

INSTITUTE OF AUTOMOTIVE MECHANICAL ENGINEERS (INC).

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To: ECONMICS AND INDUSTRY STANDING COMMITTEE

Legislative Assembly Western Australia

C/of: Dr David Worth

Principal Research Officer

25 June 2018

Inquiry into Western Australia's Smash Repair Industry**THE INSTITUTE OF AUTOMOTIVE MECHANICAL ENGINEERS**

Incorporated in 1936 the Institute of Automotive Mechanical Engineers has witnessed many changes in the Automotive Industry. At that time the main thrust of membership was to obtain technical information relevant to the trade and improve conditions in the industry by raising the skill level.

The Association is driven by our vast membership base predominantly located in Australia and New Zealand with a further 900 International members. Our Member's views are represented through the involvement of IAME Staff on many committees at decision making levels.

The IAME aims to assist members by providing industry relevant Automotive Information and Services.

**IAME Submission to the EISC on behalf of the Western Australia Legislative Assembly
Smash Repair Industry Inquiry**

The IAME appreciates the opportunity to provide our member's views on the Smash Repair Industry in Western Australia to the Economic and Industry Standards Committee.

The EISC will inquire into and report on:

1) Automotive smash repair work and whether it is being carried out to adequate safety and quality standards in Western Australia;

The IAME has undertaken its own investigation into consumer complaints regarding quality of repairs but has only been able to find issues reported to the government body responsible for handling these issues. IAME refers the committee to the Department of Mines, Industry Regulation and Safety for motor vehicle repairs to: <https://www.commerce.wa.gov.au/consumer-protection/compliance-actions-1>

IAME reviewed the complaints listed from 2016 to 2018 and provides the following observations;

WA Consumer Protection Compliance Actions			
Year	Complaints	Motor Vehicle Repairer	Smash Repairer
2016	43	2	0
2017	29	4	0
2018	18	1	0

ESIC Inquiry into Western Australia's Smash Repair Industry Cont'd

SUMMARY

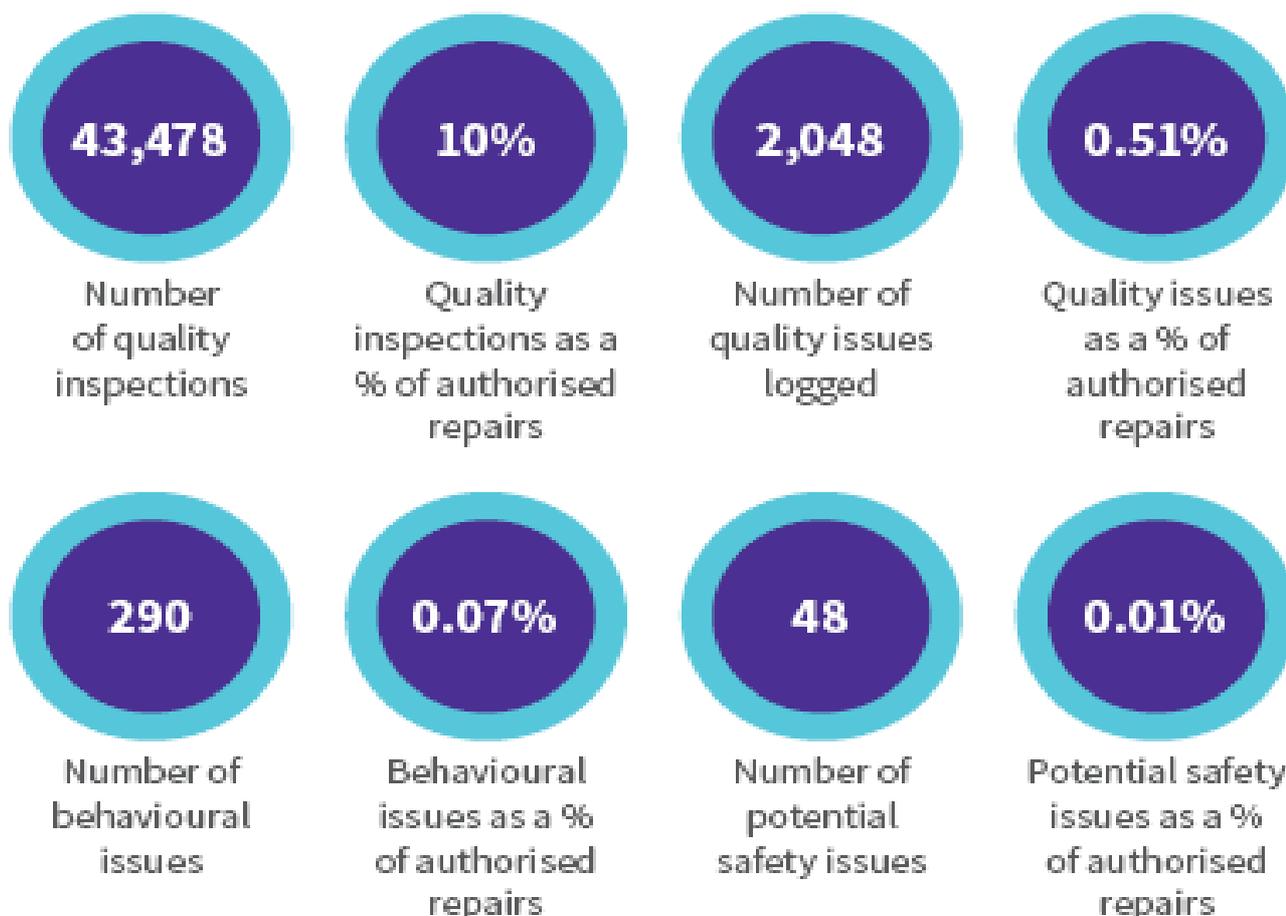
The above information pertains to Consumer Protection/Compliance Actions identified by the Department for Mines, Industry Regulation and Safety with NO complaints recorded for any Motor Vehicle Smash Repairers.

