in regional areas.

Capital SMART Repairs is a joint venture with smash repairer Jim Vais. It is specifically designed to undertake only small to medium non-structural repairs, deliver quality work and return consumers cars quickly with an average repair time of 10 hours.

QPlus is a joint venture with smash repairer Daniel Zammit. The largest repair facility in Australia, it only undertakes structural repairs. QPlus has been specially designed in line with new vehicle manufacturing processes. These processes utilise the latest state-of-the-art processes, equipment and quality assurance practices to repair vehicles requiring structural repairs to the highest industry standard while delivering excellent customer service.

## Suncorp meeting the needs of modern consumers

It's important that any examination of the relationship between insurers and the smash repair industry centres on customer needs and expectations. The Inquiry's term of reference specifically asks whether consumers benefit from choice and how much knowledge they have regarding those choices and the repair process. Suncorp's has extensively researched these issues over the past few years

As the complexity of motor vehicles continues to increase consumers have shown a reduced confidence in their knowledge, capability or willingness to take responsibility for managing their own repair process.

The ever-increasing pace of life also means that many consumers prefer 'low stress' repair experiences where they elect to have their insurer manage the repair process end-to-end. This trend, combined with the reducing frequency of accidents and increasing vehicle reliability, means that the majority of consumers no longer hold ongoing relationships with a local repairer.

These consumer preferences are evidenced by the results of consumer research undertaken on behalf of Suncorp over the past three years.<sup>1</sup> The preferences are identified below:

### Repair service needs

- When NSW drivers with comprehensive car insurance were asked about the three most important factors they consider when having their car repaired:
- 74 per cent nominated the quality of their repair (including the use of manufacturer specifications and qualified tradespeople).
- 64 per cent nominated an insurance company managing the entire claim and repair.
- 47 per cent nominated the cost of the repair, including their excess and effect on future premiums.
- 44 per cent nominated how long the repairs take.
- 91 per cent agreed repairers should be held to a minimum standard of equipment, training, quality control and repair method.

### Consumer service delivery preferences

- 69 per cent of Australian motorists would prefer their insurer handle their claim from start to finish.
- 12 per cent of Australian motorists would prefer to handle their own claim and repair end-to-end.
- 66 per cent of Australian motorists are confident their insurer is well placed to understand the repair process and choose the right repairer.
- 27 per cent say they have an existing relationship with a smash repairer and would prefer to have them repair the car.
- 34 per cent of GIO customers exercise choice of repairer.
- 52 per cent of Shannons customers exercise choice of repairer.

### Knowledge and process

- Only 31 per cent of Australian drivers say they have enough knowledge about cars and repair processes to manage and negotiate with a smash repairer.
- 36 per cent of NSW drivers with comprehensive car insurance would not be confident they could change a flat tyre safely without assistance.
- 25 per cent of NSW drivers with comprehensive car insurance would be likely to consider a repair quote even if it was not based on the vehicle manufacturer's technical specifications – essential information in the repair of motor vehicles.
- 93 per cent of NSW drivers with comprehensive car insurance surveyed said if they were managing their repair, they would collect at least 2 quotes before selecting which repairer to go with.

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<sup>1</sup> Newspoll Market & Social Research conducted two independent online surveys on behalf of Suncorp Personal Insurance of 245 NSW drivers with comprehensive car insurance in 2014 and 3,726 current drivers, 18 years of age and older, across all states and territories in 2013. Data was collected in line with ISO – 20252 – Market, Social and Opinion Research, weighted with current ABS population demographics to ensure any extrapolation of results is representative of age, sex and area.



- 61 per cent of NSW drivers with comprehensive car insurance surveyed said they would obtain at least 3 quotes.

Suncorp has responded to these consumer preferences by offering a range of products that included a range of customer preferences across our nine motor insurance brands.

These products are designed to cater for different preferences, from the busy family looking for a stress free repair experience right through to the motoring enthusiast wanting to be involved every step of the way. AAMI, Apia, Bingle and JustCar target consumers preferring insurer-managed repairs, including a limited choice of repairer option with the exception of Bingle.

For those customers who do maintain an ongoing relationship with a local repairer, the GIO, Shannons, Vero, Suncorp and InsureMyRide brands offer explicit choice of repairer.

### Tracking Suncorp customer satisfaction

Responses to our regular consumer surveys and ongoing customer satisfaction measurements confirm the three most critical factors in customer satisfaction are:

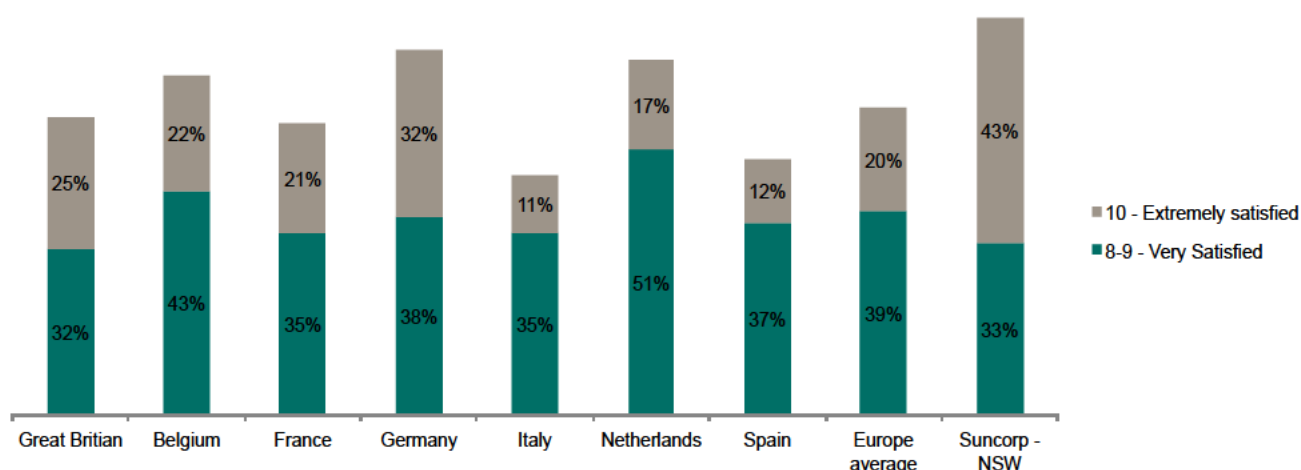
- repair quality;
- repair timeliness; and
- customer communication.

Each initiative Suncorp has undertaken with our repair partners, including our joint ventures with innovative Australian smash repairers, is geared towards enhancing performance against these key indicators for consumers.

Customer satisfaction data collected in 2013 shows that claim satisfaction – including the quality of the repair – is high, and that Suncorp is consistently outperforming other insurers across similar European markets (comparable information is unavailable in Australia).

Figure 1 below shows that in NSW, 43 per cent of our customers rate their claims experience ten out of ten with a further 33 per cent rating their claims eight or nine out of ten. Overall, 76 per cent of customers rate their service 8 or above. Suncorp achieves this in part through our consistently high audited quality and safety metrics.

**Figure 1 - International benchmarking – Suncorp Group NSW customer satisfaction<sup>2</sup>**



<sup>2</sup> Suncorp Claimant Satisfaction Survey 2013 – Q: Firstly, taking all aspects of your [brand] claim and repair experience into account, how satisfied were you, overall, with the service provided? Oct 2012-Sep 2013; NSW only. Includes Mass brands only (AAMI, Apia, GIO, Suncorp); Data weighted by brand based on claim volumes. Claimants surveyed 2 weeks after car collection.

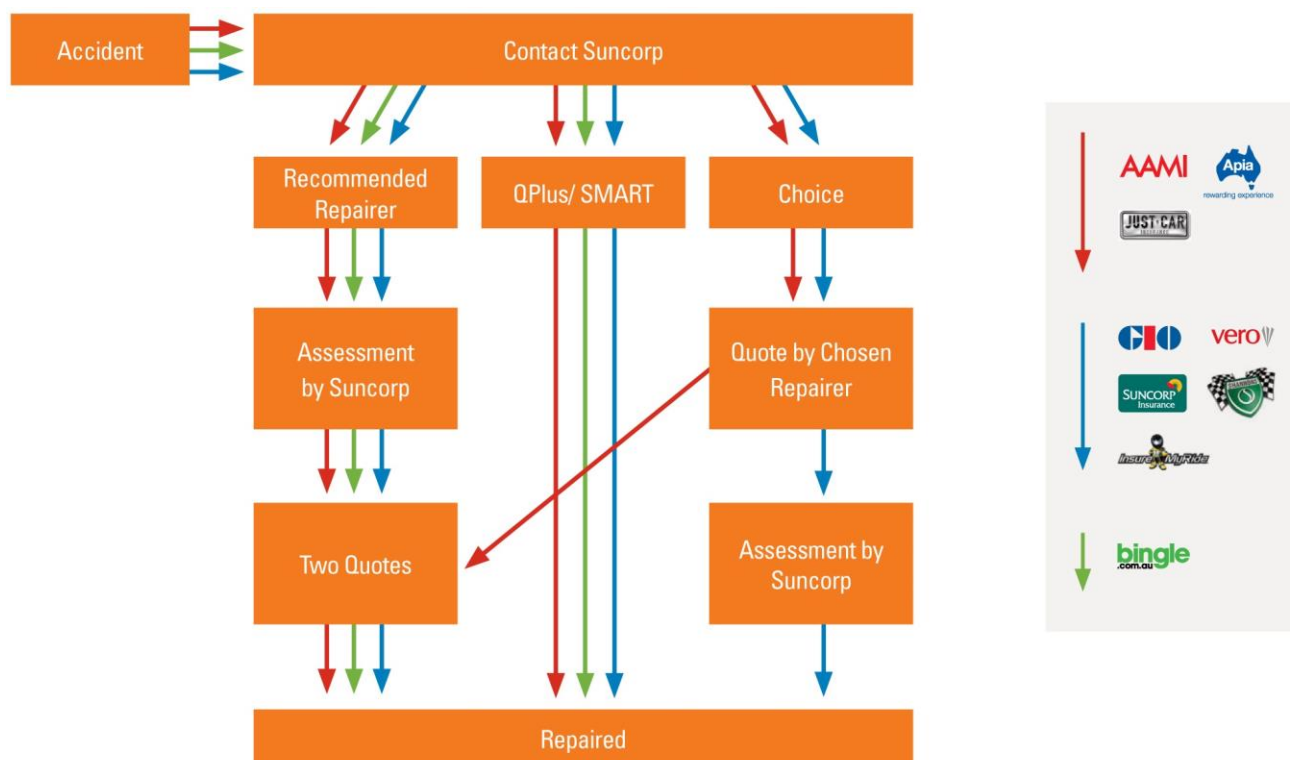
European Motor Claims – Is customer satisfaction enough? Ernst & Young; 2010. Based on customers who claimed within past 2 years on motor insurance.

Suncorp also tracks customer satisfaction figures based on the method we use to assign a repairer. To understand these figures, it is important to describe our claims process.

## Suncorp motor claims process

When our customers are involved in accidents, they can lodge a claim over the phone, via our smartphone app or on our website. Our claims team then guide the customer through a step-by-step claim process based on their policy cover.

**Figure 2 - Customer repair options by policy**



The consultant ensures the customer receives their full policy entitlement as detailed in their Product Disclosure Statement. These include delivering or towing the car to a RepairLink Centre to be assessed and assigned to a repairer or taking the vehicle directly for repair to Capital SMART or QPlus depending on the extent of the damage. All customers, regardless of policy, are given a choice to attend Capital SMART or QPlus if they are available, or a recommended repairer.

Where the customer requests to use a repairer of their choice, we contact that repairer to invite them to participate in our repair process. For our brands with choice of repairer, such as GIO, the chosen repairer submits a quote to our RepairLink Centre for assessor approval. For our managed repair brands, such as AAMI, the customer's nominated repairer is invited to enter our competitive quoting process along with recommended repairers. Our online brand Bingle does not offer a choice of repairer option.

Competitive quoting involves two recommended repairers with the appropriate skills and facilities giving our assessor a quote using their preferred quoting system. The job is awarded to the repairer who provides the most complete and competitive quote. A 'complete' quote means meeting the scope of work caused by the accident including the use of appropriate repair techniques that meet the manufacturer's specifications. This is the deciding factor for assessors when selecting the appropriate quote, followed by cost. The quoting process is also blind, so each repairer submits their quote without seeing the other, promoting open and transparent competition.

Suncorp has also entered into some ongoing arrangements with recommended repairers where cars are taken directly to their premises without competitive quoting against other recommended repairers. This typically relates to motor vehicles with structural damage requiring complex repairs where ongoing arrangements facilitate better service for customers and allow competitive advantages to be gained on both sides.

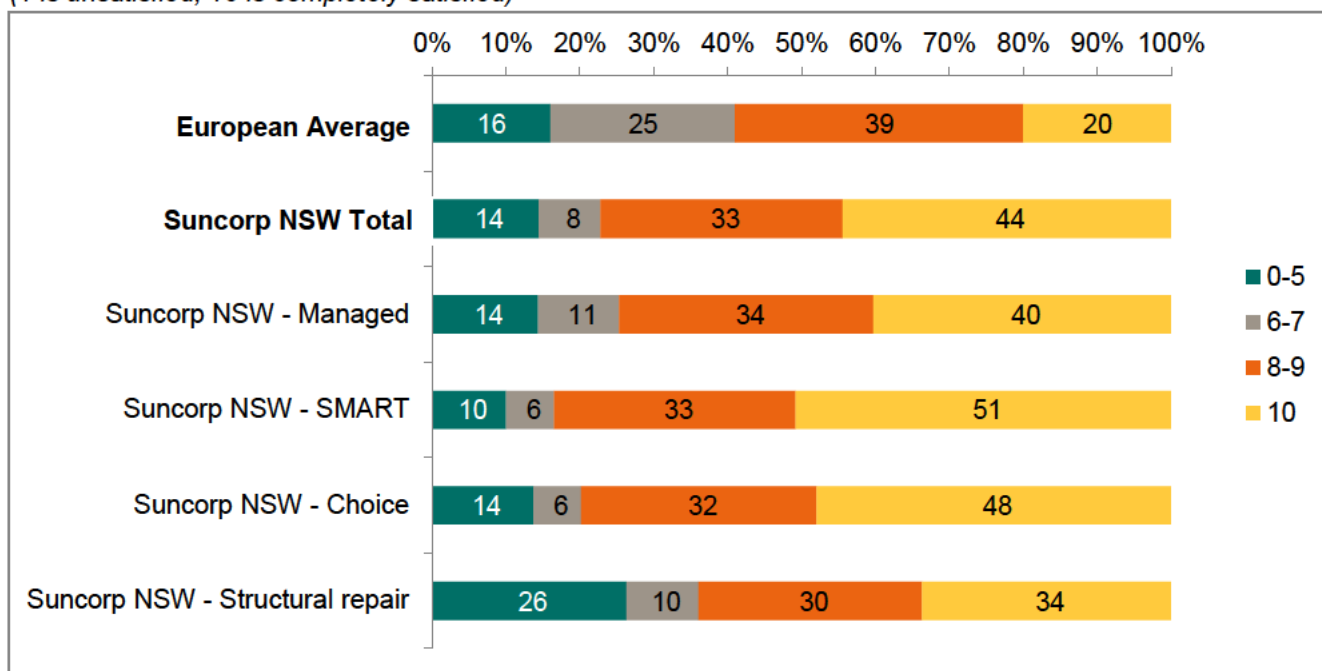
Regardless of the approach, quote information is entered into our system and the vehicle is taken to the repairer's facility to undergo repairs. Part numbers, prices and any subsequent variations to quotes (often called supplementaries) are updated during repair by the repairer and approved by the assessor.

Upon repair completion, the vehicle is either driven back to the RepairLink Centre or made available at the repair facility for customer pick-up. The customer receives the vehicle from the centre or the repairer and is invited to inspect the repairs before leaving with their vehicle.

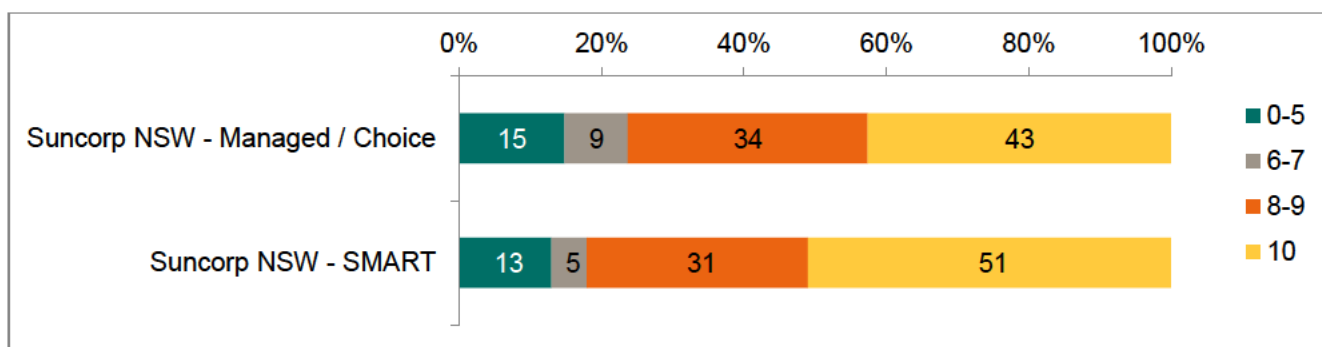
### Suncorp claims satisfaction figures in detail

The data below shows customer satisfaction scores broken down by the different methods Suncorp uses to assign repairs.

**Figure 3 – International benchmarking – Suncorp Group NSW customer satisfaction by repair method<sup>3</sup>**  
(1 is unsatisfied, 10 is completely satisfied)



**Figure 4 - Consumer satisfaction benchmarking – Capital SMART compared against similar repairers undertaking small to medium non-structural damage for Suncorp<sup>4</sup>**  
(1 is unsatisfied, 10 is completely satisfied)



<sup>3</sup> Suncorp Claimant Satisfaction Survey, Jan 2013-Dec 2013, NSW only. Includes Mass brands only (AAMI, Apia, GIO, Suncorp). Data weighted by brand based on claim volumes. Claimants surveyed 2 weeks after car collection  
*European motor claims – Is customer satisfaction enough?* Ernst & Young; 2010. Based on customers who claimed within past 2 years on motor insurance.

<sup>4</sup> Suncorp Claimant Satisfaction Survey, Jan 2013-Dec 2013; NSW only. Includes Mass brands only (AAMI, Apia, GIO, Suncorp). Data weighted by brand based on claim volumes. Claimants surveyed 2 weeks after car collection.

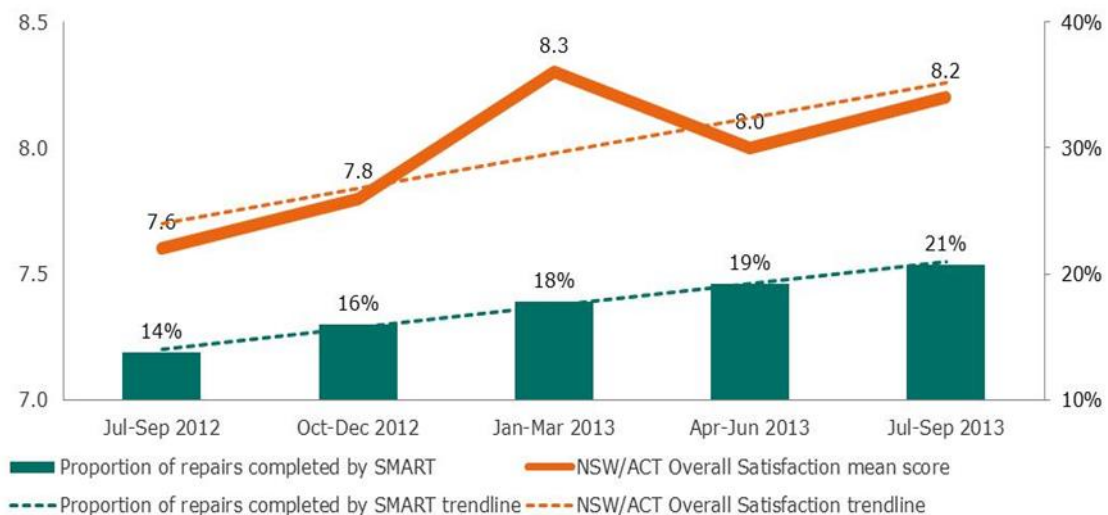


As can be seen in Figure 3 and Figure 4, Capital SMART Repairs produces the highest satisfaction scores from our customers across all repair methods. Suncorp satisfaction scores still exceed the European average across all types of its repairs and similar repairs.

Suncorp also measures customer satisfaction for QPlus and early figures indicate that QPlus is in line with the customer satisfaction scores of repairers undertaking structural repairs in NSW. Given QPlus' limited operations, it is too early to provide definitive data as current feedback numbers are not statistically significant. Suncorp are confident satisfaction levels will continue to grow as QPlus' processes are refined further, as per Suncorp's experience with Capital SMART Repairs.

As shown in Figure 5 the growth in the Capital SMART network in NSW has also correlated with improved customer satisfaction across the board for Suncorp customers, delivering demonstrable business benefits.

**Figure 5 – Overall NSW satisfaction compared to growth in Capital SMART repair volumes<sup>5</sup>**



Consistent with our world-leading customer satisfaction scores, Suncorp's motor products and services have won a raft of awards since they have been in operation. In the past three years alone these awards include:

- CANSTAR - Outstanding Value Award (AAMI) – 2010, 2011, 2012;
- Money Magazine Consumer Finance Awards - Insurer of the Year (AAMI) – 2011, 2012, 2013;
- Guidewire Innovation Award (AAMI Online Claims web application) – 2013;
- AFR SMART Investor League of Exceptional Service Best General Insurer (AAMI)- 2011;
- Caravan, Camping & Touring Industry & Manufactured Housing Industry Association of NSW Conference Awards - Best Product or Service Provider (CIL) – 2012;
- Telstra National Business Award - Innovation (Capital SMART Repairs) – 2013;
- AFR SMART Investor League of Exceptional Service - People's Choice Award (Apia) – 2013;
- ANZIIF Claims Provider of the Year – 2012;
- International Customer Service Professionals - People's Choice Award (AAMI) – 2011;
- Australian Business Award - Collision Repair Industry Environmental Sustainability Award (Capital SMART Repairs) – 2012;
- Society of Automotive Engineers Automotive Engineering Excellence - Highly Commended (Suncorp Vehicle Repairer Standard) – 2013.

These awards and satisfaction results indicate that Suncorp is delivering the products consumers want. Suncorp remains committed to partnering with the repair industry to refine our strategy and partner with the best repairers to satisfy consumers.

<sup>5</sup> Suncorp Claimant Satisfaction Survey, Includes Mass brands only (AAMI, Apia, GIO, Suncorp). Data weighted by brand based on claim volumes. Repair volumes used are from Motor Assessed Cost (by brand), personal insurance, Motor Insurance, Mass brands only

## Delivering safe repairs to our customers

The Inquiry's Terms of Reference seeks to examine whether smash repair work is carried out with adequate quality and safety standards. Our submission aims to demonstrate that quality and safety are at the forefront of Suncorp's smash repair processes. Suncorp continually evolves these processes to keep pace with ongoing changes to the way manufacturers build motor vehicles as well as consumer expectations.

The modern vehicle is exponentially safer than its predecessors. Airbags, crumple zones, automatic braking systems and anti-skid controls are just a few of the features that have dramatically reduced the incidence of injuries and fatalities from crashes.

Increasing vehicle complexity is also one of the points not only driving the rectifications that are occasionally necessary following a motor vehicle repair, but also continual recalls of cars to rectify manufacturing issues.

At every step of the claim, Suncorp staff closely monitoring quality issues to reduce the risk in terms of customer service, cost, safety, and time associated with needing to undertake rework.

### Repairing to a standard, not a price

To provide an additional layer of certainty to our quality figures and to better understand how we can improve our services into the future, Suncorp had its data related to rectifications arising from our claims system independently analysed in June 2013, over the period July 2012 to June 2013.

