

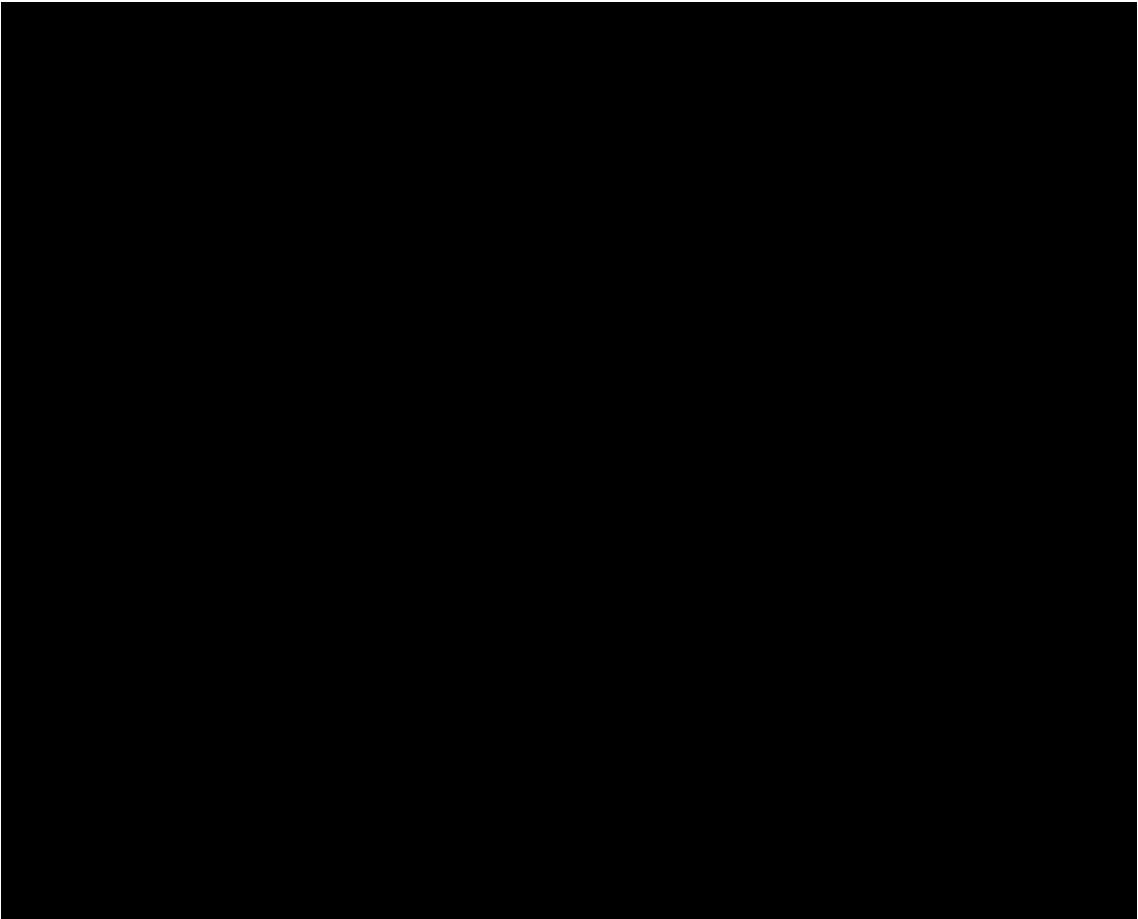
MOTOR VEHICLE REPAIR INDUSTRY

Name: [REDACTED]
Date Received: 14/02/2014

Partially Confidential

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SUBMISSION

The maintenance of an Independent smash repair industry in NSW is essential to fairness and choice, competition also to keeping insurers honest in the Trade Practices sense, to ensure that there is no 2nd line forcing and no cartels which operate to the disadvantage of the motoring public. – In the USA this is achieved by anti trust legislation to prevent companies combining to act like collusive tendering, to the disadvantage of the public. We submit that there is a pressing need for a strong government response to ensure no collusion between insurers of the kind that has sometimes been alleged as between fuel companies.

It is important to note that there is already very little competition in the motor insurance industry – Suncorp/GIO and NRMA/IAG groupings are the only 2 major players – NSW has suffered from this lack of competition in other areas, for example in supermarkets where only Woolworths and Coles operated– until the advent of European [Aldi] and US [Costco] competition forced

a change of approach. In our submission, we cannot afford to permit the same further reduction of competition in the already threatened and dangerously fragile motor car industry.

As well, Smash Repairers are a significant employer and widespread throughout all areas – city and country and providing much needed employment both directly and indirectly through support and parts services.

Permitting the further development of large scale “repair centres” will lead to significant unemployment in the suburbs of Sydney and in country NSW where it is least affordable. The change contemplated by the insurers will send a lot of small businesses broke, going well beyond repairers – extending to supporting business.

Allegations of lower quality and imported labour lead to dangerous risks for all road users and for government.

A number of problematical issues are also involved. It cannot be argued that the insurers will be at risk of loss or assured of a better standard of repairs to vehicles if the independent smash repair operators are allowed to disappear. They already achieve protection from poor workmanship by competitive service centres, restrictive quoting and assessment. The work is already being done as cheaply as possible if it is to be consistent with a high standard of workmanship. Insurers have indicated in the past that they want to use aftermarket, cheap and 2nd hand parts and panels in making vehicle repairs. This has been resisted by the independent repairers to the benefit of the public and of road safety. –it is reasonable to be concerned that once the independent repair industry not there, insurers will be free to do cheapest repairs possible in order to maximize returns, but at significant risk to their insured and a corresponding increase in the road toll as a result.

Insurers have shown no interest in self-regulation. We argue that it is time for the NSW Government to step in and regulate this aspect of the industry and ensure the continued viability of the independent smash repair industry.

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