QUALITY OF REPAIRS

The IAME advises that in regards to 'quality of repairs' information for repaired motor vehicles that there is only one industry Insurer that proactively carries out these quality inspections for post repaired vehicles.

The IAME refers the committee to IAG's National Motor Repair Quality Snapshot Report 2016/17 and the table selected from that report to provide IAG's national overview.

Quality Inspections



An increase of over 10,000 inspections from last year with the introduction of the Ways of Working across all IAG brands

The IAME would like to acknowledge its appreciation to the committee for the IAG's commitment to quality repairs as demonstrated by the publishing of this national report on motor vehicle inspections.

ESIC Inquiry into Western Australia's Smash Repair Industry Cont'd

2) The current Motor Vehicle Insurance and Repair Industry Code of Conduct, its governance structure and dispute resolution mechanisms and whether it is effective at regulating the relationship between repairers and insurers, and in serving consumer interests.

The Motor Vehicle Insurance and Repair Industry Code of Conduct, MVIRI Code, has the clear support of the Industry and has been operating nationally since 2006 and is reviewed every three years.

The 2017 MVIRI CODE continues to provide protections based upon the vast improvements and changes from the original 2006 MVIRI Code to the 2017 MVIRI Code.

Extracts from the MVIRI Code of Conduct 2017

PREAMBLE

It is in the interests of Government, Insurers, Policyholders and Repairers to promote the efficient operation of, and consumer confidence in, professional and competitive Motor Vehicle insurance and repair industries in Australia.

1 PRINCIPLES OF THE CODE

Insurers and Repairers agree they have a responsibility to ensure vehicle repairs are authorised and carried out in a professional manner and to ensure that the safety, structural integrity, presentation and utility of the vehicle are restored.

The Code should also provide Signatories with access to the Code Website in which disputes can be lodged and recorded.

IAME advises the Committee that the National MVIRI Code of Conduct has received **397** Internal Dispute Resolutions lodged during the 2017 via this website process.

Our Industries Code is made up from a bi-partisan agreement from both sides of the Insurance & Smash Repair Industries for the benefit of consumers.