To help put these numbers into context against the complexity of modern motor vehicles, the number of vehicles recalled over the same period with manufacturer issues was 800,432 vehicles – or about 6 per cent – of the 13 million cars on the road.

The results of the analysis of Suncorp repairs in NSW are as follows:

- Issues requiring rectification across all methods – 4.0 per cent
  - Minor – single minor scratch or detailing – 1.8 per cent
  - Medium – multiple minor scratches/detail, minor panel alignment, window or mirror issues, minor cracks or suspension issues – 1.4 per cent
  - Major (potential safety issues) – damage to engine, steering issues, possible safety issues, radiator or other leaks, vehicle vibration/shakes – 0.8 per cent
- Capital SMART rectification rate – 1.7 per cent
- QPlus rectification rate – 2.8 per cent

Most importantly, these repairs were clearly undertaken to a standard, not a price. This is confirmed by the review finding that 27 per cent of rectifications were authorised to the more expensive quote submitted through our competitive quote process. Where quality issues are reported, non-recommended repairers (mainly consisting of customer choices) accounted for an equal amount and severity of rectifications over that period. These results reveal that Suncorp's determination to balance quality and cost in the interests of consumers is a reality.

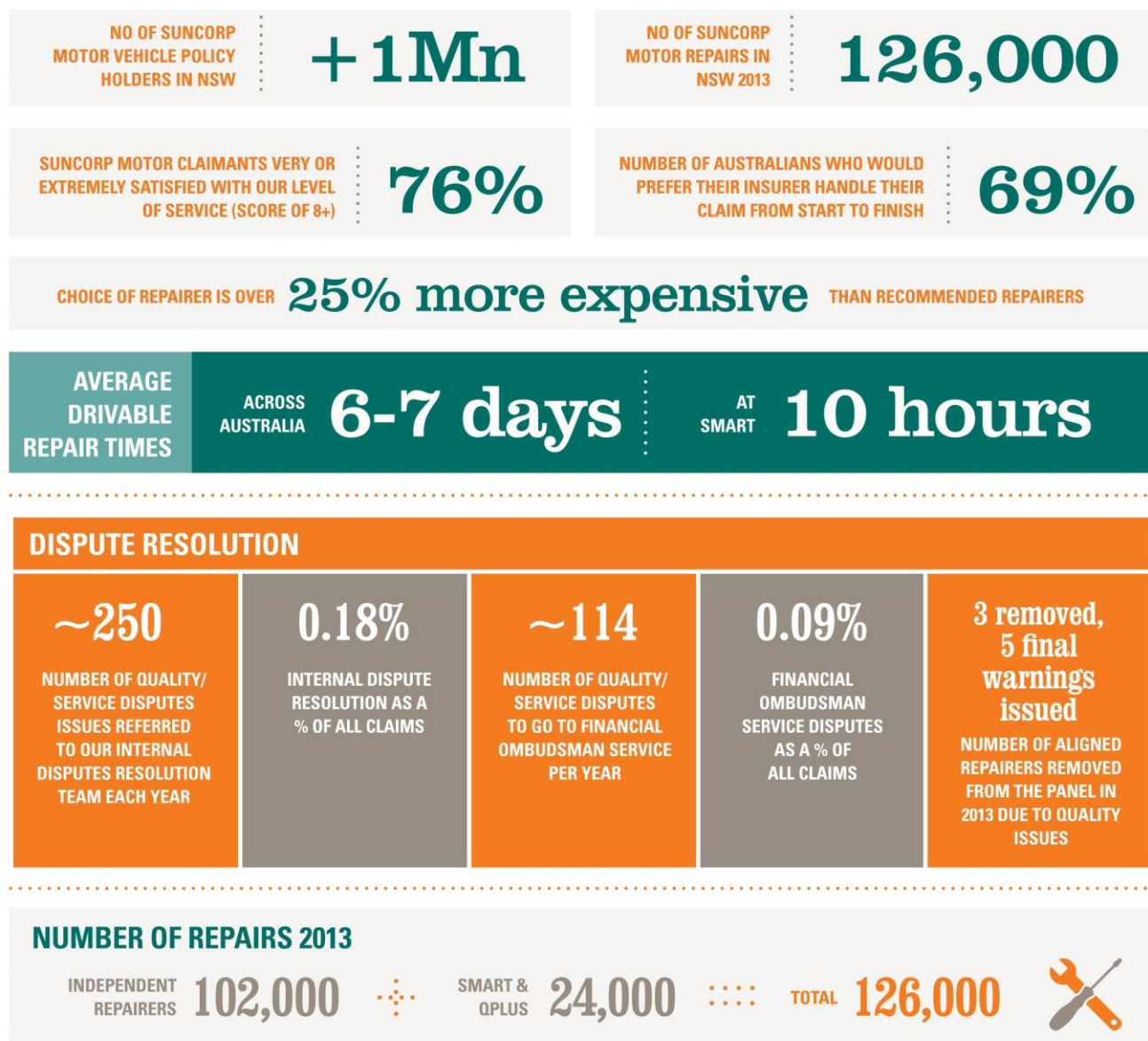
### Comparisons across the industry

Without a standard definition of the term, common collection processes or reporting systems, rectification rates cannot be compared between insurers or independent repairers. Suncorp's experience is that the majority of smash repairers do not have a governance structure that drives the systematic logging of quality issues. Self-reporting and analysis is limited or non-existent.

## Suncorp repair quality indicators

Our key repair quality metrics, as shown below, clearly reveal the high standard of repairs delivered to our customers in NSW.

Figure 6 – Suncorp's motor claims quality metrics



## Suncorp's approach to providing customers with quality repair services

Suncorp's commitment to the quality and safety of repairs is key to producing high customer satisfaction scores. Our strategy to achieve this and meet consumer demand emanates from a number of mutually reinforcing initiatives described in our Roadmap to a Shared Future.<sup>6</sup> These are:

- **Suncorp Lifetime Repair Guarantee** – This guarantee is valid on every single repair we authorise through our panel of recommended repairers, our joint ventures or a customer's chosen repairer who is not on our panel. This guarantee holds both Suncorp and repairers to the highest possible consumer protection standard, with repairers responsible for the workmanship and quality for the first three years.
- **Measuring and Guiding Quality Outcomes** – Suncorp measures and assists in guiding the quality of repairs undertaken by smash repairers with a five pronged approach, including:
  - Our electronic claims system which tracks quality issues across each repair, including repair time, noted quality issues, cost and methods, and requires repairers to log issues through our electronic claims system, cross-referenced with Suncorp assessor and claims manager reporting;
  - The 'Voice of the Claimant' survey which is sent to every mass brand (GIO, Suncorp, AAMI and Apia) customer asking them to rate the various aspects of their claims service, including all aspects of the repair. Low satisfaction scores are flagged and immediately forwarded to the relevant claims manager for action;
  - Suncorp's team of 88 highly-trained assessors in NSW, which is comprised primarily of former smash repair tradespeople. These trained professionals are Certificate IV qualified in loss adjusting, with newcomers immediately put on a pathway towards Certificate IV qualification. Our assessors interact on a daily basis with repairers to progress our customers' repairs to Suncorp standards. They also accompany aligned repairers to smash repair training sessions to ensure they stay on top of the latest repair methods.
  - Suncorp's team of specialised assessors who undertake audits targeting complex structural repairs across NSW to ensure Suncorp's repair standards are being met and repairs are high quality. Where issues are discovered, a coaching element is used to assist repairers to overcome them. If the issue is viewed as systemic or negligent, the issue will be performance managed, with final warnings or further action to be taken.
  - Suncorp Repairer Development Managers, who are dedicated staff that work with our aligned repairers every day to ensure they can meet the required standards of performance outlined in the agreement between Suncorp and recommended repairers.
- **Suncorp Repairer Agreement** – Our contracts with repairers set out how we work together to deliver the best service to our customers. It sets out a number of service levels for both parties, including accurate assessments, payment terms, repair times, and performance measures on quality. If a repairer fails to meet the performance measures we will protect our customers by terminating the agreement. This agreement also sets out repairers rights against Suncorp.
- **Suncorp Repairer Advisory Councils** – Established with highly experienced repairers from our panel of recommended repairers, these councils provide invaluable advice to Suncorp on all of our repair related initiatives. They also provide on the ground feedback regarding how to improve our day to day services and operations and help drive the development of our Vehicle Repairer Standard.
- **The Suncorp Vehicle Repairer Standard** – Developed with forensic engineers Delta-V and our recommended repairer councils, the Standard sets out training, equipment and processes repairers need to deliver quality repairs on modern cars. The Standard was highly commended in the Automotive Excellence section of the 2013 Society of Automotive Engineers Awards.
- **Joint Ventures – QPlus and Capital SMART Repairs** – Entering into joint ventures with innovative and leading smash repairers combines their specialist repair knowledge with our corporate governance to deliver industry-leading quality and service. This includes providing a significant investment into the latest technology required to repair cars. Suncorp has engaged Delta-V to independently audit both

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<sup>6</sup> Available: <http://www.suncorpgroup.com.au/sites/default/files/pdf/news/2090%20Suncorp%20Roadmap%20-%20Full%20document%20-%20FINAL.PDF>



Capital SMART and QPlus to ensure both are set up to deliver safe, high quality repairs. These audits reports are separately attached and are provided on a commercial-in-confidence basis.

- **escribe** – Suncorp has directly invested in bringing this international program to the Australian repair industry. Thatcham escribe provides better access to some of the manufacturer's specifications, which are currently unavailable to the general insurer and repairer industries (an issue highlighted by the Commonwealth Consumer Affairs Advisory Council).
- **Supporting further training, technology and industry development** – Suncorp has over 50 initiatives in place to support the industry and help it meet the challenges of repairing modern vehicles and serving customers. These initiatives include funding for apprenticeships, post-apprenticeship training, and equipment grants for TAFEs to buy the latest repair equipment. Further details are available in Suncorp's *Roadmap to a Shared Future*.

### Quality assurance - protecting consumers

In Suncorp's experience, most Australian repairers are proud of their work and would not knowingly compromise consumer safety to increase profit margins. The vast majority of repairs are completed to very high safety standards.

To support and monitor quality repair outcomes for consumers, there are state and federal laws, codes, and dispute resolution processes which provide motor vehicle repair consumer protection. It is telling that the number of complaints relating to repairer quality or safety lodged through these processes are low.

Given the structure of the industry and our involvement in managing the repair process for many customers, the vast majority of repairer complaints are likely to go to the Financial Ombudsman Service (FOS), which is a free dispute resolution service for consumers. In the last six months 57 repairer quality issues were lodged with FOS against Suncorp. This represents about 0.09 per cent of all Suncorp claims.

In 2012, the Department of Fair Trading and the Motor Vehicle Repair Industry Authority received 1,582 complaints about motor vehicle repairers and motor dealers across the industry. This represents a decrease from over 2,000 complaints in the previous year. Of these, 69 motor vehicle repairers were found to be in breach of legislative requirements that resulted in warning letters or penalty notices being issued.

Despite the infrequency of quality issues in the industry, Suncorp believes there is no room for complacency and the drive for quality must remain an ongoing concern. It is for this reason that Suncorp's repairer agreement specifies that aligned repairers must have rectification rates below 5 per cent to remain on our panel of recommended repairers, and Suncorp continues to refine initiatives to drive quality outputs, such as the Suncorp Vehicle Repairer Standard.

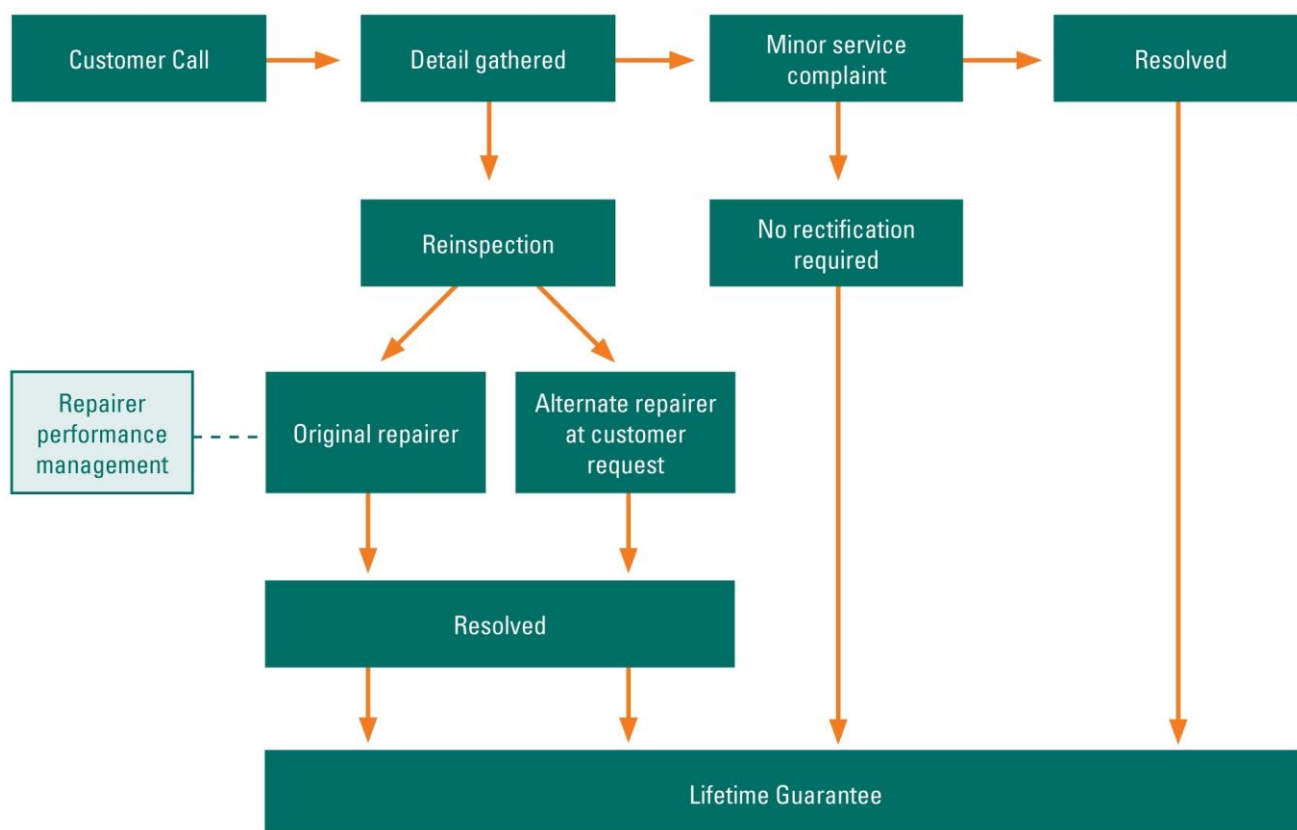
Modern cars are complex machines and repairing them is no simple task. As in any industry, mistakes occur and each one must be carefully addressed. Nowhere is this more evident than the fact that motor vehicles come directly off the assembly line with faults that need repairing. Last year alone, 143 vehicle safety recalls were issued in Australia,<sup>7</sup> totalling 800,432 vehicles, or about 6 per cent of all vehicles on the road.

It is important to note that when repair quality issues do occur, the businesses involved work together to ensure similar repair issues are caught, made good and not repeated. Suncorp's experience is that repair quality issues are discovered and rectified swiftly. Our approach to quality concerns is outlined below. Note that the Code requires insurers to allow repairers the first chance to rectify any issues from their original repairs, unless the customer objects.

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<sup>7</sup> <http://www.recalls.gov.au/content/index.phtml/itemId/952839> - figures also provided by the Department of Infrastructure and Regional Development.

Figure 7 – Suncorp quality concern process



In the very rare cases where a quality issue is found to be systemic or where a reckless breach of safety has occurred, Suncorp will terminate our agreement with the repairer and remove them from our panel of recommended repairers. A significant breach of repair safety results in one written caution, with termination if repeated.

### Groups targeting not-at-fault consumers

Unfortunately, there is a pocket of operators within the industry who exploit consumers by “capturing” repair jobs of not-at-fault customers, typically through arrangements with tow truck drivers paid on commission. Some of these cases simply involve extremely high storage fees totalling thousands of dollars. Others, supported by recovery agents and solicitors, include these parties or repairers having consumers sign a contract that allows the repairer to authorise repairs without the insurer’s consent, an activity that is in breach of section 4.1 of the Code.<sup>8</sup>

This group, commonly made up of affiliated organisations including repairers, lawyers, recovery agents and credit hire car companies, seek to maximise the financial return beyond the ordinary expectation of the wider smash repair industry.

An example of this practice has been described by NSW-based Smash Repair Lawyers’ on its website, which states:

*“Smash Repair Lawyers has a track record of successfully recovering money owed to smash repair shops by people who cause damage to other vehicles. We are successful because the threat of litigation makes it uneconomical for third parties to allege that repair bills presented by our clients are unreasonable.”<sup>9</sup>*

<sup>8</sup> Motor Vehicle Insurance and Repair Industry Code of Conduct, March 2011, <http://www.abrcode.com.au/forms/Final%20Code%20of%20Conduct%20March%202011.pdf>, Accessed 14 February 2014

<sup>9</sup> Accessed at: [http://smashrepairlawyers.com.au/what\\_we\\_do\\_2.html](http://smashrepairlawyers.com.au/what_we_do_2.html).

The website goes on to provide an example of what appears to be panel damage to a Toyota Ute that was originally assessed at costing \$1,874. Instead the charges came through at \$5,841 for the insurance company involved. Deducting the lawyer's fee, the repairer was paid \$4,616.

Everyone has a right to obtain legal representation if they consider it necessary. However Suncorp is concerned about the adverse and unnecessary impact on prices for customers and on the quality of customer outcomes.

These groups target the not-at-fault consumer after an accident because these consumers are third parties to the contract between the insurer and the at-fault consumer. This means these consumers are not governed by the at-fault-consumer's insurance policy processes and terms.

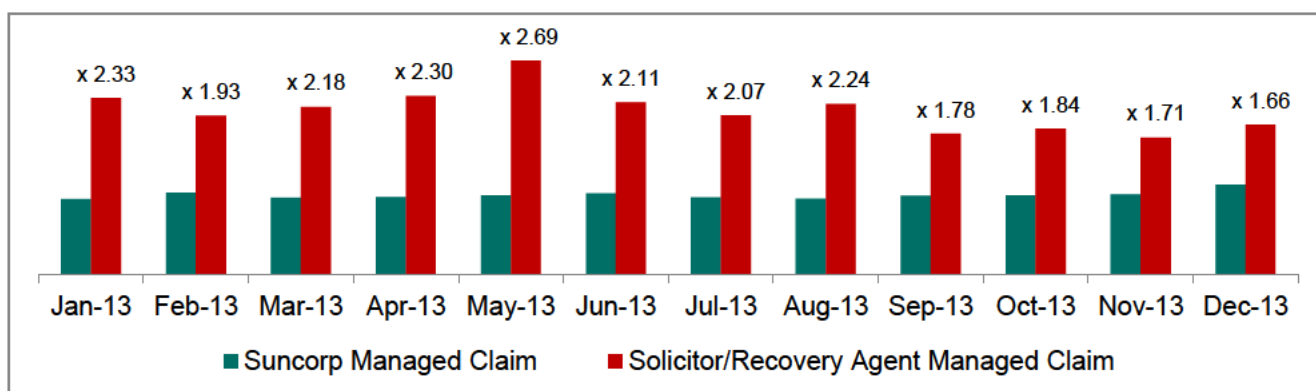
The implications for consumers are significant with repair times doubled on average. Uninsured consumers can be left liable for the demands of associated hire car costs and inflated costs of repairs, having been given no opportunity to mitigate or manage these costs, often through a lack of transparency and fair dealing.

The contracts used by these operators also typically leave the not-at-fault consumer liable for any shortfall between their repairs and hire car demands and the settlement agreed with the insurer.

Further, consumers are unable to make use of many of the protections offered under the General Insurers Code of Practice and the FOS, as the work has been completed without insurer knowledge or approval.

Figure 8 shows the difference between what is finally paid to these parties compared to a Suncorp managed process with a repairer acting in accordance with the Code.

**Figure 8 – Costs of solicitor/recovery agent vs Suncorp managed not-at-fault claims in NSW**



#### Examples of poor outcomes from third party claims managed by agents or solicitors

- Suncorp received demands from a solicitor representing a third party repairer for \$5,082. Suncorp was contacted by the customer who was upset that repairs had not yet begun. The consumer was unaware a solicitor had been engaged on behalf of the repairer and complained of the treatment he had received from the repairer. The solicitor continued to attempt to claim payment for repairs that have not taken place while the vehicle was not released to the consumer.
- A third party repairer bill was received for \$11,259. An assessment of the repairs indicate the repair claim was inflated with repairs not undertaken and parts not installed. The repair bill was reduced to \$3,689.
- A credit hire company attempted to recover 18 days of hire car fees when the third party vehicle took 15 days to repair. Claimed rate was \$328 per day, Suncorp accepted \$200 per day, reducing the cost from \$5,915 to \$3,300.
- A third party consumer chose to authorise their own repairs and recover through a solicitor against a Suncorp customer who was at fault. Suncorp offered the consumer the option of proceeding with their claim directly with us, but the consumer chose to continue with the solicitor instead. The third party consumer was unaware they would be required to pay the legal fees, and was left with a bill of \$1,200.

Suncorp can provide many more examples to the Inquiry upon request.

## **The challenges of regulating a fragmented industry**

The high number of single shop repair businesses makes government regulation of quality difficult and costly to enforce. Effective government enforcement would require a group significantly larger than Suncorp's team of 88 qualified repair experts engaged as motor assessors. It is likely at least twice to three times the number of qualified professionals would be required to cover the entire NSW motor vehicle repair market.

The repair industry has had little success in measuring or implementing initiatives to self-regulate quality outcomes over the past two decades. Suncorp is unaware of any action by a relevant NSW trade association against its trade body members for poor quality repairs, or any other action for activity that would constitute a breach of the code of ethics which was introduced in 1996.

At present, insurers and the Department of Fair Trading are the only organisations that take regular action on repair quality issues.

Through daily interactions, insurers build an unparalleled insight base and practical knowledge into the smash repair industry, and employ highly skilled staff to act on those insights. It is perhaps because of these resources that 69 per cent of consumers choose to engage insurers to manage their repair process through recommended repairers.

The Productivity Commission's observations support this view:

*"Insurers have strong incentives to ensure adequate quality and safety of vehicles repaired by their PSRs [preferred repairer schemes] — indeed, most consumers consider this to be the responsibility of the insurer, not the repairer."*<sup>10</sup>

The processes established by Suncorp in managing and monitoring the work of both its recommended repairer and joint venture partners establishes a level of performance and quality monitoring that to date has not been matched by the repair industry itself.

## **The importance of repair costs to consumers**

Consumers currently choose a policy that suits their needs with a range of policy options and prices available in the market. Given the importance of cost of living to consumers, when examining choice in any form between products or services the effect on insurance premiums must be taken into account.

Currently the market has structured itself to meet consumer demands while competing on price, the largest determinant driving consumer behaviour. For most consumers, the high penetration of comprehensive insurance means their premiums represent their closest relationship to repair prices.

Suncorp's current arrangements through a dedicated panel of recommended repairers and our joint ventures, QPlus and Capital SMART Repairs, permit deeper insights in to both quality and productivity, and an ability to negotiate better repair prices in return for providing steady work and scale.

Using non-recommended repairers prevents consumers from accessing these insights and savings while also increasing administration costs for the insurer. Where a relationship exists and the provision exists within the insured's policy, this is appropriate.

Overall, providing choice of repairer is more expensive. This is so regardless of whether the consumer has selected a Suncorp recommended repairer through their choice of repairer policy option or a non-recommended repairer.

Currently, on average, choice of repairer jobs cost more than 25 per cent above repairs sourced through Suncorp recommended repairers competitive quoting process. The difference is even greater when compared when measured against costs efficiencies provided by QPlus or Capital SMART repairs.

