

MOTOR VEHICLE REPAIR INDUSTRY

Organisation: SmashCare Australia
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The Committee Manager
Select Committee on the Motor Vehicle Repair Industry
Parliament House Macquarie Street,
SYDNEY NSW 2000

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Dear Members of the Inquiry Committee,

SmashCare is a motor vehicle repair business with a network of 11 branches across three states. We have a large operation in Sydney where we intend to grow our business in 2014 as well as considerable operations in Queensland and Victoria.

I lodge this submission to argue this main point:

The new age, commercial relationships between insurers and repairers are vital to the future of our industry. They provide stability and assurances to stakeholders that are more wide reaching than just the parties involved in the contracts that manifest from the changing market place.

For the past three years we have competed for long term, volume based contractual arrangements with multiple insurance companies, and we have been successful in these endeavours. Whilst these relationships give us competitive advantage in a highly contested (and overcrowded) market place, they also serve to create stability upon which we can plan and resource for the longer term. The previous, highly transactional arrangements were fickle and did nothing to underwrite our future. Now, with long term contracts incorporating guaranteed volumes and self assessing, built from competitive advantage and designed to deliver true value for the insured driver, we can plan longer term and draw resources that were previously not available. This in turn creates stability for our employees, and their families, as well as our suppliers and funding providers, not to mention the insurers we serve and their insured drivers.

The assurance provided by these agreements allows SmashCare to invest in state-of-the-art facilities, the latest repair equipment, methods and procedures that improve safety for the driver and for our workshop staff, and workforce training and development. It would be impossible to achieve these objectives if the industry were to revert to the way things were when repairers would compete for every single job and the organisation's future was as far reaching as the next job. That is no way to run an effective, efficient and competitive business in today's economy as was evident by the relative lack of investment before long term contracts involving guaranteed volumes came in.

We advocate for, and take action towards, a well structured and contestable industry where safety, convenience and value are paramount. Our experience with the major insurers reflects these values. Our contracts and relationships expressly deal with work quality and customer satisfaction, as well as price and productivity. These market led performance criteria, in balance, have been driving change and improvement into our business model for the past few years. We now spend considerable effort striking the balance between customer satisfaction, job quality, productivity and

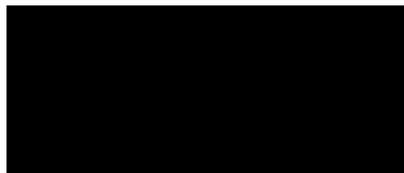
price, whereas previously, price competitiveness to appease an insurance assessor was the primary driver of competitive advantage. Consequently, we now have a business framework that is considerably stronger and more attractive than it was five years ago, which gives our core stakeholders confidence and assurance about their future vested in SmashCare.

I support market led industry rationalisation because I have seen beneficial change for our trades people, suppliers, financiers, insurers and drivers. Losers in this process of change will only be those too idle to adopt healthy business practices. SmashCare will continue to advocate rationalisation and change, and attempt to be leaders in the process.

Yours sincerely,



Vaughn Pappin



Martin Riseley