3) Consumer choice, consumer protection and consumer knowledge in respect of contracts and repairs under insurance policies;

Consumer Choice and Consumer Knowledge

Today's consumers have tremendous access to multiple resources to assist them with making an informed decision on their preferred Choice of Insurer.

Access to Insurance Information and Comparing the Marketplace

Consumers have ample opportunity to carry out their own research which can now also be done at any time that the consumer chooses. On top of the millions of dollars spent on advertising campaigns by Insurers using many different platforms, some of which some are set out below include;

TV and Radio

Web based - Comparethemarket.com.au - Canstar.com.au - iselect.com.au

Print media – Newspapers – magazines - billboards

Word of Mouth – Family, Friends and Businesses that they have done business with

Consumers have ample resources to access Insurance information to make an informed decision on their Choice of Insurer.

ESIC Inquiry into Western Australia's Smash Repair Industry Cont'd

Consumer Protections - Policy Holder:

Policyholders continue to be protected by the dispute resolution processes in the Product Disclosures of their Insurance policy so they understand their entitlements and obligations before freely choosing their insurance product. Further if there is a dispute and the policyholder is unsatisfied with the outcome of the dispute they can also refer their matter to the Insurance Ombudsman for further review.

The IAME can refer the committee to the **Department of Mines, Industry Regulation and Safety** also supplies Consumer protection information by promoting its own program called the **Licensed Repairer Tick Campaign**

Motor vehicle insurance and licensing This page is for: Consumer Motor industry
Motor vehicle insurance policies and premiums vary (depending on the type of vehicle, your age, driving history, insurance claim history and other relevant factors), so it is a good idea to shop around and check out which insurance policy best suits you. Find out rates and fees. Make sure you know exactly what the policy covers you for, what it does not cover you for, what are your obligations and how you make a claim if you need to.

The Insurance Council of Australia provides some useful consumer information about insuring your vehicle.

Consumer Protection's licensing branch

Telephone

[1300 304 064](tel:1300304064)

Email

cplicensing@dmirs.wa.gov.au



ESIC Inquiry into Western Australia's Smash Repair Industry Cont'd

4) The business practices of insurers, and repairers, including vertical integration in the market, the transparency of those business practises and implications for consumers.

The IAME refers the committee to the Smash Repairs Industry code, The Motor Vehicle Insurance and Repair Industry Code of Conduct Section 5 NETWORK SMASH REPAIRER SCHEMES which outlines the terms for Smash Repairers and Insurers that wish to enter into a Network arrangement follow.

5. NETWORK SMASH REPAIRER SCHEMES

5.1 Notification of Opportunities to Apply for NSR Status

5.2 Disclosure of information on NSR schemes

5.3 Term of Agreement

All NSR scheme agreements must be for a fair and reasonable term of not less than three (3) years,

5.4 Extension of Network Repairer Status

In the event of any change in the Business Ownership Structure of a Repairer who is a member of an NSR scheme, the Insurer will provide the business NSR status for the remainder of the term of the original NSR agreement.

The IAME advises that the smash repair industry is a very competitive market place which is strongly reliant upon work providers/insurers for a majority of its work. The MVIRI Code of Conduct is the benchmark that Industry has created to assist it with the day to day running of Insurer and Repairer relations.

Business Models Working in the Smash Repair Industry

IAME advises the committee there are several different business models currently working in the Australian Smash Repair Industry which can be divided into 3 basic models:

1. **Independent Repairer** – they are stand-alone self-reliant businesses
2. **Consolidationers's** – Individual businesses that have formed a co-operative arrangement to share their buying power to create savings, share knowledge & to improve their own services as well as the groups.
3. **Consolidators** – This business model incorporates other businesses into its model with similar aims of streamlining administration, increasing its buying power and offering cost effective services.

The IAME refers to the Preamble from the MVIRI Code of Conduct to provide the Committee with the basic platform for the smash repair industry to work co-operatively together for the benefit of consumers;

“The economic activity created by a competitive Motor Vehicle insurance market and repair Industry market will create and maintain skilled employment, efficient customer service and viable and cost effective Motor Vehicle repair and insurance industries.”

The IAME appreciates this opportunity to provide this submission.

Kind Regards

IAME

IAME Group of Companies