Limiting Suncorp's ability to manage repairs, where the customer has chosen this option, would likely increase repair costs by 15-25 per cent. This in turn would increase premiums by up to 10 per cent, as smash repair costs make up about half of an insurance premium.

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<sup>10</sup> *Smash Repair and Insurance*, Productivity Commission 2005, overview XIX



NSW consumers already face higher premium costs than other states for numerous reasons, such as the cost of doing business in NSW (including repair costs) and higher accident frequency.

### **Other unnecessary costs to consumers: fraud and other criminal activity**

Unfortunately, criminal and fraudulent activity adds an estimated \$70 to every policy. Such activity includes staged accidents and faked repairs.<sup>11</sup>

A combined insurance and police taskforce recently exposed a single fraud in 2013 involving luxury cars totalling over \$500,000,<sup>12</sup> and the insurance industry continues to refine its strategies to identify criminal activity and expose costly fraud.

In addition, Insurance Australia Group (IAG) recently reported that its ongoing audit of repairs has found over 230 cases of direct repairer fraud since March 2011, and 100 cases in the past year alone.<sup>13</sup>

The National Motor Vehicle Theft Reduction Council has also made several recommendations in response to the flow of parts from profit-motivated stolen vehicles into the domestic and international smash repair industries. These include stronger financial sanctions and penalties, extending criminal liability to company directors and managers involved in handling these parts, and increased powers for regulatory agencies.<sup>14</sup>

The Council estimates that the cost of such vehicle theft is \$626 million nationally. This does not include the community costs associated with police investigations, court hearings or correctional services. A three per cent drop in criminal activity last year is believed to have saved the community over \$44 million.<sup>15</sup>

Suncorp can provide more examples in confidence to the Inquiry on request.

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<sup>11</sup> *Hidden Costs: Insurance Fraud in Australia*, IAG and the Economist Intelligence Unit, 2003.

<sup>12</sup> <http://www.dailytelegraph.com.au/news/nsw/luxury-cars-used-in-staged-crashes-to-scam-insurance-companies/story-fni0cx12-1226773735711>.

<sup>13</sup> <http://www.paintandpanel.com.au/news/iag-s-inaugural-2012/13-smash-repair-quality-report>.

<sup>14</sup> *National Motor Vehicle Theft Reduction Council Annual Report 2013*, p.13.

<sup>15</sup> *National Motor Vehicle Theft Reduction Council Annual Report 2013*, p 20.

## **Suncorp investing in a modern repair industry to benefit consumers**

When it comes to consumers' motor vehicles, a quality-focused, highly skilled, cost-effective and sustainable repair industry is required to deliver on their expectations. Suncorp notes the specific interest the Inquiry has shown in relation to the practices we employ in our relationship with the smash repair industry, as highlighted in the Terms of Reference. Suncorp would strongly argue its practices foster industry-leading repair services for customers whether that's through supporting apprentices, providing access to repair information or the innovative repair methods now used as part of our vertical integration initiatives.

### **Fostering workforce sustainability**

Suncorp places an emphasis on attracting apprentices to the repair industry to foster long-term workforce sustainability. Our apprentice subsidy scheme was launched in 2004 and supports over 200 apprentices nationally. We support almost 100 apprentices in the NSW smash repairer industry alone. This commitment flows through to our joint ventures, with QPlus employing over 30 apprentices. We have also offered \$30,000-\$40,000 in TAFE equipment grants each year since 2002 to support those organisations to prepare the next generation of repairers.

In attracting apprentices to the industry, Suncorp has established social programs with Mission Australia, Red Cross and Youth off the Streets. These partnerships with leading community sector organisations are aimed at boosting the number of young people entering the repair workforce.

With Suncorp's support, Mission Australia and the National Motor Vehicle Theft Reduction Council have established Synergy Auto Repairs in North Melbourne. This centre acts as a repairer training ground for youth who in some cases have been in trouble with the law. It is employing fully qualified repairers to mentor and assist apprentices and trainees, delivering quality motor repairs as well as giving a helping hand to young people facing tough times.

In addition, a pre-apprenticeship program has been on trial since 2012, with work underway to extend this program to NSW. A disability employment program has also been developed, with the first initiative currently under review with the intention of extending the program.

Trade qualified staff have also been an area of focus with both Suncorp and AAMI being foundation platinum sponsors of I-Car since 2006. I-Car provides post-qualification training in modern repair techniques to repairers, and Suncorp has financially supported hundreds of repairers in NSW to attend training programs. Suncorp also donates vehicles to training providers and NSW Fire and Rescue to assist in delivering hands on training.

We have also funded an independent Industrial Relations advice line since 2012 and developed staff mentoring training, and nationally-certified management diplomas for aligned repairers and their staff in 2013. This year we are working to launch a business mentor program that will help build the skills and capabilities of new repair shop owners.

### **escribe – Improving repairer access to quality repair information**

In a global first partnership, Suncorp has joined with independent vehicle research organisation Thatcham Research, to improve access to quality repair information for all Australian repairers and insurers through the Thatcham describe program.

Within Australia and New Zealand, repairer and assessor access to high quality vehicle repair information has proved difficult and expensive to achieve. There is clearly a need for current and valid repair information relevant to the Australian and New Zealand markets.

Suncorp is investing about \$3 million over the next five years to fund the development of local content in the describe database. Precise vehicle information is used to build a comprehensive repair process that uses critical safety data to exactly match the damaged vehicle.

As part of the collaboration, Suncorp is funding the purchase, shipping and research of 27 locally relevant vehicles and their respective parts over the next five years. This will increase repair information in the domestic

market and include coverage of three quarters of all cars on Australian roads. Currently, the first seven vehicles have been selected based on analysis of vehicle repair and sales data.

Working from a fully-equipped and ultra-modern vehicle repair technology centre, Thatcham Research's technical repair experts will produce a wealth of vehicle repair data, ranging from light structural research, to full body repair methods.

### **Suncorp panel repairer agreement – 2014**

The new agreement for Suncorp recommended repairers, set to come into operation in April 2014, and meets the Codes requirements in regards to these arrangements. The agreement includes the obligations for our recommended repairers to meet the Suncorp Vehicle Repairer Standard and sets out expected success rates such as maximum average repair days and less than 5 per cent rework requirement. The purpose of these success rates is to ensure fairness in quote comparisons.

Suncorp also offers customised banking and insurance packages to repairers who are party to our agreement.

### **Creating an industry standard – the Suncorp Vehicle Repairer Standard**

More recently, Suncorp engaged forensic engineer specialists Delta-V to analyse a range of shops across the repair industry to examine good practice. We then worked with our repairer councils to develop our *Suncorp Vehicle Repairer Standard* based on that analysis. The outcome was a set of requirements which our aligned repairers are now required to comply with. The purpose of this initiative is to drive industry improvement and ensure repairs are conducted to highest quality according to the latest specifications.

The Suncorp Vehicle Repairer Standard was the first formal repairer standard made available for the Australian industry, and will be mandatory for all our recommended repairers as of 1 April 2014 under our 2014 Repairer Agreement. We have also engaged in preliminary discussions with Standards Australia to examine how the standard might form the basis of an approved Australian Standard. We have asked trade associations nationally to be involved in that Standard development process.

The Suncorp Vehicle Repairer Standard was recently 'highly commended' at the Society of Automotive Engineers Automotive Engineering Excellence awards in 2013.

### **Communications**

Suncorp is committed to open and transparent communication with our repairers, and believes this is a vital component of a successful business partnership. We communicate any changes regarding Suncorp's direction and operations regularly through:

- newsletters;
- annual repairer presentations;
- question and answer sessions; and
- through our dedicated team of Repairer Development Managers.

We also regularly consult with our repairer councils, recommended repairers and industry organisations particularly regarding industry initiatives like our Vehicle Repairer Standard.

### **Investing in innovation – vertical integration**

In 1996, Suncorp established the Autobody Repairer of the Year Award to promote innovation in the industry. Subsequently, we have built strong relationships with industry groups, education providers and trades training schools and launched a \$750 training grant for every aligned repairer in 2007.

Suncorp considers that its most effective investment in repair industry innovation has been that with our joint venture repairers. These businesses have created industry-leading repair facilities which are redefining quality standards, governance and customer satisfaction. We have remained open and transparent about this investment, regularly communicating with our repairers ahead of the establishment of both ventures opening and throughout their operational milestones.

These repairers have been carefully selected as joint venture partners based on their industry experience and innovative approach to addressing the numerous challenges facing the repair industry.

### Capital SMART Repairs

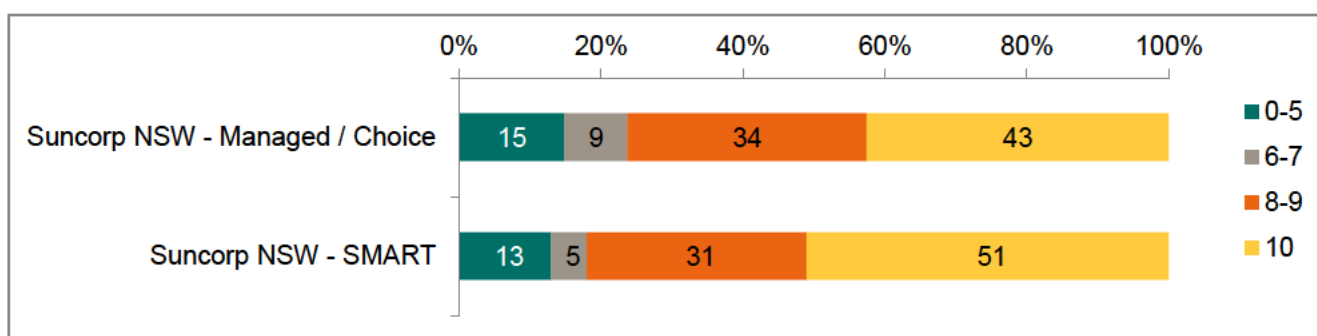
Jim Vais, who developed Capital SMART Repairs, recognised the need to invest in the latest repair technology to create a new business model for repairing driveable vehicles with small-to-medium damage. After trialling the process in 2007, he approached Suncorp with business plans to launch these new factory-style repair workshops designed to deliver a new level of service to customers. Suncorp agreed to invest in Capital SMART to provide the additional funds required to establish this award-winning repair business, which we believe represents an Australian repairer creating an international best practice standard.

There are now 24 Capital SMART centres that have the capacity to handle over 120,000 small-to-medium repairs each year across the country. In NSW there are eight facilities employing 134 staff in NSW, including one in Queanbeyan servicing Suncorp's ACT customers.

Capital SMART uses new repair technology, operating infrastructure and supply chain management to deliver superior service, faster turnaround and high quality repairs to customers. Much of the equipment has been custom built for Capital SMART Repairs, allowing new levels of productivity.

This results in more satisfied customers that are more likely to renew their insurance policies with our company.

**Figure 9 – SMART satisfaction figures against comparable repairers**  
(0 is unsatisfactory, 10 is completely satisfactory)



Capital SMART Repairs was independently audited by forensic engineers Delta-V Experts in December 2013 against Suncorp's Vehicle Repairer Standard (Appendix). They found:

*"The quality of the repairs was high, with a high level of paint matching, part alignment and general fitment quality." (p 20)*

*"The authors witnessed and observed multiple occasions in which vehicles were either removed from the Capital SMART process by the repair centre manager(s) and/or removed during disassembly when the 15 technicians identified to the repair centre manager(s) structural damage. Any safety related repairs (e.g. Supplementary Restraint System (SRS) deployment, suspension or brake damage) were immediately re-allocated to the insurer, as were repairs which we identified as being beyond the scope of Capital SMART." (p 8)*

*"Evidence of continuous improvement was identified, with Capital SMART implementing the 'Push to Repair' repair procedure, new computer tracking and management systems and 25 paint preparation and storage systems which were being trialled." (p 12)*

*"The authors have been unable to identify quality issues with the Capital SMART process and the end result of the repair. The authors would consider that the vehicles were repaired to a high standard." (p 12)*

*"Based on the assessments conducted:*

- 1. The quality of repairs undertaken by Capital SMART is high;*
- 2. No safety issues relating to the repair of vehicles were identified." (p 13)*

## **QPlus Productions**

Suncorp has partnered with experienced NSW smash repairer Daniel Zammit to create QPlus Productions. Located in Riverwood, this hi-tech repair facility launched in April 2013 and at full capacity is expected to conduct 150 structural repairs each week.

Similar to Capital SMART, QPlus Productions is a response to the advanced materials used in modern vehicle structures and the need to invest in new repair equipment and skills to manage these repairs. In addition, the *Road Transport (Vehicle Registration) Amendment (Written-off Vehicles) Act 2010 (NSW)* now requires more vehicles (with greater damage) to be repaired after heavy hits, necessitating a NSW-specific response for Suncorp.

QPlus is also factory-style, with repairs being conducted at stations according to well-documented procedures with quality checks and audits at each station. State-of-the-art technology is used throughout QPlus to reduce repair times and improve sustainability. InfraGas technology reduces repair time and Lowbake drive-in paint bays use 80 per cent less energy compared to traditional repair techniques.

QPlus is the largest repair facility in Australia and when at full operating capacity will employ 200 total staff with 50 apprenticeships. QPlus currently employs 131 staff and 30 apprentices.

Suncorp also measures customer satisfaction for QPlus and early figures indicate that QPlus is in line with the customer satisfaction scores of repairers undertaking structural repairs in NSW. Given QPlus' limited operational history, it is too early to provide definitive data as current feedback numbers are not statistically significant. Suncorp is confident satisfaction levels will continue to grow as QPlus' processes are refined further, as per Suncorp's experience with Capital SMART Repairs.

QPlus was independently audited by forensic engineers Delta-V Experts against the Suncorp Vehicle Repairer Standard in December 2013. They found:

*"... the authors consider that QPlus has complied with all mandatory criteria and has also demonstrated the ability to undertake structural repairs to a high standard. QPlus has also demonstrated compliance or, where applicable, provided evidence demonstrating future plans and progress towards meeting additional (bonus) criteria, in the Suncorp Vehicle Repairer Standard." (p 3)*

*"The authors consider QPlus to have demonstrated a high level capability to repair heavy hit (driveable non-structural repairs and non-driveable structural repairs) on a variety of vehicles." (p 8)*

## **Australian Collision & Mechanical Parts (ACM Parts)**

ACM Parts is a joint venture between Suncorp and LKQ Corporation to supply parts to the motor repair industry. When operational this venture will work to introduce a new standard of certification for automotive parts, and provide further competition in the parts market for repairers and consumers.

Research conducted by Allen Consulting Group in 2013 found significant imbalances in the parts supply chain in Australia, leading to low non-original equipment (OE) parts usage, supply chain inefficiencies and higher parts prices.

With around 600,000 vehicles reaching the end of their life each year, and parts making up to half the cost of repairs commissioned for Suncorp customers, Suncorp sees an opportunity to reduce waste for the community by increasing the use of green parts in Australia.

Other markets, such as Europe and the US, have been driving competition and higher usage of alternative parts for years through legislative, voluntary and regulatory reforms. A high Australian dollar and multi-layered supply chain has resulted in consumers paying more for parts than they should, while parts supply issues account for regular delays to returning cars to the road.

The total cost of parts in Australia for a \$21,000 medium-sized hatch may be \$114,081 – or 543 per cent of the car's purchase price. This cost is reflected in repair costs, and therefore consumers' premiums. In addition, many of the statements of quality made by these parts importers do not appear to be supported by verifiable evidence on the standard measures of form, fit or function. Some OE parts are produced by outsourced

providers, and again there is no independent verification of the statements in respect to the OE part's fit, form and function made by these importers.

Increasingly the international standard is independent certification of new replacement parts, regardless of origin. Adopting such an approach in Australia would significantly improve customer safety outcomes, while ensuring a fairer competitive base for all imported repair replacement parts.

While it is too soon to speculate on ACM Parts' future success or its ability to influence premiums, in the long term we hope the business will give us the ability to make our products even more competitive for consumers in terms of quality, timeliness of repair and price.

### **Effect on the market**

By providing capital to smash repairers to fund innovative repair techniques and other business practices, Suncorp believes these businesses have increased competition in quality, consumer service and productivity within the industry. Many independent repairers are operating similar models to Capital SMART Repairs.

Suncorp continues to work with a diverse range of independent repairers, and will continue to do so into the future. Consumers who do not want to use one of Suncorp's joint venture partners can choose to use an independent recommended repairer or if their policy allows, their other preferred repairer.

In NSW, Capital SMART Repairs and QPlus undertake about 7 per cent or less of all repairs within the market. A diverse range of independent repairers continue to operate successfully and profitably within the market, and the consolidation trend remains consistent with the past decade (see Figure 13).

Given the market, these joint ventures must provide higher levels of quality or service to consumers or Suncorp would lose market share to competitors.



## Challenges facing the motor vehicle repair industry

Although not specifically highlighted by the Terms of Reference, it's critical a proper and balanced review of the insurer-smash repairer relationship looks at the forces impacting both industries, many of which are beyond the influence of either party. Earlier, Suncorp examined some of the consumer expectations shaping the industries.

Suncorp acknowledges that the smash repair industry is facing the greatest structural challenges in its history. The increasing technical complexity of motor vehicles, skills shortages, improving road safety and rising consumer expectations are reshaping the industry in Australia, as they have across the world.

These changes are placing pressure on traditional repairers driving market consolidation towards larger, technologically advanced, and more capital intensive businesses. At the same time, better roads and safer cars are reducing the number of accidents and the need for repairs. The Suncorp programs outlined in this submission have been designed to assist the industry in responding to these challenges and continue to deliver high quality service to insured customers.

### Technical complexity

A key challenge for repairers is the evolving nature of vehicle technology. Modern cars are increasingly complex with new materials introduced to improve fuel efficiency. New electronics improve road safety. Today's new car can have up to 11 different types/grades of steel<sup>16</sup> and 50–70 electronic systems, such as adaptive cruise control, side airbags, and automated reverse parking.<sup>17</sup>

These technologies result in challenging repair jobs requiring in-depth knowledge of the vehicle and its systems, along with new equipment and better training. Consider the skills and equipment associated with diagnosing and repairing damage to any number of the 70 different electronic systems in a modern car. In many cases, even the original manufacturer is unfamiliar with many of these components due to outsourcing arrangements, and many car repairs now require electronics and internet expertise.

An example of the complexity of modern car repair is that a 10 km/hr 'fender bender' type accident in a Toyota Yaris can cause damage worth 70 per cent of the vehicle's original purchase price. Another example is that last year, 143 motor vehicle manufacturer recalls were issued due to faults that could have affected vehicle safety. This applied to 800,432 cars, or about 6 per cent of cars on Australian roads.

Looking forward, the degree of complexity of car repairs is likely to continue with hybrid/electric vehicles expected to make up 10 per cent of the road fleet within 10 years. It can also be expected that 62 different vehicle manufacturers selling cars in Australia will continue to compete based on technological advancements, as Australia already has the most diverse car market in the world.

New materials such as aluminium bodies and composite plastic components are not only more difficult to repair, they also make it impractical or uneconomical to repair damaged cars in some cases. These technology trends result in an increasing rate of vehicle write-offs and fewer repairs, couple with repair jobs that are harder to complete.

An additional technical challenge is gaining access to manufacturers' specifications in the market, with some of the 62 brands in the domestic market providing limited access to manufacturers' specifications. Best practice, as outlined in the Motor Vehicle Insurance and Repair Code of Conduct, requires all repairs to be undertaken to manufacturer specifications. The Commonwealth Consumer Affairs Advisory Council (CCAAC) examined this issue in 2012, and found:

*"In the absence of an effective, industry-led outcome in a reasonable period of time, there may be a case for government intervention. CCAAC is of the view that the accessibility of repair information could become a barrier to competition in the automotive repair industry. CCAAC urges the automotive industry to expedite current processes to develop, within a reasonable period of time, an outcome (such as a voluntary industry code of conduct) that ensures there is a process for independent repairers to access repair information."*<sup>18</sup>

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<sup>16</sup> *New Technology In Motor Vehicles – Changes, Trends and Implications For The Repair Industry*, I-Car, 2013

<sup>17</sup> *Automotive Electronic Systems*, available: <http://www.cvel.clemson.edu/auto/systems/auto-systems.html>

<sup>18</sup> <http://ccaac.gov.au/files/2011/07/Final-report-on-sharing-of-repair-information-in-the-automotive-industry.pdf> - Executive Summary p 5, 7

Figure 10 – The technology challenges of modern cars, Suncorp's Roadmap to a Shared Future

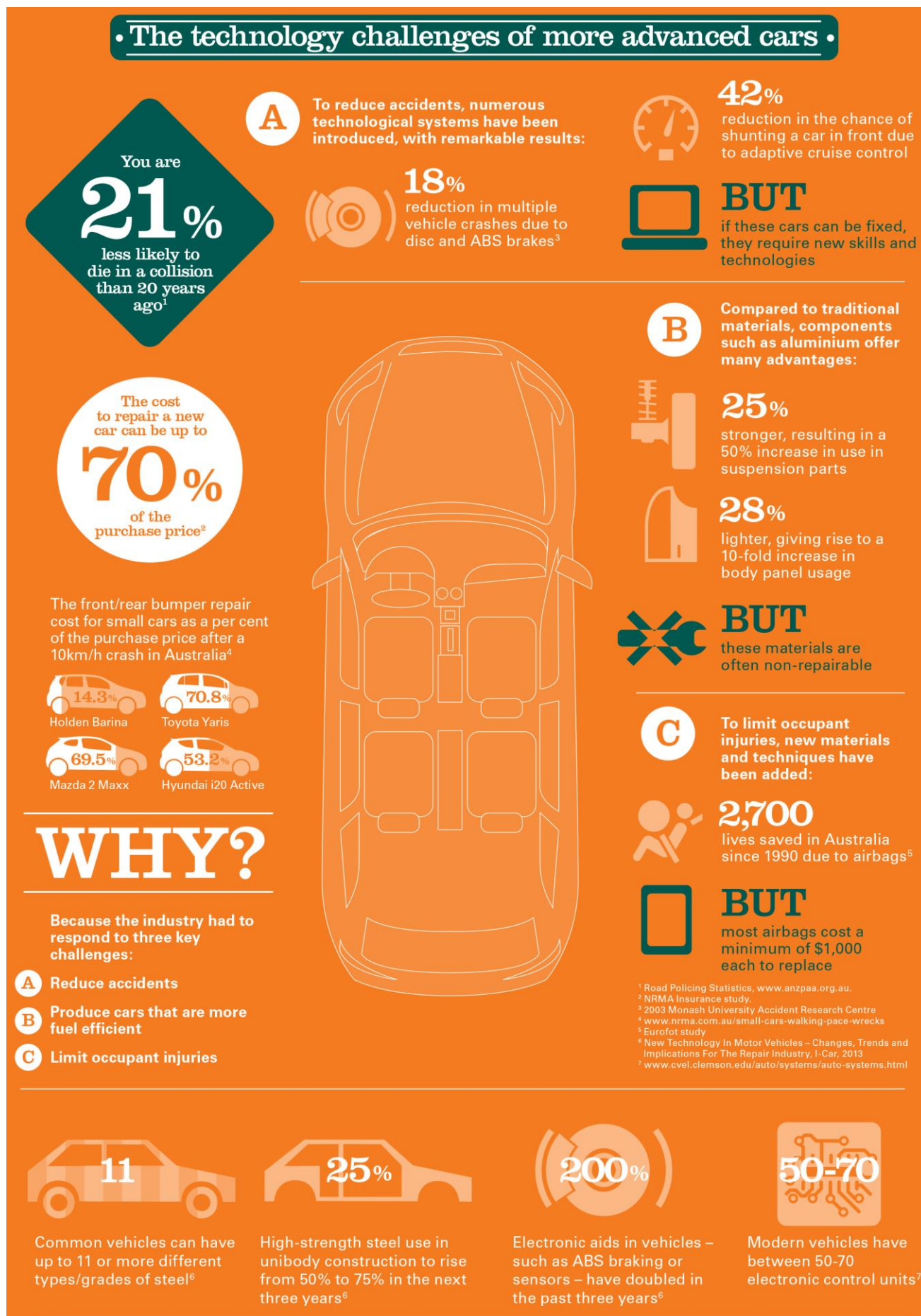
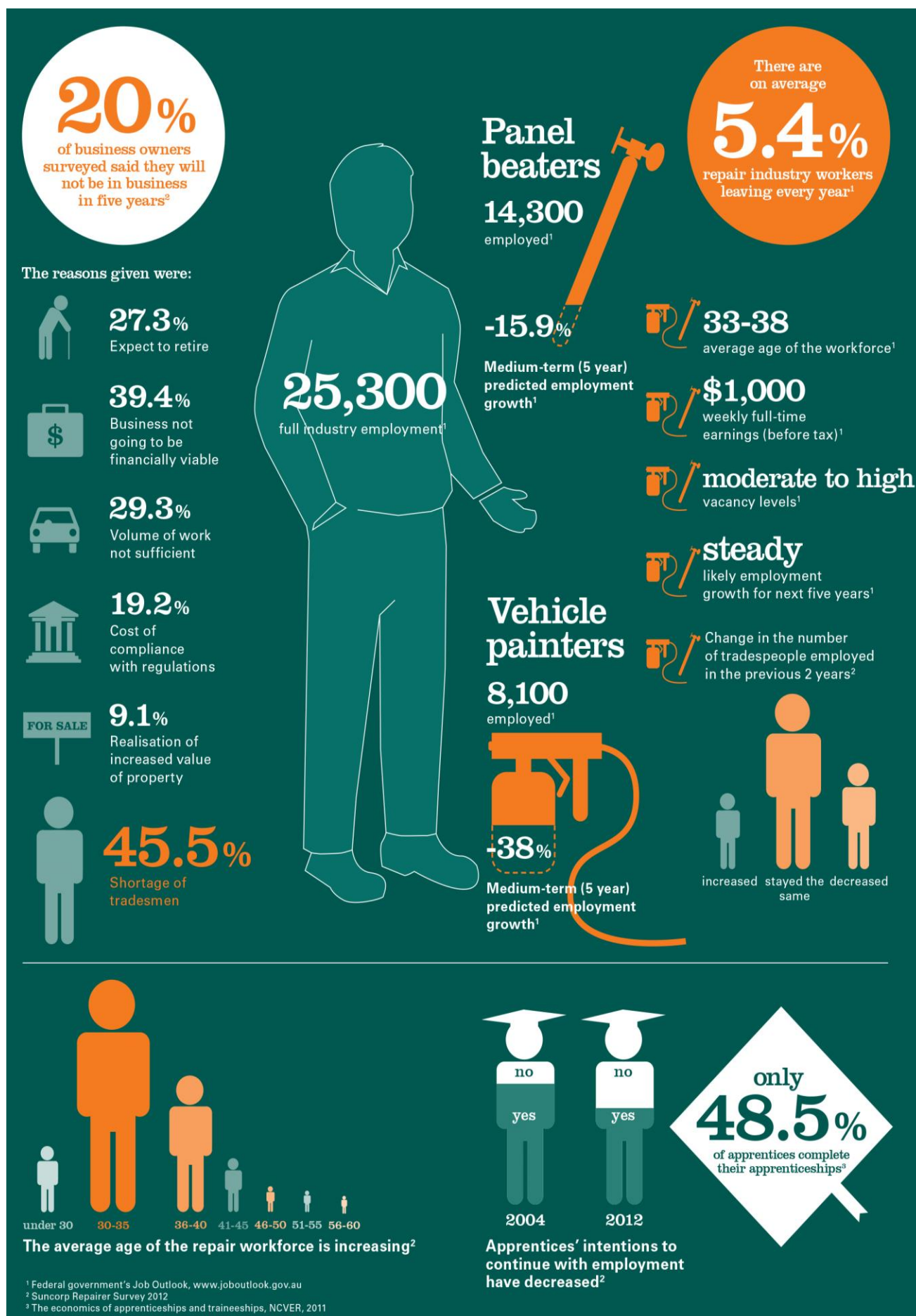




Figure 11 – Smash repair industry workforce challenges, Suncorp's Roadmap to a Shared Future



## Skills shortage and demographics

Workforce issues add to these complexities and challenges. The attractiveness of trade qualification for apprentices in the repair industry appears to be decreasing, with less than half (48.5 per cent<sup>19</sup>) completing their apprenticeships and an average 5.4 per cent of repair workers leaving the industry each year. Over 90 per cent of repairers report finding it difficult to recruit good quality panel beaters.<sup>20</sup>

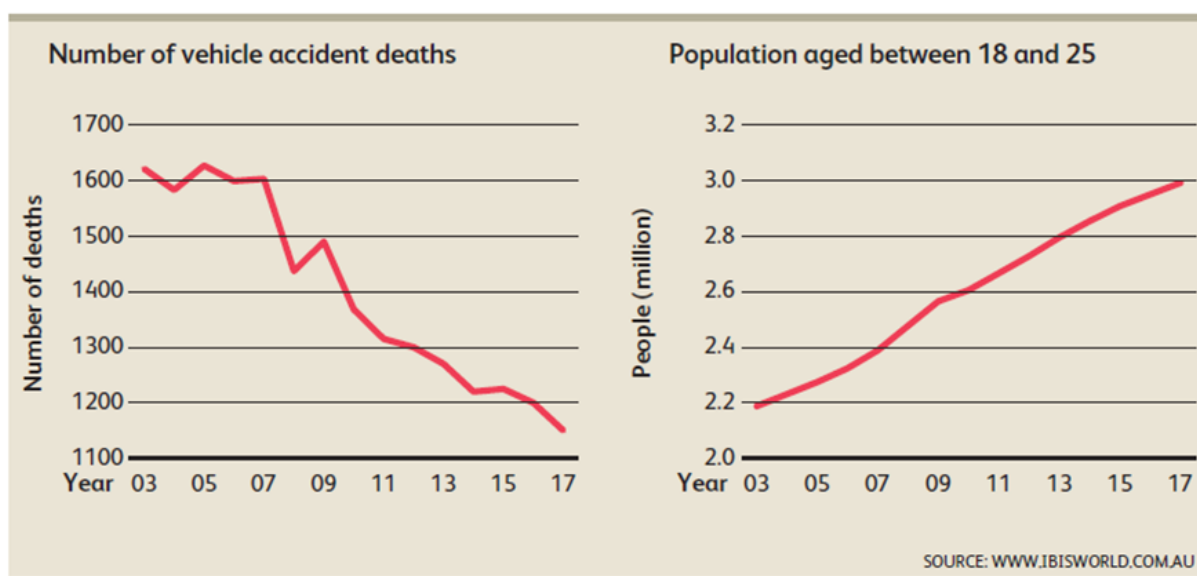
Demographics of the industry are also a concern. Most workers are in their thirties, with about 74 per cent aged between 30 and 40. The average repairer tends to exit the industry in their forties.<sup>21</sup> This means on current trends, that half the industry's workers will leave the repair industry in the next ten years, presenting a major resourcing issue.

## Safer roads and fewer accidents

The volume of repairs is also partly reducing due to improvements in road safety. Suncorp's claims frequency has declined 9.9 per cent since 2007. Safer roads, enhanced road safety awareness campaigns and behavioural changes have reduced the car damage and therefore the demand for repairs are reducing.

Analysts IBIS World note the same: The number of fatal motor vehicle accidents provides an indicator of trends in vehicle crashes.<sup>22</sup> In NSW specifically, fatality rates have fallen consistently since the 80's from 25.2 per 100,000 to 4.6.<sup>23</sup>

Figure 12– Reduction in serious accidents.<sup>24</sup>



## Responding to change

The pressures reshaping the vehicle repair industry are unrelenting and continue to place pressure on repair costs and insurance premiums. Over the years some elements in the repair industry have sought to resist the tide of change and the industry has long suffered tensions as the vehicle owners, insurers, tow-truck operators, vehicle mechanics and panel beaters attempt to manage competing interests in an evolving market.

These tensions have been subject to insurer/repairer reviews over the past two decades, including the Industry Commission Inquiry (1995), the Australian Competition and Consumer Commission Inquiry (2003), the NSW Stay Safe Committee 66 (2005) and the Productivity Commission Inquiry into the Australian Smash Repair Industry (2005).

<sup>19</sup> *The economics of apprenticeships and traineeships*, NCVER, 2011.

<sup>20</sup> *Crash Repairer State of the Industry Survey 2012*, Suncorp Motor Claims, n=439.

<sup>21</sup> *Crash Repairer State of the Industry Survey 2012*, Suncorp Motor Claims, n=439.

<sup>22</sup> *IBIS World Industry Report G5323, Smash Repairing in Australia*, Nuguid, A, IBISWorld Pty Ltd, September 2012, p 27.

<sup>23</sup> NSW Centre for Road Safety [http://roadsafety.transport.nsw.gov.au/aboutthecentre/statistics/fatality\\_rates\\_1908\\_2013.pdf](http://roadsafety.transport.nsw.gov.au/aboutthecentre/statistics/fatality_rates_1908_2013.pdf).

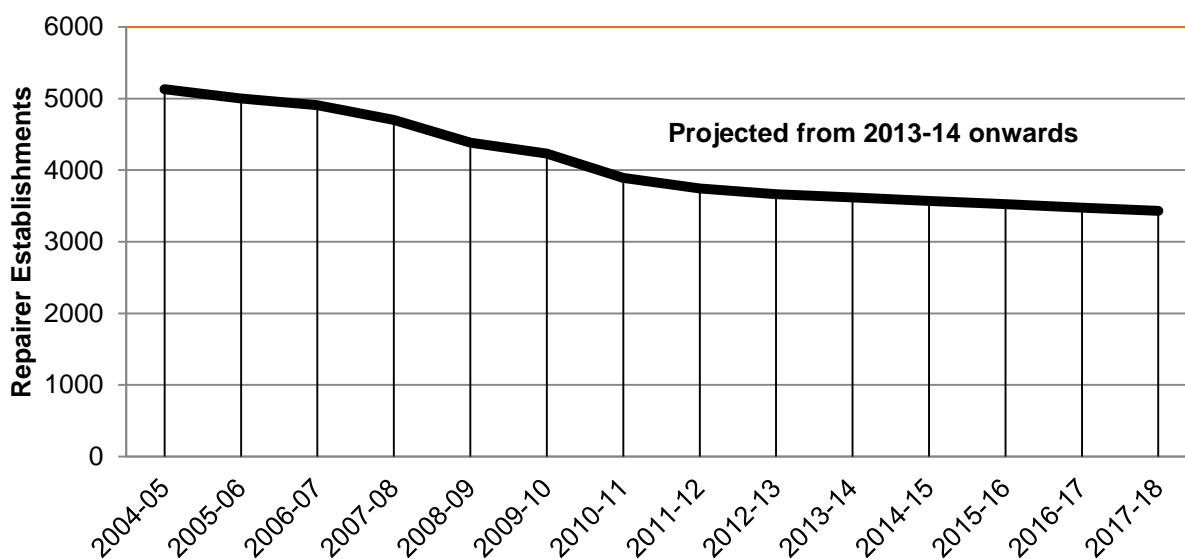
<sup>24</sup> *IBIS World Industry Report G5323, Smash Repairing in Australia*, Nuguid, A, IBISWorld Pty Ltd, September 2012, p 27.

Generally, these reviews have found an industry in a state of flux, with little united view on the future shape of the industry, or leadership on how to overcome the challenges facing the industry collectively. Individually, some repairers are reshaping their businesses to reposition themselves in the future industry, to provide better services and increase productivity in expectation of gaining a competitive advantage in a business that must inevitably respond to changing technology.

### Industry consolidation

In the course of change, these issues may place some small-scale traditional repairers under considerable pressure in the current market. To maintain competitive, business operators must invest in new training and equipment in an environment where existing skills become out-dated, staff are harder to recruit and the falling volume of vehicle repairs intensifies competitive pressures. These pressures are driving industry consolidation throughout Australia with 26 per cent fewer smash repair business in 2012/13 compared to 2006/07.<sup>25</sup>

**Figure 13 – Ongoing rationalisation of the smash repair industry, national.**<sup>26</sup>



Australia's motor vehicle repair industry remains characterised by its fragmented nature and a diversity of players, including independent repairers, manufacturer-aligned repairers, prestige and customer brand specialists, and very few 'major players' in terms of national chains. In contrast to the multi-billion dollar scale of repair work, a typical motor vehicle repair shop is a single location business with average annual revenue of \$1.1 million and fewer than 5 employees.<sup>27</sup>

The majority of repairers rely on business from multiple insurers to operate effectively. Many of these businesses have been operating for more than 20 or 30 years.

Repairers that invest in skills and scale are more likely to remain competitive businesses whose market success also holds down the cost of vehicle repairs and insurance premiums.

These repairers are comparatively profitable, with industry operating profit margins in Australia of around 8–10 per cent<sup>28</sup> compared to gross margins in the UK of 0–3 per cent.<sup>29</sup> These margins clearly favour larger

<sup>25</sup> IBIS World Industry Report G5323, *Smash Repairing in Australia*, Nuguid, A, IBISWorld Pty Ltd, September 2012 & Suncorp Repairer Survey 2012.

<sup>26</sup> IBIS World Industry Report G5323, *Smash Repairing in Australia*, Nuguid, A, IBISWorld Pty Ltd, September 2012, p.27

<sup>27</sup> *Smash Repair Industry*, Deloitte Access Economics for NRMA Insurance, October 2011, p10 available: [https://www.deloitteaccessseconomics.com.au/uploads/File/Smash per cent20repair per cent20final per cent20report per cent20241011.pdf](https://www.deloitteaccessseconomics.com.au/uploads/File/Smash%20repair%20per%20final%20report%20241011.pdf) (Accessed: 07/01/2014).

<sup>28</sup> *Smash Repair Industry*, Deloitte Access Economics for NRMA Insurance, October 2011, p 17.

<sup>29</sup> *UK bodyshops face difficult future*, Motor Trader, Metropolis Business Publishing, 22 January 2010, available: <http://www.motortrader.com/market-reports/car-dealer-reports/uk-bodyshops-face-difficult-future/> (Accessed: 08/01/2014).

repairers prepared to invest in technology and scale to maintain an advanced repair shop. Scale allows repairers to keep up-to-date with modern repair techniques and earn sufficient revenue to attract knowledgeable staff, invest in new technology and earn a sustainable profit.

Market experience in Europe and the US also suggests there is still considerable consolidation to occur in the Australian market. In the US, the latest Collision Repair Education Foundation report (co-sponsored by I-Car) found “[the] Collision Repair industry is predominantly independent businesses that continue to decrease in number while increasing in average size, number of employees and sales volume.” The report found the number of shops fell by 7 per cent over the past six years, with shops doubling in size and number of technicians since 1995.<sup>30</sup>

Most significantly, likely reflecting the Australian and global experience driven by the need for more technology and productivity to repair modern cars, the US has seen the number of small shops (with revenue below US\$300,000) fall from 44.3 per cent of the market to 8.7 per cent. What the Collision Repair Education Foundation dubs ‘super shops’ have increased from 15 per cent of facilities in 1995 to 66.5 per cent in 2013.

This is supported by Suncorp’s *State of the Industry Survey 2012*, which found that 20 per cent of repair business owners expect they will no longer be in business within five years, with the majority (45.5 per cent) citing a shortage of tradesmen as the leading reason.

Analysing the issue in 2005, the Productivity Commission found:

*“Rationalisation and productivity improvement in the smash repair industry will continue in response to a wide range of industry and market factors, not just in response to actions by the four major insurers to reduce costs.*

*This reflects actions by insurers to reduce costs as a means of enhancing shareholder returns and containing premiums for consumers, as well as a range of ‘external’ factors, including: increased capital requirements due to changes in vehicle technology; a possible decline in the incidence and severity of motor vehicle accidents; more stringent occupational health and safety, and environmental requirements; and difficulties in attracting skilled labour.”<sup>31</sup>*

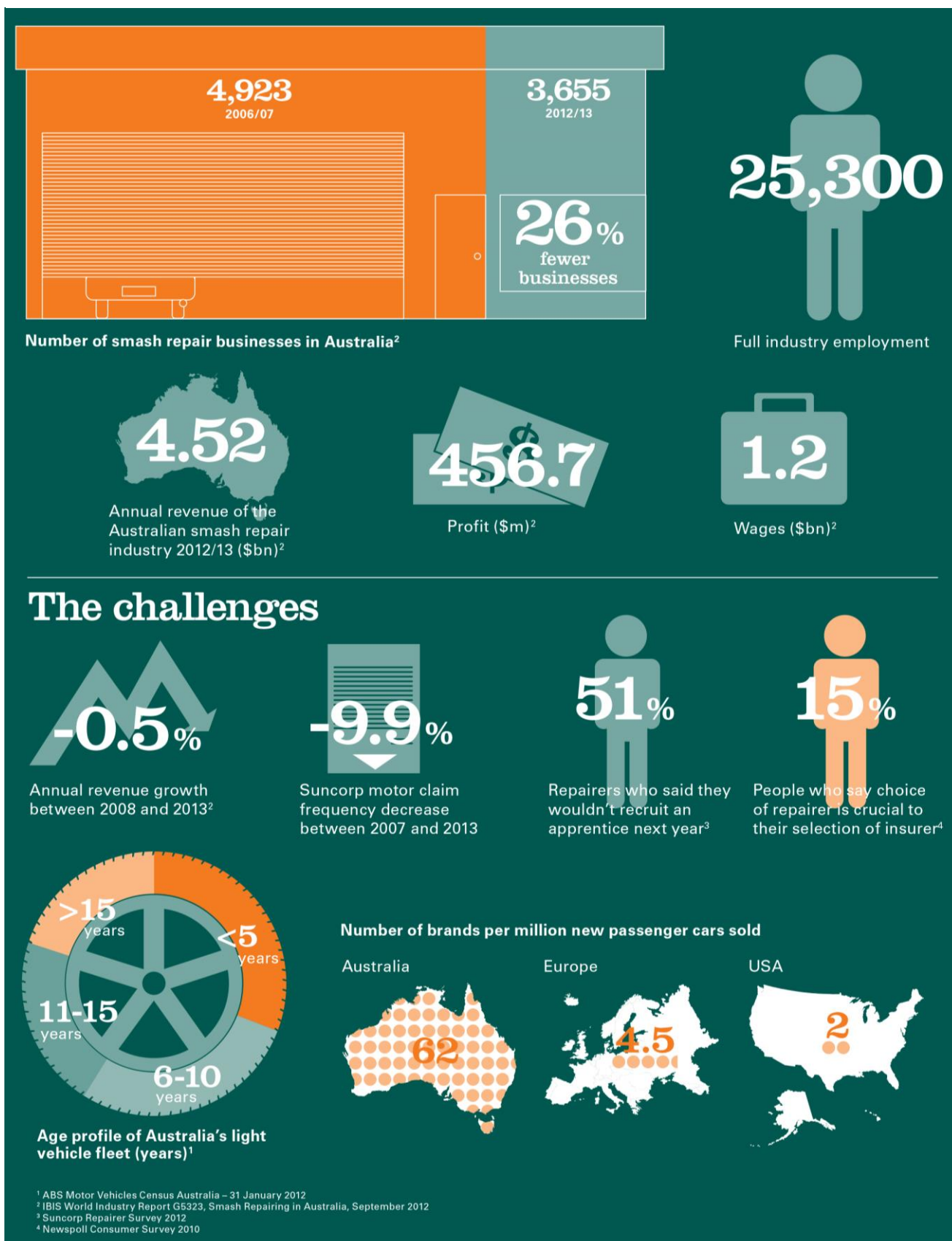
Suncorp is committed to working with and investing in the industry through this restructure to continue to support repairer innovation, increase standards and deliver quality repair services for our NSW consumers.

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<sup>30</sup> [http://www.i-car.com/pdf/education\\_foundation/2013\\_Snapshot\\_Exec\\_Summary.pdf](http://www.i-car.com/pdf/education_foundation/2013_Snapshot_Exec_Summary.pdf).

<sup>31</sup> Smash Repairs and Insurance, Productivity Commission, 2005, p XXXVII.

Figure 14 – Shape of the Australian smash repair industry, Suncorp's Roadmap to a Shared Future





## Regulation protecting consumers

The Inquiry terms of reference also outlined an examination of alternative models of regulation, including in other jurisdictions. Within this context, an examination of the current regulatory landscape is important, with the Motor Vehicle Insurer and Repairer Code of Conduct, highlighted with the terms of reference for examination, an important part.

It is vital that regulation ensures NSW residents have a motor repair industry that is customer-focussed, highly-skilled, sustainable and properly equipped to get them back on the road safely. Competition is healthy within the market, with products and services in the market providing choice to all consumers.

Suncorp believes the current overall regulatory approach provides strong consumer protection where insurers are involved in the repair process and supports appropriate business practices as detailed in our submission.

Suncorp applauds the NSW Government on the recently amended *Motor Dealers and Repairers Act 2013* (NSW), which governs smash repairers and is regulated by the Department of Fair Trading. It should be noted that Suncorp's recommendations have been made ahead of the release of the regulations that will inform a portion of the Act.

Beyond extensive federal regulation and self-regulation through industry codes there is also a raft of independent organisations dedicated to reviewing and rating insurance products to assist consumers in making an informed choice and ensuring transparency.

On the repairers' side, the structure of the repair industry makes the consolidation of similar knowledge impossible to provide to consumers and transparency extremely difficult. Consumers with limited technical knowledge understandably struggle to make judgements about the justified scope of repairs and quality of workmanship.

Insurers have filled this gap within the market by offering managed repair policies, backed by lifetime guarantees on repairs, and through partnerships with recommended repairers.

Given the current performance of the industry and the high level of satisfaction from customers, any regulatory change needs to weigh the benefits against the potential to increase the cost of repairs – and thus premiums – without any net benefit for consumers.

For example, any further regulation to mandate consumer choice of repairer – often known as anti-steering legislation – would be detrimental to the consumers who have no interest in taking over responsibility for their own repairs. Currently all consumers can choose between insurance policies that enable them to retain the right to nominate their repairer, or elect to have insurance company experts manage to repair process on their behalf.

Regulatory changes that reduce consumer choice of insurance policies that offer mainly managed repair approaches also risks increasing the opportunities for predatory and criminal elements in the industry, which will lead to increased repair costs, premiums and lower productivity.

Choice of repairer work is already more than 25 per cent above average cost of recommended repairs and produces the same level and severity of rectifications. Suncorp's projections are that absorbing this cost across all consumers would increase premium prices by as much as 10 per cent, when the cost of doing business in NSW and other localised factors means consumers already face higher premiums compared to both Victoria and Queensland.

The Productivity Commission recommended against this in 2005, noting that:

*“Moving work from preferred repairers to non-preferred repairs is likely to increase prices for repair...[and] enhance the fortunes of a particular section of repairers...at the expense of other repairs that operate efficiently and effectively under present arrangements.”<sup>32</sup>*

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<sup>32</sup> *Smash Repair and Insurance*, Productivity Commission 2005, p 115.

There are steps government could consider to reduce the cost of insurance to NSW consumers, such as more resources for the Department of Fair Trading to regulate poor practices within the industry, including the practices of some groups targeting not-at-fault consumers after an accident.

In addition, a level criminal activity within the repair industry continues to push up prices for NSW motorists. Suncorp strongly advocates for enhanced regulatory oversight and enforcement to reduce these practices and better protect consumers from premium increases and other possible consequences.

### **The Motor Vehicle Insurance and Repair Industry Code of Conduct**

Suncorp is a founding signatory to the Code and believes it remains the best mechanism to guide the relationship between insurers and repairers. Its national reach, structure and insurance consumer-centric approach makes it effective without becoming a barrier to quality or productivity.

The most recent Code Review found that a level of tension within the industry still remains on both sides. The cases of intimidation against insurance assessors have reduced but are still present, and tensions remain with some repairers not feeling confident to raise issues with insurers.<sup>33</sup>

As a member of the Code Committee Suncorp believes this does not diminish the significant improvement in relationships between insurers and the repair industry since the Code's inception. The purpose of the Code is not to restructure the industries, but to assist insurers and repairers to better define their commercial relationship. This develops mutually beneficial relationships that benefit the end-customer.

All signatories also benefit from a defined dispute resolution process. Benefits for repairers include greater certainty of payment terms, minimum standards and contractual certainty associated with recommended repairer schemes.

The development of these schemes has been an important aspect in facilitating certainty of work volume for the repair industry. Many organised and resourced repairers have built their business model around being part of a scheme.

Suncorp made a number of suggestions to further improve the Code during the latest mandated review. These include aligning the Code more broadly with the General Insurance Code of Practice and consumer laws in order to match minimum standards in relation to claims.

Suncorp has also advocated for the Code dispute resolution system to allow signatories to go to arbitration if necessary. While commercial parties may seek arbitration through the court system, specific reference to arbitration within the Code provides the opportunity to develop an improved, industry-specific dispute resolution process.

In NSW there is also an issue with the version of the Code mandated by the Fair Trading Act 1987.<sup>34</sup> Currently, NSW repairers and insurers are required to comply with the original 2006 version of the Code. As the Code is reviewed every three years we believe the reference to the Code in the regulations to the Act should be revised to accommodate updated versions.

The Code has recently been reviewed by an external party. The Code Administration Committee is currently considering that report for inclusion of amendments and enhancements. It is important that NSW legislation recognises the up-to-date national code as soon as practicable or it will risk falling behind other states in repair industry self-regulation.

### **Future challenges – higher repairer standards**

Suncorp believes the greatest challenges for the Inquiry to consider lie in the rapidly approaching future. Evolving vehicle technology and other changes continue to pressure the smash repair industry's ability to maintain the high level of quality it has so far achieved at a sustainable cost to consumers. As a fragmented industry with minimal governance standards (and reasonably low barriers to entry), more could be done to support a transition to overcome the vehicle complexity challenges looming on the horizon.

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<sup>33</sup> *Review of the Motor Vehicle Insurance and Repair Industry Code of Conduct*, Executive Counsel Australia, December 2013, p 14.

<sup>34</sup> Fair Trading Act 1987 s 53(1) and Fair Trading Regulation 2012, reg 21(1).

Increased standards are an option, although the Productivity Commission also noted that care must be made to ensure any registration requirements bring a net benefit to the community and avoid increasing inefficiency by focusing on input regulation rather than the quality of outputs.

*“Any benefits from a mandatory scheme would need to be weighed against the costs, including the costs to taxpayers and industry of setting up and operating such a scheme. Some of the costs and risks now incurred by (mainly) insurers to ensure probity and quality would, in effect, be shifted onto taxpayers.”<sup>35</sup>*

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<sup>35</sup> *Smash Repair and Insurance*, Productivity Commission 2005, pg 115.



## Conclusion

Suncorp has expended considerable resources over the past decade in responding to the changes in consumer demand for motor vehicle insurance and repairs, which has resulted in greater competition and consumer choice.

Suncorp's success in meeting changing consumer demands can be measured in the success of our motor vehicle insurance products in the competitive NSW market.

Modern motor vehicles are likely the most complex machine that most consumers own, as evidenced by the sheer number of recalls issued on motor vehicles that need rectification due to manufacturer faults.

Repairing them is no easy task, and all available data indicates that Australian motor vehicle repairers are acquitting themselves well.

Yet there are challenges facing the smash repair industry that have ramifications for consumers, both now and into the future.

Criminal activity and the practices of some third party repairers (including a lack of transparency) are driving up the premiums of consumers unnecessarily and placing them at financial risk.

Structural challenges, like the increasing complexity of motor vehicles and subsequent skill and equipment demands, have rendered many of the old operating practices of smash repairers unsuitable.

The difficulty these issues pose for many consumers is in understanding which repairers are suitable and able to repair their modern vehicle safely, cost-effectively and efficiently.

The vast majority of consumers want insurers to handle the vehicle repair on their behalf, and some repairers are going a step further as a result and developing new ways of working to provide better outcomes for consumers.

Suncorp has vertically integrated with two such smash repairers, QPlus and Capital SMART Repairs, and the data shows they are providing industry-leading services to NSW consumers.

Against this backdrop the Select Committee has been appointed to examine the smash repair industry and its relationship with consumers.

Suncorp believes this submission has clearly outlined the benefit that insurers provide to NSW consumers in this environment. Suncorp has implemented many initiatives aimed at growing these benefits into the future.

There are also opportunities for the NSW Government to make changes that could improve outcomes further for NSW consumers. This includes stronger enforcement against third party repairers and criminal activity within the industry, higher standards for all repairers and supporting changes to the Motor Vehicle Insurance and Repair Industry Code of Conduct to allow better outcomes for all parties.

Suncorp looks forward to discussing these options and any other recommendations that could drive better outcomes for NSW consumers when it comes to protecting what is often their second most valuable asset.

# Roadmap to a shared future



## CONTENTS

<b>Introduction</b>	<b>1</b>
<b>Executive summary</b>	<b>2</b>
<b>Industry challenges</b>	<b>4</b>
Vehicle complexity: where to from here?	6
No longer a cottage industry	8
Customers and new technology equal change	10
Workforce challenges in a changing industry	12
<b>The Roadmap</b>	<b>14</b>
Operational excellence for Suncorp and our partners	18
Supporting innovation and securing our future	20
Creating an industry Standard	22
Fostering industry sustainability	24



We want to provide a clear picture of how we want to work with smash repairers to meet both the challenges the industry is facing and our customers' ever-evolving needs.

# Intro

Our mission at Suncorp is to protect what matters most to our customers. To do so, we must offer the services that attract and retain customers, offer a great working environment for our staff, provide a return to our shareholders and suppliers and help protect the Australian community.

The only way we can fulfil this – and deliver the best claims service in the world – is through strong partnerships with smash repairers.

However to make these partnerships work there are some serious challenges facing the repair industry that we need to work together to address.

Chief among them are an increasingly consumer driven market, the technical complexity of twenty-first century motor vehicles, an under-supply of young apprentices and an industry consolidating off the back of these trends.

The pace of change is likely to increase and further challenges arise, with enormous implications for everyone.

Given the intertwined nature of our industries and our position as a national Australian motor insurer, we clearly share these challenges with repairers.

It's why in 2011 we commenced work on the Suncorp Repair Industry Plan to build our business partnerships with repairers, improve our communication

with our partners, enhance industry skills and contribute to a sustainable repair workforce.

Many of our initiatives to help drive change are already underway or in development, such as joint ventures with innovative repairers, introducing a formal Standard for structural repairs and investing in smash repairer training across the country.

We believe this Roadmap is the next logical step. We want to provide a clear picture of our direction for our motor repairer partners – about how we want to work with industry leaders to meet the challenges being faced by the industry and to respond to our ever-evolving customer needs.

I hope you find this a valuable guide.



Terese Wood  
Executive General Manager – Claims  
Personal Insurance  
Suncorp Group

# Executive summary

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We have created this Roadmap to describe the challenges being faced by the repair industry and insurers, as outlined by four experts, and also to discuss the initiatives Suncorp is undertaking to enable it to better serve its customers, shareholders, repairer partners and the community.

Many of the challenges are well known to those in the industry and won't surprise those who are thinking about where the future of this industry lies.

We believe the best way to overcome these challenges is by working closely together. To do that, we want to continue to be transparent about our future direction and be open and consultative about how we want to work with you. In return, we also ask our partners to be open and consultative with us.

We've split this Roadmap into four main sections that detail our response to these challenges. Our direction is based on considerable research, review, planning and technical advice. It is a long-term approach that we believe offers the best services to our customers and our business' sustainability.

While some of the initiatives in the Roadmap overlap and deal with a number of challenges simultaneously, the four sections broadly describe:

- How we are working to achieve **operational excellence for ourselves and our partners**, working smarter to meet rising industry challenges
- What we are doing to **support innovation and secure our future** as a business through closer partnerships with fewer repairers as industry consolidation continues
- What we are doing to **enhance industry sustainability** to meet some of the workforce and other challenges affecting smash repairers
- How we are working with repairers to **create an industry Standard**, which is part of enhancing industry sustainability, but highlighted separately because of its importance.

We realise that people may have different opinions and perspectives on these challenges and our Roadmap. And as both our industries continue to change

and adapt over the coming years we are committed to re-examining, updating and sharing it with you.

That's why we ask you to review this Roadmap and think about how your business can respond to the challenges identified and the direction we have outlined.

We will be speaking with you about this in the coming months.



## • Suncorp's motor insurance business •

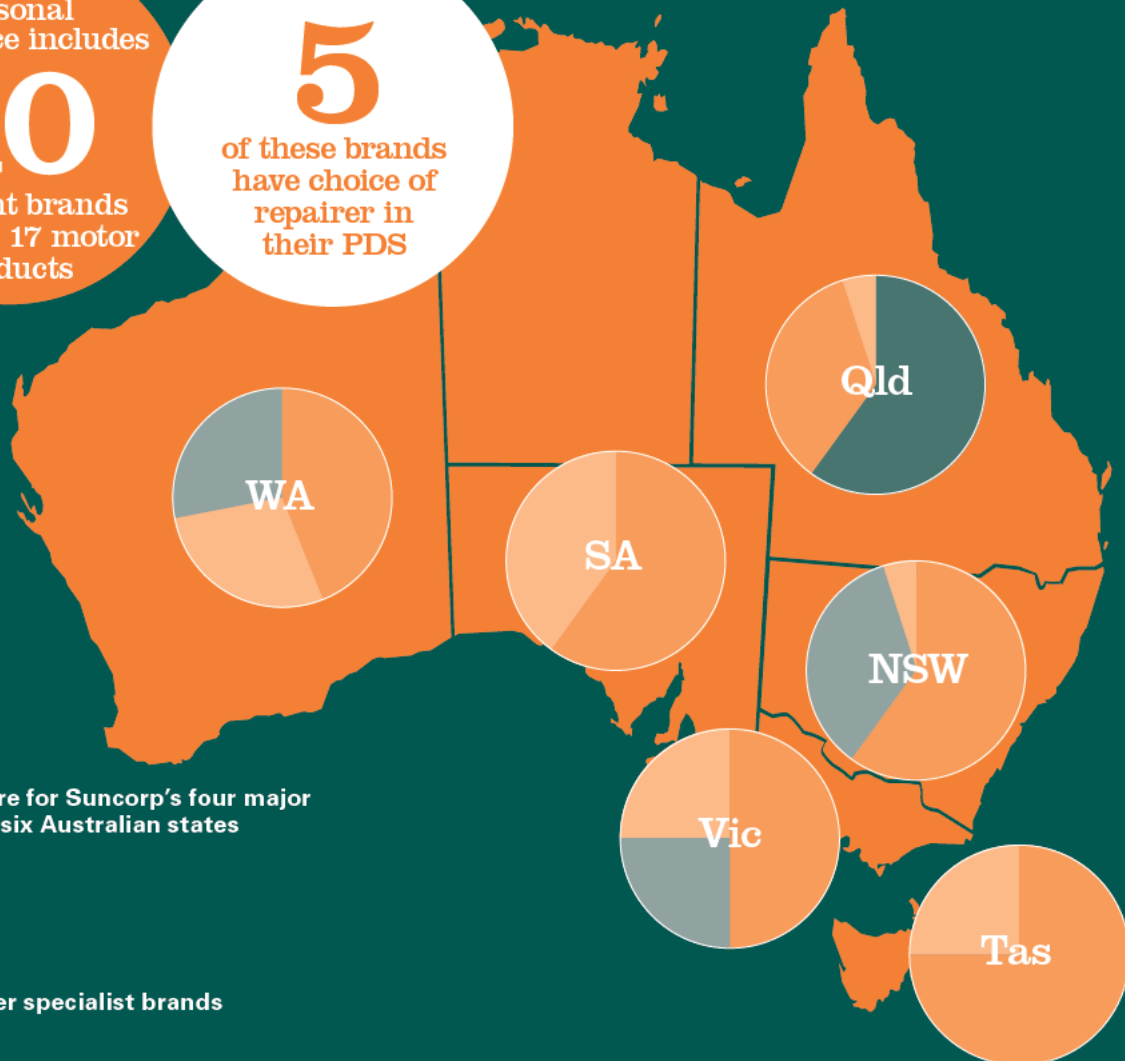
Suncorp  
Personal  
Insurance includes

# 10

different brands  
offering 17 motor  
products

# 5

of these brands  
have choice of  
repairer in  
their PDS



### Suncorp's other specialist brands

- Bingle
- Vero
- CIL
- Shannons
- InsureMyRide
- Just Car Insurance



Motor policy  
holders (m)

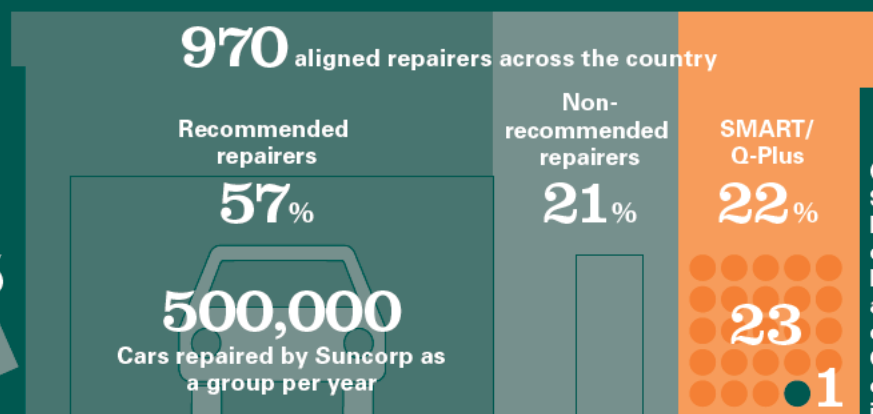


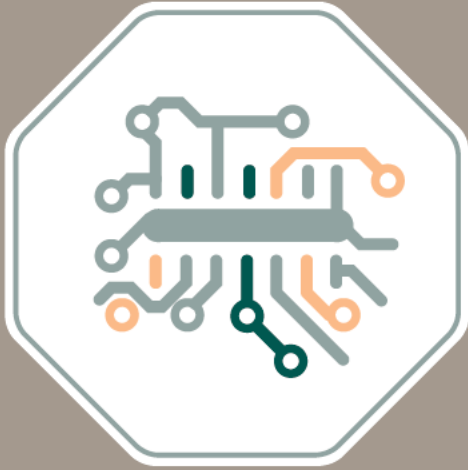
760  
Total staff

250  
Trained assessors

Motor claims staff across the country  
including trained assessors

Approximate Suncorp  
spend on vehicle repairs  
per year (\$b) including  
\$500m on replacement parts





## Vehicle complexity: where to from here?

- Cars have become increasingly complex over the past two decades, requiring significantly more technology and skills to repair
- Without investment, the current industry may struggle to meet the expectations of customers to restore complex new cars to their pre-accident condition
- The insurance industry needs to support the repair industry to develop appropriate repair techniques, identify the training that repairers need and ensure repairs meet customer expectations



# Industry

## No longer a cottage industry

- There is an oversupply of repairers, claim numbers have dropped and insurers own the customer
- The industry is facing serious issues – the quality of work, shortage of skills, lack of in-house training and poor overall recognition of tradespeople
- We must seek ways to work differently, to change our business models to have a point of difference, operating within the new constraints and challenges



## Customers and new technology equal change

- We are in a new age where customers expect fast and immediate information and for businesses to be empathetic, efficient and respond immediately to a raft of different needs
- Closer integration is important as the entire claims experience – from start to finish – is integral to how consumers view Suncorp's brands and the products we provide. SMART boosts the reputation of our products
- Given the often limited distinction between the repairer and the insurer, we need to jointly rise to the challenge and embrace new tools and techniques to better connect with consumers



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# challenges

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## Workforce challenges in a changing industry

- The repair industry is no longer seen as an attractive industry for young people and the number of new employees entering the automotive industry is declining
- Funding is a significant issue and training organisations and others need a sharper focus, rather than attempting to squeeze every skill set into one qualification
- We need a better focus on providing career development to attract and retain people into the industry



# • The technology challenges of more advanced cars •

You are  
**21%**  
less likely to  
die in a collision  
than 20 years  
ago<sup>1</sup>

The cost  
to repair a new  
car can be up to  
**70%**  
of the  
purchase price<sup>2</sup>

The front/rear bumper repair  
cost for small cars as a per cent  
of the purchase price after a  
10km/h crash in Australia<sup>4</sup>

**14.3%**  
Holden Barina

**70.8%**  
Toyota Yaris

**69.5%**  
Mazda 2 Maxx

**53.2%**  
Hyundai i20 Active

## WHY?

Because the industry had to  
respond to three key  
challenges:

- A** Reduce accidents
- B** Produce cars that are more fuel efficient
- C** Limit occupant injuries

**A** To reduce accidents, numerous  
technological systems have been  
introduced, with remarkable results:

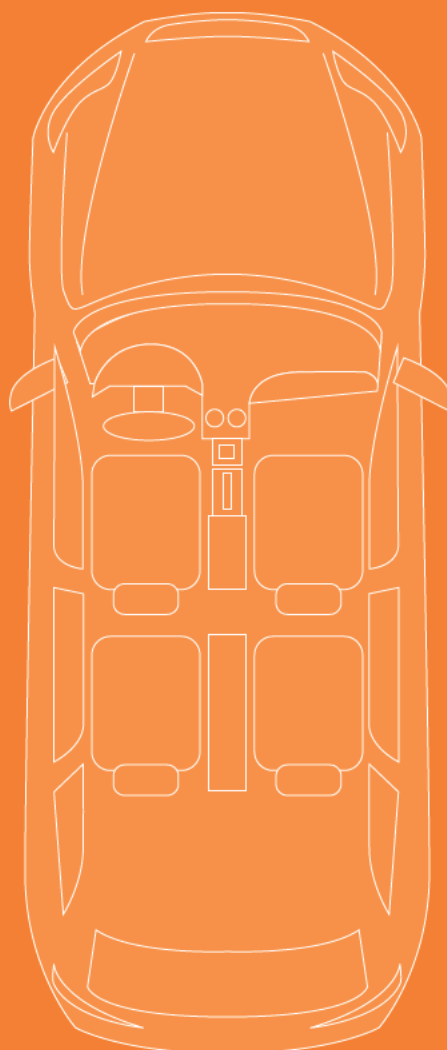
**18%**  
reduction in multiple  
vehicle crashes due to  
disc and ABS brakes<sup>3</sup>



**42%**  
reduction in the chance of  
shunting a car in front due  
to adaptive cruise control



**BUT**  
if these cars can be fixed,  
they require new skills and  
technologies



**B**

Compared to traditional  
materials, components  
such as aluminium offer  
many advantages:



**25%**  
stronger, resulting in a  
50% increase in use in  
suspension parts



**28%**  
lighter, giving rise to a  
10-fold increase in  
body panel usage



**BUT**  
these materials are  
often non-repairable

**C**

To limit occupant  
injuries, new materials  
and techniques have  
been added:



**2,700**  
lives saved in Australia  
since 1990 due to airbags<sup>5</sup>



**BUT**  
most airbags cost a  
minimum of \$1,000  
each to replace

<sup>1</sup> Road Policing Statistics, [www.anzpa.org.au](http://www.anzpa.org.au).

<sup>2</sup> NRMA Insurance study.

<sup>3</sup> 2003 Monash University Accident Research Centre

<sup>4</sup> [www.nrma.com.au/small-cars-walking-pace-wrecks](http://www.nrma.com.au/small-cars-walking-pace-wrecks)

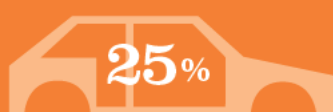
<sup>5</sup> Eurofot study

<sup>6</sup> New Technology In Motor Vehicles – Changes, Trends and Implications For The Repair Industry, I-Car, 2013

<sup>7</sup> [www.cvel.clemson.edu/auto/systems/auto-systems.html](http://www.cvel.clemson.edu/auto/systems/auto-systems.html)



Common vehicles can have  
up to 11 or more different  
types/grades of steel<sup>6</sup>



High-strength steel use in  
unibody construction to rise  
from 50% to 75% in the next  
three years<sup>6</sup>



Electronic aids in vehicles –  
such as ABS braking or  
sensors – have doubled in  
the past three years<sup>6</sup>



Modern vehicles have  
between 50-70  
electronic control units<sup>7</sup>

Car designs have become increasingly complex over the past two decades.

The most significant factor has been crash performance. Customers' growing awareness of safety has resulted in manufacturers increasing car body strength. Structural parts have been reshaped to absorb crash energy, and reinforcements – frequently made from high-strength steel, some eight times stronger – have been added. These components can't be repaired using traditional techniques.

Meanwhile, demand for improved fuel efficiency and reduced carbon emissions through reduced vehicle mass has resulted in the use of materials such as aluminium, structural plastic and different types of steel, as well as new assembly techniques.

The rapid increase in the use of high-tech electronics has also changed cars from primarily mechanical devices into highly sophisticated electronic systems, used to control airbags and seat belts, manage engine efficiency and support reversing cameras and bluetooth phone connections.

Diagnosing and repairing faults in these systems is a challenge beyond many repair shops' technical capabilities. In fact, the diagnosis of electronic faults is often beyond the ability of the vehicle manufacturer. Manufacturers have

outsourced the design of these components, while the detailed functional knowledge resides with an international parts supplier – not readily accessible to the repair industry in Australia.

So these are the challenges that face the repair industry currently, and there are many more on the horizon.

Over the next decade, the number of electric vehicles, both with hybrid and pure electric powertrains, is expected to increase to more than 10% of the vehicle fleet.

These cars have even more complex electrical and electronic systems which are hazardous and difficult to repair. There is little experience to date on the effect crash impacts have on battery packs and power controllers, nor on the availability of technologies for the repair industry to assess the degradation of these systems caused by an impact.

Where does that leave the repair industry?

Essentially, the traditional repair industry may, in some cases, no longer have the technical ability to fully repair a vehicle following crash damage and ensure it returns to the road with the same level of occupant protection or durability. The same may be true for ensuring the reliability of electronic systems as faults

will become progressively more difficult to rectify. Without change, this could mean the industry will struggle to meet the expectations of customers who want damaged cars restored to their pre-accident condition.

This is a worrying paradox for the insurance industry, which is liable for ensuring the repairs it authorises result in a damaged vehicle being restored to a safe, reliable and durable state. It will need to step up to the challenge.

The insurance industry will be obliged to support the repair industry by helping to develop appropriate repair techniques, identifying the skills training that repairers need, and ensuring repair subcontractors meet the standards required to meet customer expectations.

*During a 40-career with Holden, Dr Laurie Sparke became the company's noise and vibration expert and supervised durability, emission and crash testing. He also designed the Commodore body structure for front and side crash performance, developed Australia's first airbag system and the ECOmmodore. In 2000 he was awarded an Order of Australia for Services to Automotive Safety. Dr Sparke is currently working with a Chinese manufacturer on a new electric car and lectures at Monash and RMIT Universities.*



# Vehicle complexity: where to from here?

by Dr Laurie Sparke OAM,  
Automotive Engineer





# No longer a cottage industry

by Wayne Phipps, Body Repairer

It wasn't long ago that virtually every smash repairer was a small, family-run business. Now, with industry consolidation we have large organisations owning up to 30 repair shops that are able to work with insurers to repair vehicles at more competitive prices.

It's no different than what happened to petrol stations, corner shops and hardware stores. Only now it's happening to us.

The industry faces an oversupply of repairers. And the number of claims has dropped because we have better roads, better cars and speed cameras on every corner.

Ours is a tough game. The two sides – insurers and repairers – are a bit like a football game. One side is looking to reduce costs and the other to make a profit. Plus there's the question of who owns the customer. Looking back 15 to 20 years, if a customer contacted you, you could usually repair their car immediately without much hassle. You can't anymore. Insurers have control of the customer.

This is a problem if you're a small business that hasn't been able to change with the times.

On the positive side, the work being done through insurance companies is often better.

Indeed, one of the big problems in our own industry is the work quality. A figure cited recently is that the national rectification rate is 4%. This is a poor reflection on us.

Another problem is the shortage of skills. Training in the past decade has been almost non-existent and hardly anyone is doing apprenticeships these days. According to a survey conducted by the Australian Chamber of Commerce and Industry (ACCI), 22% of respondents said there were either no applicants for trades or applicants were discouraged by low wages.

A large part of the responsibility for this must lie with our educators. With the huge current emphasis on university training, young people avoid going into the trades. There is poor recognition of tradespeople and little encouragement to view it as an attractive career. Many employers in our industry don't have the right skills to train and manage apprentices, who are also paid poorly – so they often become disillusioned and leave.

The industry transformation happened so quickly that many haven't kept up.

What can be done? We must seek ways to work differently, to work proactively with insurers, and to change our business model to have a point of difference. As a matter of urgency we

must also find ways to operate within the new constraints and challenges, and still turn a profit.

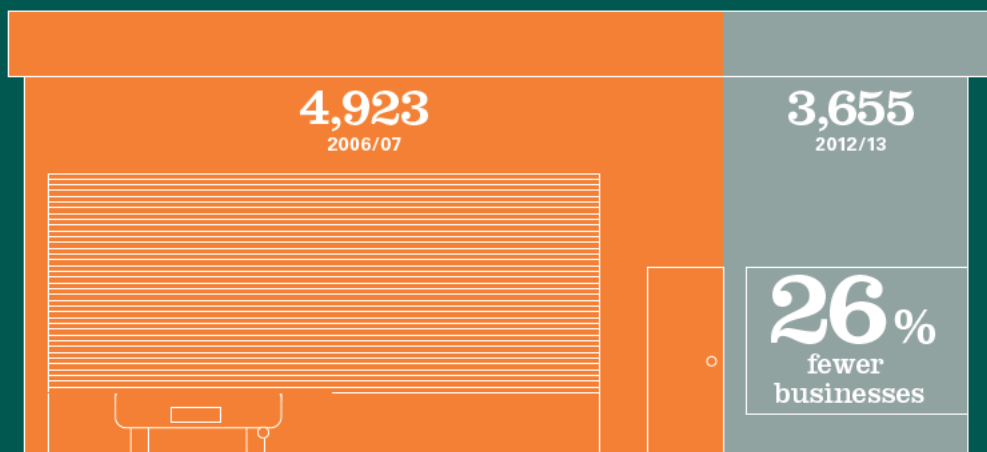
None of this will be easy, and there can be no short cuts. Repairers must become more efficient. They must accept change. They must consider working as a group; to learn from each other and aggregate their expertise and interests so they can, for example, gain discounts and purchasing power.

Importantly, although it's tended to be an adversarial relationship, we need to find common ground with the insurance industry through open and honest discussion. A major, countrywide boost to training efforts should become a priority.

To me this is the way – the only way – to build a better future for us all.

*Wayne Phipps has worked in the smash repair industry for over 30 years. He is the owner of Wayne Phipps Smash Repairs in Western Australia and is Chairman of the Australian Motor Body Repair Association (AMBRA).*

## • The state of the smash repair industry in Australia •



Number of smash repair businesses in Australia<sup>2</sup>



Full industry employment



Annual revenue of the Australian smash repair industry 2012/13 (\$bn)<sup>2</sup>



Profit (\$m)<sup>2</sup>

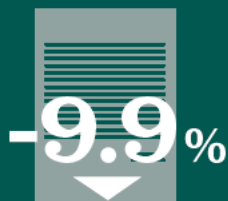


Wages (\$bn)<sup>2</sup>

## The challenges



Annual revenue growth between 2008 and 2013<sup>2</sup>



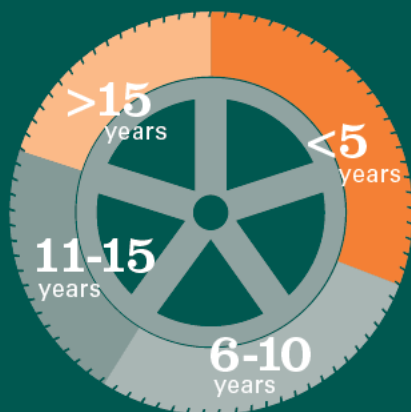
Suncorp motor claim frequency decrease between 2007 and 2013



Repairers who said they wouldn't recruit an apprentice next year<sup>3</sup>



People who say choice of repairer is crucial to their selection of insurer<sup>4</sup>



Age profile of Australia's light vehicle fleet (years)<sup>1</sup>

### Number of brands per million new passenger cars sold

Australia



Europe



USA



<sup>1</sup> ABS Motor Vehicles Census Australia – 31 January 2012

<sup>2</sup> IBIS World Industry Report G5323, Smash Repairing in Australia, September 2012

<sup>3</sup> Suncorp Repairer Survey 2012

<sup>4</sup> Newspoll Consumer Survey 2010

**The consumer environment is rapidly changing driven by connectivity, transparency and immediacy**

Adapting to these trends – like Capital SMART Repairs – increases the likelihood of renewal and consumer satisfaction

Suncorp now interacts with customers across multiple platforms. In the last year this included:

## Claims experience<sup>2</sup>

Overall satisfaction with service provided

7.9

8.3

Likelihood to recommend

8.2

8.5

Likelihood to renew car insurance policy

8.3

8.7

Aligned repairers

Capital SMART Repairs

stable

Call centre traffic

5%

Web traffic on mobiles

13.2%

Website visits

70,000

Registered users

+500-600 per day

Online AAMI Claims Manager

23.5%

People seeking quotes online

40,000

Customers using

+200-300 per day

AAMI Claim Assist smartphone app

What customers consider when they choose their insurer:<sup>3</sup>



Previous experience



Reputation



Price



Policy

What customers consider when exercising choice of repairer:<sup>4</sup>



Well equipped



Tidy



Safe working environment



Capable of repairing today's high tech cars



Invested in up-to-date technology

<sup>1</sup> Financial Service Customer Insight – Tracking insurance policyholders' behaviours in an evolving environment, 2010

<sup>2</sup> Figures from 12,000 Suncorp customer interviews, 2010 (out of ten)

<sup>3</sup> Google review of online insurance customer decision making process, 2011

<sup>4</sup> Newspoll Consumer Survey, 2010

• Giving customers what they want •

Today's consumer environment is radically different from that which existed a decade ago. We are in a new age where customers expect fast and immediate information and for businesses to be empathetic, efficient and respond immediately to a raft of different needs.

Driving these changing customer expectations are three interconnected technology trends – connectivity, transparency and immediacy.

Connectivity has made consumer decision making more complex – consumers are now empowered to instantly connect and unite their interests through large-scale social networks and mobile technologies, sharing and devouring an infinite amount of real-time information and opinions.

Greater connectivity requires greater transparency, honesty and trust from the businesses they deal with. No longer can a business hide a bad repair or customer contact response under the carpet. Success and failure is now magnified and scrutinised in social media – and reputation reigns supreme.

Immediacy – driven by new technology like smartphones and information sharing platforms like Twitter and Facebook – means instant access to information is leading to a better-informed and often information-hungry consumer.

How are we responding? By viewing this as a real opportunity. Consumers now expect greater convenience, stronger services and better value. If we can provide this, the reward is significant.

We know that the entire claims experience is integral to how consumers view our brands and differentiation between the insurer and repairer is low. In the eyes of consumers, and increasingly the law, we hold responsibility to deliver the whole product, including the repair.

Given this often limited distinction between the repairer and the insurer, we need to jointly rise to the challenge and embrace new tools and techniques to better connect with consumers.

Our insurance brands have been at the forefront of changing technologies for decades and more recently we became the first to develop a claims assistance iPhone app. In the future, we expect customers will want to be able to track their claim and repair at any time, and we are working on delivering that to them.

Our research shows one of our other key strategic decisions, Capital SMART Repairs, has delivered, with customers who use it more likely to recommend us as an insurer than those who use other repair options.

While SMART provides a solution for some of our customers, not all of our customers want or need this approach. We know some customers value the experience of coming to a RepairLink centre and dealing directly with our assessors. Others value choice of repairer and the driveway experience of managing their own repair.

This varied and agile approach to meeting our customers' needs through our different brands, products and service channels is at the core of our customer strategy and a massive driver of our ongoing success.

If we can work with our repairers, using technology where possible, to provide a more seamless, convenient and consistent service, we can forge a mutual and sustainable competitive advantage.

Any business that can't achieve this will rightfully lose customers to their competitors.

*Natasha Fenech is the Suncorp Executive General Manager responsible for the design and development of Suncorp's personal insurance products. Natasha has extensive experience in the financial services sector, where she has worked in strategic and actuarial roles for the past twenty years.*







# Workforce challenges in a changing industry

by Geoff Gwilym,  
CEO of Auto Skills Australia

The number of new employees entering the automotive industry has declined over the past decade. Despite advancing vehicle diagnostics and technological progress, the repair industry still doesn't resonate as an attractive career for young people.

Why? I believe there are a number of reasons – increased barriers to business expansion, modest wage and career movement, a lack of commitment to industry continuity and inefficient training structures.

Sophisticated vehicle technologies are making business expansion expensive. To survive, individual repair shops will likely need to consolidate into larger shops and/or become specialist shops.

While traditionally an apprentice could potentially consider owning a shop at some point in their career, this option will become more difficult as the costs of entering the industry become increasingly prohibitive. Other career paths must be identified.

The industry has only seen modest upward movement in apprentice wages over the past decade. Many young apprentices cannot see a career path beyond the job they currently have, nor can they see the necessity for higher qualification achievement. Few workers in the industry take up post-trade

qualifications, and even fewer move through post-trade qualifications into higher education.

We're still not seeing many school leavers seeking apprenticeships – the industry and government need to do more to educate school teachers and career advisors about the automotive industry.

We are set for a period of consolidation and transition over the next ten years. Those businesses that survive will enjoy a robust and positive future, based on a levelling of supply versus demand. Nevertheless, we need to keep the next generation of repairers coming through.

There have been questions as to whether there are enough training modules in place to allow for the repair of modern cars. The answer is yes.

As CEO of Auto Skills Australia (ASA), I have overseen a review of all vocational qualifications for automotive apprentices, and developed the new AUR12 training package.

Getting qualifications structures right has been a key role for ASA over the past year. We know that vocational qualifications that are not well targeted, or do not provide a strong skills base for apprentices, will ultimately discourage students from completing their training.

With such little funding coming from the State or Federal governments, we need to be smart about how much we train and where funding is allocated. Rather than trying to squeeze every possible skill set into one qualification, the industry should have a sharper focus on encouraging up-skilling between Certificate III and Certificate IV qualifications.

This funding issue is a significant one and it's possible we will see a further rationalisation of automotive training providers in the coming years.

There are a number of challenges to attracting and retaining apprentices. What we need is a 'less is more' approach, and a better focus on providing career development for the next generation of repairers.

*Geoff Gwilym joined ASA in 2011 after a 25-year career in the vocational training sector, including 12 years in the Victorian TAFE system. After leaving TAFE in 1997 Geoff went on to manage the University of Melbourne TAFE Collaboration Project, two large training organisations and was, prior to his current role, CEO of the Transport and Logistics Industry Skills Council.*



## • Workforce challenges •

**20%**

of business owners surveyed said they will not be in business in five years<sup>2</sup>

The reasons given were:



**27.3%**  
Expect to retire



**39.4%**  
Business not going to be financially viable



**29.3%**  
Volume of work not sufficient



**19.2%**  
Cost of compliance with regulations



**9.1%**  
Realisation of increased value of property



**45.5%**  
Shortage of tradesmen



**Panel beaters**

**14,300**  
employed<sup>1</sup>

**-15.9%**

Medium-term (5 year) predicted employment growth<sup>1</sup>

There are on average

**5.4%**

repair industry workers leaving every year<sup>1</sup>



**33-38**

average age of the workforce<sup>1</sup>



**\$1,000**

weekly full-time earnings (before tax)<sup>1</sup>



**moderate to high**  
vacancy levels<sup>1</sup>



**steady**

likely employment growth for next five years<sup>1</sup>



Change in the number of tradespeople employed in the previous 2 years<sup>2</sup>

**Vehicle painters**

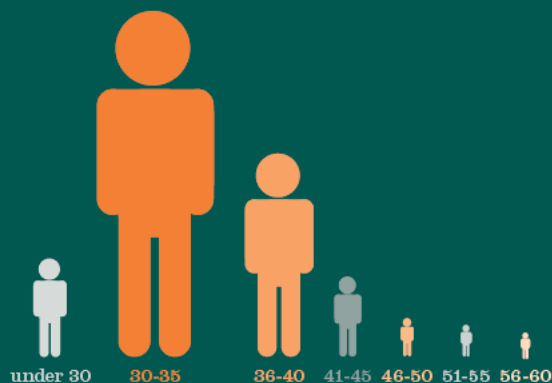
**8,100**  
employed<sup>1</sup>

**+38%**

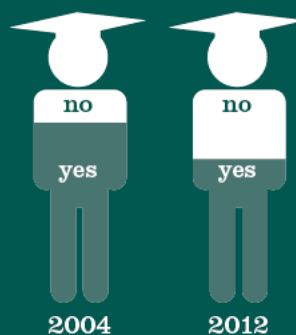
Medium-term (5 year) predicted employment growth<sup>1</sup>



increased stayed the same decreased



The average age of the repair workforce is increasing<sup>2</sup>



Apprentices' intentions to continue with employment have decreased<sup>2</sup>

only **48.5%**  
of apprentices complete their apprenticeships<sup>3</sup>

<sup>1</sup> Federal government's Job Outlook, www.joboutlook.gov.au

<sup>2</sup> Suncorp Repairer Survey 2012

<sup>3</sup> The economics of apprenticeships and traineeships, NCVER, 2011



Supporting  
innovation  
and securing  
our future



Fostering  
industry  
sustainability



2002  
TAFE Equipment Grants  
• Up to \$40,000



2004  
Apprentice support  
for aligned repairers



1996  
Autobody Repairer of the  
Year Award established



Creating  
an industry  
standard



Operational  
excellence for  
Suncorp and  
our partners



2010  
Motor claims service  
standardised and  
streamlined

State-based Aligned  
Repairer Advisory Councils  
established:  
• Expanded 2012  
• Further expansion 2014

SPIRA:  
• First SPIRA (December 2010  
-March 2014)  
• Consultation and  
development of the second  
SPIRA (April 2013-March  
2014)  
• Second (next) SPIRA  
(2014-2019)

# The Roadmap



**2006**  
Platinum sponsor  
of I-Car



**2009**  
**Capital SMART Repairs network**  
Specialising in high-quality small-to-medium repairs, the network delivers fast turnarounds and leading service and sustainability practices



**2011**  
Apprentice Awards Program

**Suncorp Repairer Overseas Study Tours**

**Social development programs and partnerships:**

- Mission Australia
- Red Cross
- Youth off the Streets
- Disability Diversity program (to come)



**2007**  
Strong partnerships with industry groups, education providers, trades training schools and repairers

**\$500 Training grants for aligned repairers**  
• To increase to \$750 in 2014



**2011**  
**Industry Plan initiatives in place:**

- Bi-annual state of the industry surveys
- Business/personal banking packages for repairers
- Cost-effective insurance products for repairers
- Retail discounts and benefits for repairers
- Environmental sustainability workshops and subsidy (2012)

**Standardised technology across our brands:**

- Single quoting system (PNet), linked to ClaimCenter
- RepairLink introduced

**Auditing of repair work across the country**  
• To be expanded in 2013



**Lobbying to obtain appropriate access to manufacturers' specifications**



**2012**  
**Customer initiatives:**

- Customer satisfaction interviews, data and trends analysis to measure and improve Suncorp and repairer performance
- My Claims Manager
- Claims apps for smartphones (AAMI, Bingle, IMR)
- More customer claims technology initiatives to come



**2012**  
Independent  
IR Advice Hotline



**2013**  
Mentoring apprentices  
program

Suncorp Authorised  
Apprentice Training criteria  
and assessment

Aligned Repairer Staff  
Training Plans

Management diplomas  
for repairers



Possible future initiatives:

- Expanded direct deals with aligned repairers
- Investigating possible automotive parts venture
- Investigating partnerships with heavy hit repairers in other states
- Other partnerships with innovative suppliers



**2014-15**  
Mentoring and assistance  
programs for young or  
future business owners

School-based apprentice  
program



**2013**  
Q-Plus

A specialist structural-  
damage repairer, the facility  
reduces repair times and  
has strict processes to  
ensure quality, safety and  
cost control

**2014**



**More  
initiatives  
to come**



**2012**  
Highly-skilled assessing workforce:  
• Repairing the Suncorp Way  
• All Assessors achieve Cert IV in  
Loss Assessing (July 2013)



- Knowledge-based assessment system trial – optimising repair processes with method-based decision making (2013)
- Rollout of knowledge-based assessment system (possible 2014)



**2013**  
Industry plan initiatives  
to come:

- Repairer-related business conferences and workshops
- Incentive-based awards for repairers
- RepairLink WiFi rollout



**2014**  
Structural Repair Standard:  
• Establishment of a Suncorp  
Structural Repair Standard  
• Repairer compliance to  
Standard  
• Establishing an Australian  
Standard for automotive  
repairs: Industry-wide  
certification for structural  
repairs (2016-2018)



# Overview

The smash repair industry in Australia is facing the most daunting set of challenges in its history. Chief among them are an increasingly consumer-driven market, the technical complexity of twenty-first century motor vehicles, an under-supply of young apprentices and an industry consolidating off the back of these trends.

The pace of change, along with further challenges, is likely to increase. In ten years' time, 10-year-old cars will contain 17 different kinds of steel, bodies made fully of aluminium, complex on-board computers and batteries that carry 20,000 volts. Some new cars will be self-driving, and others may be virtually disposable after a crash.

This means significant change for repairers, insurers, manufacturers and everyone else involved in the motoring marketplace. Suncorp has already taken steps down this path with our Suncorp Repair Industry Plan, our joint venture to create the Capital SMART Repairs network, our continued investment into apprenticeships and training schemes and the establishment of the Aligned Repairer Advisory Councils.

We know we need to do more.

Over the next nine pages we outline the work we are continuing to undertake to meet these challenges alongside our repairer partners. These are split into four sections that reflect our objectives, our approach to achieving them and the specific initiatives we currently have in place to make it happen.

Stepping back from these specific initiatives and objectives, we recognise we need to continue to work with and invest in a sustainable group of smash repair partners with long-term views and a shared approach to quality repairs, customer satisfaction and cost control. Given the industry challenges and consolidation, we know this means working more closely with fewer repairers in the long-term.

While competitive quoting will remain a strong part of Suncorp's approach, it also means we will continue to investigate more direct agreements where they are commercially beneficial to both parties and joint ventures with partners who are embracing the future with innovative approaches.

Unlike many countries in Europe, Australia has lacked an integrated, national approach from various stakeholders to the industry's challenges. Moreover, there are no national industry standards. To this end, we are creating a repair Standard for aligned repairers which we hope in the medium to long-term will become the Standard for all repairers in the industry.

As in every successful business, we will continue to seek ways to improve the service we offer to our customers and to work more efficiently within our own business and with our partners.

Insurers and smash repairers have an inseparable future, and undoubted shared commercial interests. There are significant opportunities and a bright future for those who can see change coming and adapt. This next section outlines how we are working to achieve this.



# Operational excellence for Suncorp and our partners

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It is vital that in our day-to-day operations we satisfy our customers' needs, support our business partners, enable our staff to achieve their goals, and provide returns to our shareholders.

We need to ensure we have the necessary capital backing in the event of a major disaster, and that our staff have the right equipment, knowledge and training to best serve our customers. These, among many other factors, make our business successful.

In motor claims internally over the past three years, we have focused on streamlining our operations, building greater efficiency into our processes, boosting the skills of our people and ensuring we have more consistency across our brands. At the same time we continually adapt to our customers' and business partners' needs while taking advantage of opportunities presented by innovations from suppliers, new technology and community trends.

How we work with our partners is also critically important for maintaining our standards of operational excellence. It means expecting from them many of the standards we apply to ourselves – from customer satisfaction ratings to auditing and analysing their performance for quality and efficiency.

To ensure good outcomes for repairers and ourselves, we seek long-term and sustainable relationships. The purpose of the Suncorp Repair Industry Plan we have been implementing over the past two years is to build such relationships.

Where new issues arise we are committed to working in close collaboration with our aligned repairers to overcome them.

Adapting to new technology requirements and opportunities will be another key factor in our future shared success for the benefit of customers, our business and our partners.

## Current initiatives

<b>The Suncorp Repair Industry Plan</b>	Launched in 2011, 18 of the plan's 51 initiatives have been implemented, with 21 underway and 12 yet to start. Many aim to build our business partnerships and improve our communication with aligned repairers, such as the provision of business workshops, benchmarking projects and targeted repairer driven industry conferences.
<b>Continual customer satisfaction analysis</b>	We conduct continual customer satisfaction interviews (over 12,000 last year) covering all aspects of a claim, including the repair, and how we can improve our, and our partners', services.
<b>Better customer claim technology</b>	My Claims Manager is a tool that allows customers to track their claims online. The AAMI Claims Assist app, Bingle Claims Buddy and IMR iClaim allow customers to lodge a claim through their smartphone.
<b>RepairLink centres and our combined workforce</b>	Over the past three years we reskilled and consolidated our motor claims and assessment workforce, creating RepairLink to better manage the connection to our multiple brands and provide a consistent experience for our customers.
<b>A new Suncorp Personal Insurance Repairer Agreement</b>	Commencing in 2014, this five-year agreement between Suncorp and our aligned repairers will strive to deliver the best possible service to our customers by clearly defining responsibilities on both sides.
<b>Aligned Repairer Advisory Councils</b>	Council members advise on day-to-day issues, strategic next steps such as the Repair Standard and work with us to address long-term industry issues, such as training and development.
<b>Repair Audit Team</b>	This team, dedicated to repair quality audits, will be expanded in scope and frequency.
<b>Standardised claims and repairer technology across our brands</b>	PNet is a single quoting system for repairers that is connected to ClaimCenter, a single web-based claims system for all our brands.
<b>Knowledge-based assessment system</b>	We are investigating the use of knowledge-based systems like Audatex and Thatchamnet (escribe), together with other systems, to better integrate and optimise our repair processes. A trial is currently underway. If successful we will look at further implementation.
<b>MORE INITIATIVES TO COME</b>	

# Supporting innovation and securing our future

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Repair shops are capital intensive and rapidly growing technology requirements are making it increasingly difficult for innovative providers to expand or start a business.

One key part of our strategy is to partner closely with people who'll work with us to manage the challenges that face an industry undergoing fundamental change and provide them with a consistent workflow and/or capital base.

From a customer perspective, it is about supporting experienced smash repairers who are leading the industry, using best-practice processes and systems and the latest technology to deliver better customer service and quality repairs, quicker and at lower cost.

From a business perspective, it's about leveraging Suncorp's expertise and capital to support innovation in the industry and sustainable businesses that provide a competitive advantage for us and value for our shareholders.

To date we have taken equity positions in two of the most innovative repairers in Australia: Capital SMART Repairs and Q-Plus.

We remain committed to our two-quote process but believe there is opportunity for further partnerships with repairers across the country.

The industry will continue to consolidate. It is therefore vital that we continue to develop closer relationships with those who want to work in partnership with Suncorp.

In addition to these partnerships, we are investigating the smash repair supply chain. About 40 per cent of repair costs are represented by parts. It is clear that the supply chain is highly inefficient – independent research shows the mark-up on some parts is up to 420 per cent by the time it reaches the customer. This is a poor outcome for repairers, insurers, and ultimately our mutual customers.

## Current initiatives

<b>Capital Smart Repairs network</b>	<p>The first of our joint ventures has achieved considerable success, with founder and Chief Operating Officer Jim Vais and Suncorp expanding the business from one shop in Melbourne to 23 facilities around the country. Specialising in delivering high-quality small-to-medium repairs, the network delivers fast turnarounds, strong service and leading environmental sustainability practices. Two facilities now have the capacity to fix cars that are found to have too much damage for the standard SMART facility to repair.</p> <p>The network has been recognised by a number of recent awards, including the Australian Business Award for Environmental Sustainability and the Telstra 2013 Clever Australian Campaign award.</p>
<b>Q-Plus</b>	<p>A joint venture with an experienced smash repairer, Daniel Zammit, Q-Plus is a smash repair facility in New South Wales specially designed to undertake repairs on heavily damaged vehicles using the latest technology. It has strict and auditable processes in place to ensure quality, safety and cost control. At full capacity it is expected to repair 150 cars a week.</p>

## Other possible initiatives

Suncorp is looking to develop more joint ventures with innovative repairers while also considering opportunities across the supply chain.

<b>Ongoing or expanded direct deals with aligned repairers</b>	<p>We will continue to identify direct deals with repairers where local market conditions require them, or when a unique opportunity arises.</p>
<b>Automotive parts</b>	<p>We are currently investigating whether we can develop a more efficient and effective solution for our joint ventures and aligned repairers by leveraging our scale, capital and operational capabilities. We will not reduce aligned repairers' margins through this initiative. Any possible solution will therefore need to be more cost effective, and offer a higher level of service to succeed.</p>

### JOINT VENTURES BACKGROUND

Suncorp works with experienced principals and/or management teams who have a track record of delivering services that can improve our customers' experience, reduce the cost of claims and deliver an acceptable return on the capital we invest.

As well as being able to demonstrate an understanding of new or alternative processes or technologies, these businesses must be willing to retain a stake in the business.

The entity operates as a private equity company tasked with incubating entrepreneurial businesses within a strict corporate governance framework.

For potential partners this means they will be able to build a high-volume business, where we can assist in providing capital to either establish a business or realise the potential of existing businesses. They will also benefit from Suncorp's experienced management structures and governance, which can be particularly important in a business undergoing rapid growth. Those who own or have a part-share in a business will benefit from a long-term vision and a business structure within which to work.

# Creating an industry Standard

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The Australian car market is characterised by a large range of brands available for sale to a comparatively small population. Over 60 brands are now available, with just over one million new vehicle sales a year. Europe has the same number of brands but more than 15 million new vehicle sales. There are just 32 brands in the US, with more than 17 million new vehicle sales a year.

The increasing complexity of modern cars and the reluctance of some car manufacturers to provide detailed information on the engineering specifications of their vehicles can make it difficult for the Australian smash repair industry to keep pace with what's required to ensure cars are repaired to the correct safety standard.

Currently there is no single defined, agreed and technically specific industry Standard for insurers and repairers to base their decisions upon.

With over 500,000 cars a year needing to be repaired for our customers, and over 900 aligned repairers and four repairer councils, we believe Suncorp is uniquely positioned to help create a customer-centric Standard for the smash repair industry that reflects global and technical good practice.

We aim to accomplish this in three ways: by developing the most professional assessing workforce in the country that is able to provide consistency based on repair method-based decisions; by lobbying to make technical information for car repairs more easily available; and by working with industry leaders and Standards Australia to create a certification for structural repairs.

## Current initiatives

<b>Structural Repair Standard for our repairers</b>	Working with forensic engineers Delta-V Experts, our Repairer Councils and leading industry repairers, we have developed a minimum criterion for structural repairs to be included in our next SPIRA.
<b>Establishing an Australian Standard for automotive repairs</b>	Suncorp is also committed to pursuing a single vehicle Standard to be supported by repairers, manufacturers, suppliers, industry bodies, and potentially other insurers. Consultation with the industry will be led by Standards Australia to ensure high-quality feedback and advice and give the best chance yet of establishing an Australian industry technical Standard/specification.
<b>Highly-skilled assessing workforce</b>	All Suncorp assessors have industry backgrounds and undertake a minimum of two I-Car courses a year. Repairing the Suncorp Way is the next step along this path, and entails building knowledge and skills through the progressive rollout of the Certificate IV in Vehicle Loss Assessing to all of our 250 assessors. By July 2013, we plan for every assessor to have completed their Certificate IV in Loss Assessing.
<b>A knowledge-based assessment system</b>	We are investigating knowledge-based systems like Audatex and Thatchamnet (escribe) and local systems to integrate and optimise repair processes. Our ultimate aim is to ensure our assessors have access to a fully computerised method-based decision making process which is consistent and based on best-practice repair and assessment procedures.
<b>MORE INITIATIVES TO COME</b>	

<b>Updating the Repair Standard</b>	It is one thing to create a Standard; it's another to keep it current, and useful. The advice of our Aligned Repairer Advisory Councils, industry bodies and independent experts will be sought regularly to ensure it is up-to-date as we move towards a national Australian Standard.
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# Fostering industry sustainability

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The smash repair industry is facing a myriad of sustainability issues which are challenging the day-to-day operations of many facilities. These include a general shortage of willing young apprentices, a struggle to find experienced panel beaters and spray painters often lured away by other industries, and a general lack of investment in training.

There is also difficulty in finding appropriate course content that adequately addresses the complex requirements of modern vehicles. TAFE funding is being cut across the country. There is no coherent national strategy to address these issues.

Organisations such as I-Car and Auto Skills Australia are working to bridge these gaps in different areas, but it is clear more work needs to be done, and it must be driven by direct industry stakeholders.

Beyond the workforce, other issues are pressing down on the industry's sustainability.

Increasingly safe cars with technology to prevent crashes, high parts costs and repair complexity mean fewer cars are going to need repairs in future. And repairing them will require increasing investment in skills, training and equipment.

The ongoing challenge of sourcing manufacturer's specifications continues to affect smash repairers' ability to do business. This is especially problematic in the Australian market which has some of the greatest diversity in car makes and models in the world. The recent Federal Government review is a good start, which needs to be acted upon by manufacturers and industry stakeholders. Suncorp participated in the review on behalf of our repairer partners.

We have also been working with our Aligned Repairer Advisory Councils, members of which are drawn from small, medium and large repair shops, who advise on a range of training, economic and environmental initiatives to tackle industry issues.

The key to success will be to work together with repairers, trade organisations, government, training providers and other major industry players to ensure a sustainable workforce in the future.

## Current initiatives

<b>The Suncorp Repair Industry Plan</b>	Launched in 2011, 18 of the plan's 51 initiatives have already been implemented, with 21 more currently underway. Many aim to enhance industry skills and contribute to a sustainable repair workforce. Initiatives still to be implemented include business leader mentoring schemes pairing younger business owners with non-competing industry leaders, and further steps to improve our apprenticeship program.
<b>Appropriate access to manufacturers' specifications</b>	We continue to campaign and lobby for more technical information to be commercially available for our repairer partners.
<b>Autobody Repairer of the Year Award</b>	In conjunction with Paint and Panel magazine, Suncorp sponsors this independent award to recognise excellence in the industry.
<b>Suncorp Repairer Overseas Study Tour</b>	We run a part subsidised international study tour every two years for aligned repairers to gather intelligence on overseas trends, best practice and innovation.
<b>Platinum sponsor of I-Car</b>	Suncorp supports national training provider I-Car as a platinum founding sponsor to fund its future development and grow its training offering.
<b>Platinum sponsor of the International Bodyshop Industry Symposium</b>	We are taking 48 people to the conference in 2013, including representatives from over 30 repairers, partners and Suncorp staff.
<b>TAFE Equipment Grants</b>	We provide up to \$40,000 each year to TAFEs across the country to buy equipment to ensure their staff and students have access to appropriate technology and training.
<b>Environmental sustainability workshops and subsidy</b>	We conducted an audit of repair shops that found 25 per cent could be saved on energy bills, and ran six workshops for 150 repairers across the country to share this information. A subsidy scheme was organised with Energex for Queensland repairers who make capital investments to reduce their energy footprint.
<b>Apprentice support for aligned repairers</b>	<p>Suncorp offers more than \$1 million every year in apprenticeship subsidies for aligned repairers to help recruit and retain high-calibre apprentices. This includes a hardship scheme, which supports apprentices considering leaving the industry because of financial problems. Suncorp also runs individual support programs on a state-by-state basis, and is developing further mentoring programs.</p> <p>In South Australia, we worked with our Aligned Repairer Advisory Council and TAFE SA to develop a pre-apprenticeship program to improve the quality of entrants and completion rates.</p> <p>In Queensland, we are working with the Red Cross on an Indigenous pre-apprenticeship training scheme through a state- and Suncorp-funded 12-week program delivered by MTA Queensland. Suncorp will provide scholarships and help young apprentices find jobs at the end of the program.</p> <p>In New South Wales, Q-Plus will employ 50 apprentices at full capacity, making it the largest provider of new talent for the industry. Q-Plus will also partner with Youth off the Streets to provide a work experience program that leads to a mentored pre-apprenticeship program for teenagers from disadvantaged backgrounds.</p> <p>In Victoria, we are working with suppliers to support Mission Australia to open a 'social venture' repair shop that will train young people from the juvenile justice system and disadvantaged communities, and ultimately aims to place them into an apprenticeship in our repairer network.</p>

# Fostering industry sustainability

## Current initiatives

<b>Disability diversity program</b>	We are working with our Aligned Repairer Advisory Councils and disability support services providers to identify opportunities in the industry for people with a disability. This will include employment by Capital SMART Repairs, as well as a number of repairers who see the benefit of accessing this relatively untapped talent pool.
<b>Model training plan for aligned repairers</b>	Suncorp and its Aligned Repairer Advisory Councils, in consultation with Auto Skills Australia, have developed this plan to outline the training units they should expect their Registered Training Organisation to deliver to their apprentices.
<b>Training grants for every aligned repairer</b>	An annual rebate of \$500 for approved training courses is provided, increasing to \$750 in 2014. We also arrange training provider I-Car to run group training sessions for aligned repairers. This will continue to expand.
<b>Management diplomas for aligned repairers</b>	Suncorp organised for Auto Skills Australia to provide aligned repairers with 50 Federally funded Diploma of Management courses in 2013. We will continue to look for funding options.
<b>IR Advice Hotline</b>	Suncorp funds an independent national hotline service to help repairers who have no access to IR advice.
<b>MORE INITIATIVES TO COME</b>	





# The Suncorp Vehicle Repairer Standard



Vehicle Repairer  
**Standard**

**CERTIFIED**  
REPAIR FACILITY

SIGNATORIES

**AAMI**

Resilium

**SUNCORP**  
Insurance

**bingle**  
com.au

**Apia**  
rewarding experience

**QIC**

**SAFARI**

**JUST CAR**  
REPAIR

**vero**

For Australian vehicle repair industry partners of the Suncorp Group.

One Company  
Many Brands







# The Suncorp Vehicle Repairer Standard

Suncorp Group partners with hundreds of quality repairers around Australia to deliver around 500,000 passenger vehicle repairs for our customers each year. It is vital that the standard of work delivered meets our customers' expectations.

Suncorp has engaged industry experts, forensic engineers, and received the advice of its Repairer Advisory Councils to develop this Standard, which forms part of the agreement we have with our repairers. Suncorp expects each repairer undertaking work for a Suncorp Group customer to meet this Standard.

This Standard sets out the minimum requirements for Suncorp repairer certification. It's in an easy to follow checklist style. Whilst it is self audit based, our Repairer Development Team is responsible for visiting repairers and assisting them in meeting their compliance requirements, as well as confirming their status as Certified Repair Facilities. Likewise, with the assistance of our training partners, we will assist repairers to assess the competence of their trade staff, against the training requirements of this Standard.

This Standard contains a transition schedule, which Suncorp recommended repairers are expected to meet in relation to their physical workshop requirements by no later than 30 September 2014, and a training component which must be met by 30 June 2016.

The Vehicle Repairer Standard was recognised by the Society of Automotive Engineers of Australasia at its 2013 Engineering Excellence Awards. This is a demonstration of the work and commitment of Suncorp to this program and our commitment to building higher industry capability.

It is Suncorp's aim to actively work towards turning this Standard into an Australian Standard. As such we view this Standard as a significant step, taken together with the vehicle repair industry, towards a single formal industry standard. In the meantime, this Standard will apply to our recommended repairers, giving our customers the confidence that they are dealing with an insurance Group which values safety and vehicle integrity in every repair, and repairers who are just as committed to vehicle safety and meeting our customers' needs.

## **Terese Wood**

Executive General Manager - Claims  
Suncorp Personal Insurance







## Table of Contents

<b>Section 1</b> – Structural Repair Equipment.....	<b>6</b>
<b>Section 2</b> – Other Repair Equipment.....	<b>9</b>
<b>Section 3</b> – Repair Methods.....	<b>12</b>
<b>Section 4</b> - Staffing, Management and Training .....	<b>13</b>
<b>Section 5</b> – Repair Management .....	<b>15</b>
<b>Section 6</b> – Quality Control.....	<b>17</b>
<b>Section 7</b> - Workflow .....	<b>19</b>
<b>Section 8</b> – Business, WH&S & Environment.....	<b>21</b>
<b>Evaluation scoring sheet</b> .....	<b>23</b>
<b>Appendix A</b> – Mandatory Training Competencies .....	<b>24</b>
<b>Appendix B</b> – Audit History .....	<b>25</b>

## Definitions and Important Information

**Mandatory** – A compliance requirement under this Standard. Some mandatory requirements have transition timeframes.

**Recommended** – Not an essential requirement under this Standard, however Bonus Points are available for recommended items, and a minimum number of Bonus Points (24 in total) is required to be compliant.

**Evidence** – Each compliance requirement will require evidence for audit purposes. This Standard sets out anticipated evidence items for each requirement. Evidence is required against all mandatory requirements for a Certified Repair Facility to be compliant.

**Competency** – The national qualifications in this Standard are competency based. This means they set out an expected skill level against each component of each unit of training, which repair facility staff are tested against. Certificates of completion from a Registered Training Organisation (RTO) against the skill set requirements will be evidence of compliance with the relevant component of this Standard.

**Bonus Points** – When achieved, some requirements under this Standard are awarded one or more Bonus Points. A minimum of 24 Bonus Points is required under this Standard for a Certified Repair Facility to demonstrate that it is compliant.

**Compliant** – A Certified Repair Facility which can demonstrate evidence of meeting all relevant requirements, including all those that are mandatory, under this Standard as well as achieving 24 Bonus Points across the sections of this Standard. Suncorp Repair Development Managers will provide ongoing monitoring and support to assist participating repairers with compliance with this Standard. Non compliance will be recorded, and if appropriate, a remedial timeframe will be agreed with the repairer.

**Certified Repair Facility** – A passenger vehicle repair facility that meets all the requirements under this Standard to be compliant. A Certified Repair Facility is variously referred to in this Standard as 'repairer', 'repair facility', 'you' or 'your'.

**Signage** – A Certified Repair Facility will be authorised to use the signage and marks associated with this Standard to recognise and advertise their

compliant status. The use and placement of signage will be subject to a licensing agreement which will provide specific rights in relation to workshop signage, website use, business card use, the use of the terms 'Certified Repairer Facility' and 'Vehicle Repairer Standard', as well as use of the intellectual property of the Suncorp Group associated with this Standard.

**SPiRA** – Means the Suncorp Panel Repairer Agreement, offered by Suncorp to selected repairers from 1 April 2014.

**Audit** – This Standard is self audited, with confirmation and sign off by Suncorp representatives. For Suncorp repairers, our Repairer Development Managers will audit compliance with this Standard, and report outcomes in writing.

**Not compliant** – Not meeting the minimum requirements under this Standard to remain compliant. Repairers which are not compliant will be notified by Suncorp in writing if agreed actions and timelines have not been undertaken.

**Non-Structural Certified Repair Facility** – In limited circumstances, where no structural repair work is undertaken or sought to be undertaken by the repair facility, the repairer can apply to obtain recognition as a Non-Structural Certified Repair Facility. This recognition can only be approved in writing by a Suncorp Executive Manager. If a structural repair is undertaken in a Non-Structural Certified Repair Facility, such a breach will be considered a serious breach of this Standard and will lead to a review of that repair facility's status and right to undertake authorised vehicle repair work for Suncorp. For convenience, a Non-Structural Certified Repair Facility, once approved by Suncorp, is referred to in the remainder of this Standard simply as a Certified Repair Facility.

**Dates of Compliance** – Unless indicated otherwise in this Standard, specifically noted as an alternative date, or agreed to by Suncorp, the requirements of Sections 1-7 must be in place by 30 September 2014. Section 8 commences immediately upon Suncorp and the repairer entering into a SPiRA agreement from 1 April 2014 onwards.

**Suncorp** means the Suncorp Group Limited (ABN 66 145 290 124) and its related bodies corporate, except those which operate as joint ventures and directly partake in vehicle repairs.

## SECTION 1 – Structural Repair Equipment

CRITERIA		COMMENTS				AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Equipment		Check	Calibration/Maintained (The interval between such calibration shall not exceed that recommended by the manufacturer)	Training (Compliance can be met through training standard in many cases)	BONUS POINTS RUNNING TALLY	
<b>Power</b>	1.1 Does your repair facility have sufficient electrical power supply and outlets to meet equipment and vehicle repair volume requirements?  <b>MANDATORY</b>	<input type="checkbox"/> Yes, with spare capacity <input type="checkbox"/> Yes, with plans for future capacity upgrades <input type="checkbox"/> No			N/A	<ul style="list-style-type: none"> <li>Photograph types of electricity outlets (e.g. standard 240V, 20amp, 32amp). Welders should be operating on 32amp supply.</li> <li>Check power outlets against equipment requirements (e.g. welders)</li> <li>Ensure all welders and equipment have electrical outlets capable of providing sufficient power.</li> </ul> <b>COMMENTS</b>
<b>Welders</b>	1.2 Does the repair facility contain suitable welders for the work conducted?  <b>MANDATORY</b>	<input type="checkbox"/> MIG Welder* <input type="checkbox"/> MIG Brazer* <input type="checkbox"/> Fully Automatic Inverter Spot Welder *  *Serial numbers will be collected as part of the audit	<input type="checkbox"/> MIG Welder <input type="checkbox"/> MIG Brazer <input type="checkbox"/> Fully Automatic Inverter Spot Welder	<input type="checkbox"/> MIG Welder Training <input type="checkbox"/> MIG Brazer Training <input type="checkbox"/> Fully Automatic Inverter Spot Welder Training	N/A	<ul style="list-style-type: none"> <li>Photograph serial numbers and identify types of welders</li> <li>Obtain copy of maintenance schedule and signoff sheet.</li> <li>Automated settings to be used in all available circumstances.</li> <li>Examples of test welds in circumstances where an automatic welder in not possible.</li> </ul> <b>COMMENTS</b>

CRITERIA		COMMENTS				AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Equipment		Check	Calibration/Maintained (The interval between such calibration shall not exceed that recommended by the manufacturer)	Training (Compliance can be met through training standard in many cases)	BONUS POINTS RUNNING TALLY	
Lifts	<p>1.3 Does the repair facility contain vehicle lifts or hoists that meet Australian Standard (AS/NZS 1418.9) and have the appropriate weight capacity required to operate safely?</p> <p><b>MANDATORY</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Are all the vehicle lifts maintained and in a working condition?	<input type="checkbox"/> Are lift operators trained to operate vehicle lifts?	N/A	<ul style="list-style-type: none"> <li>Photograph serial or stamp on Lift which identifies serial number, manufacturer, model and maximum lifting weight</li> <li>Obtain copy of maintenance schedule or service sticker/records for lifts.</li> <li>Obtain copies of documents identifying maintenance of lifts conducted according to maintenance schedule. Must include serial number or other information such that the specific lift can be identified as being maintained adequately.</li> <li>Obtain copies of training documents for repair facility staff for safe lift use.</li> </ul> <p><b>COMMENTS</b></p>
Tools	<p>1.4 Does the facility contain a sufficient amount of tools (such as spanners, wrenches, torque tools) for the quantity of work it undertakes?</p> <p><b>MANDATORY</b></p>	<input type="checkbox"/> General tools <input type="checkbox"/> Repair specific tools <input type="checkbox"/> Torque wrenches <input type="checkbox"/> Dent pulling (miracle pull or similar) <input type="checkbox"/> Plasma or flame cutter <input type="checkbox"/> Grinders <input type="checkbox"/> Cold cutting tools <input type="checkbox"/> Manufacturer approved rivet gun (2) <b>BONUS POINTS</b>	<input type="checkbox"/> Tools maintained and stored <input type="checkbox"/> Torque wrenches calibrated <input type="checkbox"/> All available cutting tools are maintained		<p><b>NOTE AWARDED BONUS POINTS HERE</b></p>	<ul style="list-style-type: none"> <li>Photograph tools</li> <li>Photograph serial numbers where applicable (e.g. repair specific tools, dent pulling, plasma or flame cutters, cold cutting tools)</li> <li>Obtain maintenance schedule for tools</li> <li>Obtain calibration schedules and certificates for torque wrenches and repair specific tools (where applicable)</li> <li>Obtain documents identifying the maintenance to specific tools (where applicable), identifying tools by serial number</li> </ul> <p><b>COMMENTS</b></p>



## SECTION 1 – Structural Repair Equipment (cont)

CRITERIA		COMMENTS				AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Equipment		Check	Calibration/Maintained (The interval between such calibration shall not exceed that recommended by the manufacturer)	Training (Compliance can be met through training standard in many cases)	BONUS POINTS RUNNING TALLY	
Heavy Structural Repair	1.5 Is there heavy structural repair and alignment equipment (capable of a record of measurements), chassis straightening lifts, other lifts and/or cranes?  <b>MANDATORY</b>	<input type="checkbox"/> Electronic measuring equipment <b>OR</b> <input type="checkbox"/> Manual measuring equipment or jig with quality sign-off by a qualified person against method authorised measurements at final inspection <input type="checkbox"/> Chassis alignment bench <input type="checkbox"/> <i>Alignment bench with 4WD capacity (2) BONUS POINTS</i>	<input type="checkbox"/> Maintained and calibrated and in a good working condition	<input type="checkbox"/> Alignment equipment operation training	<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Photograph equipment and serial numbers</li> <li>Obtain copy of maintenance schedule</li> <li>Obtain copy of calibration certificate or invoice for the specific serial number</li> </ul> <b>COMMENTS</b>
Light Structural Repair	2.1 Is there adequate light structural repair and alignment equipment?  <b>MANDATORY</b>	<input type="checkbox"/> Speed rack, floor rack or similar	<input type="checkbox"/> Training on use	<input type="checkbox"/> Show evidence of training	N/A	<ul style="list-style-type: none"> <li>Identify and photograph light structural repair and alignment equipment.</li> <li>Identify and photograph serial numbers, manufacturer and model information.</li> <li>Obtain a copy of the maintenance schedule.</li> <li>Obtain a copy of the maintenance signoff.</li> </ul> <b>COMMENTS</b>

☐ Achieved Mandatory Points – YES / NO

☐ BONUS POINTS \_\_\_\_ out of 4

## SECTION 2 – Other Repair Equipment

CRITERIA		COMMENTS			AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Equipment		Check	Calibration and Training		BONUS POINTS RUNNING TALLY
Paint	2.2 Does the repair facility use water based paint with low VOC primers and clears?	<input type="checkbox"/> Water based or water borne paint used <b>Mandatory – must be in place by 31 March 2015</b>  <input type="checkbox"/> Low VOC primers and clears <b>(2) BONUS POINTS</b>		Provide evidence	<b>NOTE AWARDED BONUS POINTS HERE</b>  <ul style="list-style-type: none"> <li>Identify paint brand used and supplier.</li> <li>Confirm if water based paint used.</li> <li>Identify the primers and clears used.</li> <li>Obtain copies of invoice or product orders to identify if Low VOC (Bonus Point item).</li> </ul> 2 Bonus points only awarded if Low VOC is used in addition to water based or water borne paint.  <b>COMMENTS</b>
Booth	2.3 Is there an Australian Standard (AS4114.2.2003) compliant spray booth and paint mixing room on site and operating at the manufacturer's recommended settings for heat, airflow, lux and maintenance?  <b>MANDATORY</b>	<input type="checkbox"/> Australian Standard booth and paint mixing rooms operating effectively	<input type="checkbox"/> Maintenance schedule provided	Provide independent certification as evidence	N/A  <ul style="list-style-type: none"> <li>Identify paint booth manufacturer and model.</li> <li>Photograph or obtain a copy of the AS 4114.2-2003 certification.</li> <li>Check with paint booth manufacturer to confirm compliance with Australian Standard.</li> <li>Obtain copy of maintenance schedule for paint booth.</li> <li>Obtain copies of signoff sheets for the maintenance of the paint booth.</li> </ul> <b>COMMENTS</b>

## SECTION 2 – Other Repair Equipment (cont)

CRITERIA		COMMENTS			AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Equipment		Check	Calibration and Training	BONUS POINTS RUNNING TALLY	
<b>Paint Equipment</b>	<p>2.4 Are there:</p> <ul style="list-style-type: none"> <li>• Scales and computers for paint mixing; and</li> <li>• Appropriate water based paint guns and lines; and</li> <li>• Adequate ventilation processes for paint in the paint room?</li> </ul> <p><b>MANDATORY</b></p>	<input type="checkbox"/> Scales and computers for mixing <input type="checkbox"/> Water based paint spray guns <input type="checkbox"/> Colour charts up to date or colour matching computer system up to date version <input type="checkbox"/> Appropriate ventilation <input type="checkbox"/> Appropriate disposal program	<input type="checkbox"/> Evidence of maintenance and cleaning of paint equipment	N/A	<ul style="list-style-type: none"> <li>• Photograph scales, computers and paint mixing equipment.</li> <li>• Obtain maintenance schedule for equipment.</li> <li>• Check ventilation in paint room.</li> <li>• Check and photograph designated paint cleaning area.</li> <li>• Identify and document paint disposal system.</li> <li>• Identify and photograph spectrometer and/or sun gun.</li> </ul> <p><b>COMMENTS</b></p>
	<p>2.5 Does the facility's paint supplier provide sufficient support to the repair facility? (product training/ up to date colour retrieval system)</p> <p><b>MANDATORY</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Show evidence of support	N/A	<ul style="list-style-type: none"> <li>• Obtain copy of training certificates, invoices or notes from paint training</li> <li>• Check if colour system is up to date</li> <li>• If insufficient paint supplier support in place – evidence of alternative training and information sources.</li> </ul> <p><b>COMMENTS</b></p>

## SECTION 2 – Other Repair Equipment (cont)

CRITERIA		COMMENTS			AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Equipment		Check	Calibration and Training	BONUS POINTS RUNNING TALLY	
Other	2.6 Does the repair facility contain A/C re-gassing equipment? <b>RECOMMENDED</b>	<input type="checkbox"/> Yes, the business has a licenced person to undertake this work. <b>(2) BONUS POINTS</b> <input type="checkbox"/> No		<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Photograph A/C re-gassing equipment.</li> <li>Obtain maintenance schedule.</li> <li>Obtain copy of certification to re-gas A/C systems.</li> </ul> <b>COMMENTS</b>
	2.7 Does the repair facility contain wheel alignment and wheel balancing equipment? <b>RECOMMENDED</b>	<input type="checkbox"/> Yes, work undertaken on site <b>(2) BONUS POINTS</b> <input type="checkbox"/> No	<input type="checkbox"/> If yes, show evidence of calibration <input type="checkbox"/> If yes, show evidence of training and competency	<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Photograph wheel alignment and wheel balancing equipment.</li> <li>Identify serial numbers, manufacturer and model.</li> <li>Obtain copy of maintenance schedule.</li> <li>Obtain copy of calibration certificate or invoice.</li> <li>Obtain copy of maintenance receipts, invoices or signoff sheet.</li> </ul> <b>COMMENTS</b>
	2.8 Are there in house smash mechanical repair capabilities? <b>RECOMMENDED</b>	<input type="checkbox"/> Yes, internal <b>(2) BONUS POINTS</b> <input type="checkbox"/> No	<input type="checkbox"/> Show evidence of qualification, training and competency	<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Obtain copy of licence.</li> </ul> <b>COMMENTS</b>

☐ Achieved Mandatory Points – YES / NO

☐ BONUS POINTS \_\_\_\_ out of 8

## SECTION 3 – Repair Methods

CRITERIA	COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
3.1 Does the repair facility have access to contemporary structural repair information? (from licenced products, repair manuals, dealerships or other viable sources)  <b>MANDATORY</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	<ul style="list-style-type: none"> <li>Obtain copies of repair manuals, repair manual licenses or dealership information (front/key page is sufficient).</li> <li>Obtain copies of letters, emails or phone logs to identify attempts at contacting dealerships and manufacturers.</li> </ul> <b>COMMENTS</b>
3.2 Are experts from vehicle manufacturers requested to assist and provide advice on the repair methods?  <b>RECOMMENDED</b>	<input type="checkbox"/> Yes, when required <b>(1) BONUS</b> <input type="checkbox"/> No	<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Obtain copies of letters, emails or logs showing contact made with experts from manufacturers.</li> <li>Obtain copies of invoices or manufacturer letters showing assistance was provided.</li> </ul> <b>COMMENTS</b>
3.3 Does the repair facility have licences for third party repair information source/s?  <b>MANDATORY</b>	<input type="checkbox"/> Yes – escribe licence in place <b>(MANDATORY)</b>  <input type="checkbox"/> Yes – other third party information systems licences in place <b>(5) BONUS POINTS</b>	<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Obtain copy or invoice for escribe licence – check and confirm with escribe manager</li> <li>Obtain customer number, subscription licence or invoice copy for other services.</li> </ul> <b>COMMENTS</b>
3.4 Does the staff member repairing the vehicle have access to the information during the repair process?  <b>MANDATORY</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	Obtain examples of repair staff using repair resources (e.g. escribe, repair manuals) on jobs. Information should be recorded in job files or job sheets.  Observe work in progress.  <b>COMMENTS</b>

☐ Achieved Mandatory Points – YES / NO

☐ BONUS POINTS \_\_\_\_ out of 6

## SECTION 4 – Staffing, Management & Training

CRITERIA	COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
<p><b>Apprentices</b></p> <p>4.1 Does the business employ an apprentice that is supervised at all times by a certified trade person? <b>RECOMMENDED</b></p>	<p><input type="checkbox"/> Yes, 1 apprentice <b>(5) BONUS POINTS</b></p> <p><b>OR</b></p> <p><input type="checkbox"/> Yes, 2 or more <b>(10) BONUS POINTS</b></p> <p><b>OR</b></p> <p><input type="checkbox"/> Yes, 20% or more of repair facility's workforce <b>(10) BONUS POINTS</b></p> <p><input type="checkbox"/> Tradesperson employed in repair facility who trained as an apprentice in the same facility <b>(2) BONUS POINTS</b></p> <p><input type="checkbox"/> No <b>(-2) BONUS POINTS</b></p>	<p><b>NOTE AWARDED BONUS POINTS HERE</b></p>	<ul style="list-style-type: none"> <li>Sight copies of apprentice agreements or records.</li> <li>Sight copies of previous apprentice agreements or records.</li> <li>Sight information on the certification of past apprentices being provided technician roles within repair shop.</li> </ul> <p>Note: do not collect, photograph or otherwise record repair facility employee records for audit purposes. Visual sighting only and recording of outcome required.</p> <p><b>COMMENTS</b></p>
<p>4.2 Does the repair facility have an employee performance management system or framework, including position descriptions, verification of qualifications, induction process and ongoing performance monitoring? <b>MANDATORY</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>N/A</p>	<ul style="list-style-type: none"> <li>Obtain copy or photograph and identify Employee Performance system.</li> <li>Sight staff records identifying positions, descriptions and individuals qualifications.</li> <li>Obtain copy of staff induction form and sight records of employees completing and signing form.</li> <li>Identify and document ongoing performance monitoring system.</li> </ul> <p>Note: do not collect, photograph or otherwise record repair facility employee records for audit purposes. Visual sighting only and recording of outcome.</p> <p><b>COMMENTS</b></p>
<p><b>Training Units</b></p> <p>4.3 Has training been completed (or satisfactorily commenced) for the Training units set out in Appendix A of this Standard? (See Appendix A for training requirements) <b>MANDATORY</b></p>	<p><input type="checkbox"/> Yes –completed as per minimum requirements set out in Appendix A</p> <p><input type="checkbox"/> Yes - Repair facility tradespersons (excluding apprentices) are enrolled in training, with progress according to the training transition period under this Standard.</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes, at the time of audit 100% of repair facility tradespersons (excluding apprentices) have enrolled compulsory panel training skill sets contained in Appendix A. <b>(10) BONUS POINTS</b></p>	<p><b>NOTE AWARDED BONUS POINTS HERE</b></p>	<p>Confirm registration details.</p> <p><b>COMMENTS</b></p>



## SECTION 4 – Staffing, Management & Training (cont)

CRITERIA	COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Other Training	4.4 Is the repair facility <b>ICAR</b> certified?  <b>RECOMMENDED</b>	<input type="checkbox"/> Yes <b>GOLD I-CAR (10) BONUS POINTS</b> <b>OR</b> <input type="checkbox"/> Platinum Individual <b>(2) BONUS POINTS PER PERSON (MAXIMUM OF 6 POINTS)</b> <input type="checkbox"/> No	<b>NOTE AWARDED BONUS POINTS HERE</b>  <ul style="list-style-type: none"> <li>Obtain copy if ICAR certification.</li> <li>Obtain copy of individual ICAR certification and training documentation for individuals.</li> </ul> <b>COMMENTS</b>
	4.5 Are repair facility staff provided with other structured training opportunities?  <b>RECOMMENDED</b>	<input type="checkbox"/> Yes <b>(2) BONUS POINTS</b> <input type="checkbox"/> No	<b>NOTE AWARDED BONUS POINTS HERE</b>
	4.6 Do suppliers (e.g. equipment, paint) provide training and advice?  <b>RECOMMENDED</b>	<input type="checkbox"/> All of them do <b>(1) BONUS POINT</b> <input type="checkbox"/> Some of them do <b>(0.5) BONUS POINT</b> <input type="checkbox"/> None of them do	<b>NOTE AWARDED BONUS POINTS HERE</b>  <ul style="list-style-type: none"> <li>Obtain copies of letters, logs and invoices from equipment and paint providers providing advice to repair shop.</li> </ul> <b>COMMENTS</b>
	4.7 Further training options:	<input type="checkbox"/> Paint skill set (AURSS00025) <b>(10) BONUS POINTS</b> for undertaking this skill set program with at least 50% of the facility's trade qualified spray painters.	<b>NOTE AWARDED BONUS POINTS HERE</b>  <ul style="list-style-type: none"> <li>Confirm registration details.</li> </ul> <b>COMMENTS</b>

☐ Achieved Mandatory Points – YES / NO

☐ BONUS POINTS \_\_\_\_ out of 45

## SECTION 5 – Repair Management

CRITERIA		COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
<b>Code of Conduct</b>	5.1 Is the facility a signatory to the Motor Vehicle Insurance and Repair Industry Code of Conduct?  <b>MANDATORY</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	Confirm on website: <a href="http://www.abrcode.com.au">www.abrcode.com.au</a>
<b>Non-Compliance Management</b>	5.2 Where non-compliance with any mandatory requirement of this Standard is observed does the repair facility implement immediate corrective action?  <b>MANDATORY</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	Review and determine as required.  <b>COMMENTS</b>
<b>Management Systems</b>	5.3 Is there a management system to enable tracking of a vehicle's progress, including parts on order and the repair status of the vehicle?  <b>MANDATORY</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	<ul style="list-style-type: none"> <li>Identify tracking system.</li> <li>Photograph tracking system in use.</li> </ul> <b>COMMENTS</b>

## SECTION 5 – Repair Management (cont)

CRITERIA	COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
<b>Management Systems</b>  5.4 Is there a tracking system to enable tracking of a repair facility staff member's progress, and to determine the roles they hold?  <b>RECOMMENDED</b>	<input type="checkbox"/> Yes <b>(1) BONUS POINT</b> <input type="checkbox"/> No	<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Identify tracking system.</li> </ul> Note: do not collect, photograph or otherwise record repair facility employee records for audit purposes. Visual sighting only and recording of outcome.  <b>COMMENTS</b>
5.5 Is there a business system with reminders, such as compliance related reminders?  <b>RECOMMENDED</b>	<input type="checkbox"/> Yes, computerised system in place <b>(1) BONUS POINT</b> <input type="checkbox"/> In progress of obtaining computerised system <b>(0.5) BONUS POINT</b> <input type="checkbox"/> Paper based system used <b>(0.5) BONUS POINT</b> <input type="checkbox"/> No	<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Identify system.</li> <li>Photograph system in use.</li> </ul> <b>COMMENTS</b>

☐ Achieved Mandatory Points – YES / NO

☐ BONUS POINTS \_\_\_\_ out of 2

## SECTION 6 – Quality Control

CRITERIA		COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
<b>Parts Audit</b>	<p>6.1 When preparing a quote, are parts serial numbers (or other identifiers) included on the repair facility's invoice for audit purposes?</p> <p><b>MANDATORY</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	<ul style="list-style-type: none"> <li>Identify job sheets where parts' serial numbers are recorded during the quotation process; or</li> <li>Request invoices for part numbers for a specific job.</li> </ul> <p><b>COMMENTS</b></p>
<b>Checklists</b>	<p>6.2 Is a checklist/s Quality Sign-Off methodology used for each vehicle's repairs? Is it affirmed by a competent person/s at the conclusion of each stage of the repair process?</p> <p><b>MANDATORY</b></p>	<input type="checkbox"/> Yes – All tasks <input type="checkbox"/> No – No tasks	N/A	<ul style="list-style-type: none"> <li>Obtain copy of checklist.</li> <li>Obtain copy of procedure when handing over vehicle to owner, identifying if checklist details.</li> <li>Facility should have internal sign off checklists.</li> </ul> <p><b>COMMENTS</b></p>
<b>Documentation</b>	<p>6.3 Is the vehicle documented (photographed and notes taken) prior to commencing work on it? (e.g. at the assessment stage)?</p> <p><b>RECOMMENDED</b></p>	<input type="checkbox"/> Documented <b>(1) BONUS POINT</b> <input type="checkbox"/> Photographed <b>(1) BONUS POINT</b>	<p><b>NOTE AWARDED BONUS POINTS HERE</b></p>	<ul style="list-style-type: none"> <li>Obtain copy of documentation process.</li> <li>Obtain copy of previous jobs showing documentation of vehicle.</li> </ul> <p><b>COMMENTS</b></p>

## SECTION 6 – Quality Control (cont)

CRITERIA		COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
<b>Documentation</b>	<p>6.4 Are the records of repair (including before and after vehicle measurements where required) kept on file, either physically or electronically, for a minimum period of three years?</p> <p><b>MANDATORY</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	<ul style="list-style-type: none"> <li>Obtain copy of measurement process.</li> <li>Obtain copy of previous jobs showing measurement of vehicle before and after</li> </ul> <p><b>COMMENTS</b></p>
<b>Control</b>	<p>6.5 Is there a control of quality process in place? (documentation of defects or issues during the repair process, e.g. parts delays, paint defect, equipment fault)</p> <p><b>MANDATORY</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	<ul style="list-style-type: none"> <li>Obtain copy of quality control procedure.</li> <li>Obtain copy/ies of identification rectification of issues or faults for jobs</li> </ul> <p><b>COMMENTS</b></p>

☐ Achieved Mandatory Points – YES / NO

☐ BONUS POINTS \_\_\_\_ out of 2

## SECTION 7 – Workflow

CRITERIA		COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Documentation	<p>7.1 Is there a documented workflow chart identifying the work processes from when a vehicle is assessed to when the vehicle is returned to the customer?</p> <p><b>RECOMMENDED</b></p>	<p><input type="checkbox"/> Yes <b>(2) BONUS POINTS</b></p> <p><input type="checkbox"/> No</p>	<p><b>NOTE AWARDED BONUS POINTS HERE</b></p>	<ul style="list-style-type: none"> <li>Obtain a copy or photograph of the workflow chart or procedure.</li> </ul> <p><b>COMMENTS</b></p>
Repair Facility Layout	<p>7.2 Are there separate designated work bays and areas for vehicles needing plastic and aluminium repairs?</p> <p><b>RECOMMENDED</b></p>	<p><input type="checkbox"/> Yes <b>(2) BONUS POINTS</b></p> <p><input type="checkbox"/> No</p>	<p><b>NOTE AWARDED BONUS POINTS HERE</b></p>	<ul style="list-style-type: none"> <li>Photograph work bays designated for plastic or aluminium works.</li> </ul> <p><b>COMMENTS</b></p>



## SECTION 7 – Workflow (cont)

CRITERIA		COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
Repair Facility Layout	<p>7.3 Are adequate electrical sources, air lines and other required utilities available at each repair area?</p> <p><b>RECOMMENDED</b></p>	<p><input type="checkbox"/> Yes <b>(1) BONUS POINT</b></p> <p><input type="checkbox"/> No</p>	<p><b>NOTE AWARDED BONUS POINTS HERE</b></p>	<ul style="list-style-type: none"> <li>Photograph power sources, air lines and equipment at each repair area.</li> </ul> <p>COMMENTS</p>
Work Flow Assurance	<p>7.4 Does the repair facility have a system or processes in place to deliver consistent work flow? (including minimising the breakdown of repair flow).</p> <p><b>RECOMMENDED</b></p>	<p><input type="checkbox"/> Yes <b>(1) BONUS POINT</b></p> <p><input type="checkbox"/> No</p>	<p><b>NOTE AWARDED BONUS POINTS HERE</b></p>	<ul style="list-style-type: none"> <li>Obtain copy of work process system.</li> </ul> <p>COMMENTS</p>

☐ BONUS POINTS \_\_\_\_ out of 6

## SECTION 8 – Business, WH&S & Environment

CRITERIA	COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
<b>Minimum Insurance Requirements</b>	<p>8.1 Does the repair facility have appropriate and adequate insurance cover to protect against relevant types of loss, damage and liability? Insurance must include:</p> <ul style="list-style-type: none"> <li>Public Liability cover with an aggregate cover of at least \$10m with a reputable insurer; and</li> <li>Workers Compensation Insurance as required by applicable state or territory law.</li> </ul> <p><b>MANDATORY: MUST COMMENCE FROM 1 APRIL 2014</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>N/A</p> <p>Evidence of required insurance covers and their currency.</p> <p><b>COMMENTS</b></p>
<b>Legal Compliance</b>	<p>8.2 Does the repair facility comply with all relevant laws governing its operation, including but not limited to:</p> <ul style="list-style-type: none"> <li>Business registration</li> <li>If applicable Repair facility (and individual tradesperson) licensing</li> <li>Workplace health and safety requirements</li> <li>Workers Compensation requirements</li> <li>Environmental Protection Authority requirements</li> <li>Employee entitlements, including superannuation payments</li> </ul> <p><b>MANDATORY: MUST COMMENCE FROM 1 APRIL 2014</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>N/A</p> <p>Evidence of valid and current licences and certificates</p> <p><b>COMMENTS</b></p>

## SECTION 8 – Business, WH&S & Environment (cont)

CRITERIA	COMMENTS	BONUS POINTS RUNNING TALLY	AUDIT EVIDENCE, COMMENTS AND ANY REQUIRED ACTIONS
<b>Workers Health &amp; Safety</b>  8.3 Is there a Workers Health & Safety policy and safety management plan in place?  <b>MANDATORY: MUST COMMENCE FROM 1 APRIL 2014</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	<ul style="list-style-type: none"> <li>Obtain copy of Workers Health &amp; Safety plan and/or policy.</li> </ul> <b>COMMENTS</b>
<b>Environmental outcomes</b>  8.4 Are hazardous substances always disposed of properly and safely??  <b>MANDATORY</b>	<input type="checkbox"/> Yes, in a designated area with a bund <input type="checkbox"/> Yes, in a designated area <input type="checkbox"/> No	N/A	<ul style="list-style-type: none"> <li>Obtain copies of a minimum of two invoices for the pickup or disposal of hazardous substances.</li> <li>Photograph designated disposal area(s).</li> </ul> <b>COMMENTS</b>
8.5 Is the repair facility a current member of a 'green stamp' program or similar carbon neutral initiative?  <b>RECOMMENDED</b>	<input type="checkbox"/> Yes <b>(2) BONUS POINTS</b> <input type="checkbox"/> No	<b>NOTE AWARDED BONUS POINTS HERE</b>	<ul style="list-style-type: none"> <li>Photograph certification or acceptance.</li> </ul> <b>COMMENTS</b>

☐ Achieved Mandatory Points – YES / NO

☐ BONUS POINTS \_\_\_\_ out of 2

# Evaluation Score

## Mandatory Conditions

ALL mandatory criteria met?

YES / NO

## Bonus Points

SECTION	BONUS POINTS SCORED
Section 1 – Structural Repair Equipment	out of 4
Section 2 – Paint and Other Equipment	out of 8
Section 3 – Repair Methods	out of 6
Section 4 – Training	out of 45
Section 5 – Repair Management	out of 2
Section 6 – Quality Control	out of 2
Section 7 – Workflow	out of 6
Section 8 – WH&S & Environment	out of 2
<b>BONUS POINT TOTAL</b>	<b>out of 75</b>

## Total Points

(Minimum points required – 24)

## RATING

CERTIFIED Repairer Confirmed

YES / NO

Audited and approved by:

Name:

Position within Suncorp:

Signature / Date:

# Appendix A

## Suncorp Training Competencies – MANDATORY

### AURSS00023 - Advanced Body Repair Skill Set (Release 1)

UNITS OF COMPETENCY	UNIT NAME
AURETH4011	Deactivate and reinitialise power supply in hybrid electric vehicles
AURVTA3002	Remove and replace supplementary restraint systems
AURVTN3023	Remove and replace adhesive bonded panels and structures
AURVTN3028	Identify and repair high strength steel components
AURVTN3029	Set up and operate universal measuring systems
AURVTN3035	Apply original equipment manufacturer repair procedures

### AND

### AURSS00024 - Advanced Body Repair Welding Skill Set (Release 1)

UNITS OF COMPETENCY	UNIT NAME
AURTTA3020	Apply heat-induction processes
AURVTW2003	Carry out gas metal arc welding procedures
AURVTW2005	Carry out spot welding procedures

## Training Compliance Definitions and Important Information:

**Qualification required:** All relevant repair facility staff must have completed Certificate III-level panel repair training or equivalent to proceed with the skill set. Apprentices must be enrolled in these units as part of their training plan with a Registered Training Organisation (RTO).

**Training transition period:** To demonstrate compliance under this Standard at least 50% of the repair facility's panel repair staff (excluding apprentices) must be successfully assessed against the mandatory skill set, with any required gap training completed by 30 June 2016.

**New staff:** New staff joining the repair facility after 1 April 2014 must be assessed against training unit competencies within 12 months of their commencement date, and 24 months to successfully complete all required units. The repair facility may make an application to Suncorp for a particular new staff member to be excluded from the Standard's training requirements, provided more than 50% of repair facility staff complete their units or are in the process of doing so, and the total number of staff compliant with the prescribed training does not fall below 50%.

**Training recognition:** Tradespersons who have successfully completed the training units will receive a certificate and documented recognition as a Suncorp Group Advanced Body Repair Technician and RTO certification.

**Future certification:** If new training units or skills are identified by Suncorp, the Certified Repair Facility will be given reasonable time to source and complete such training, with funding support options identified if available.

**Training Bonus Points:** As per 4.3 of the Standard 10 Bonus Points will be awarded where 100% of the repair facility's tradespersons (excluding apprentices) have completed the compulsory panel repair training skill sets contained in Appendix A within the training transition period.

# Appendix B

## Audit History

AUDIT REVIEW DATE	AUDITOR	COMMENTS



# Appendix B

## Audit History

AUDIT REVIEW DATE	AUDITOR	COMMENTS



**One Company**  
**Many Brands**

