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Key Questions

Legality & Penalties

1. Fixed price repairs, preference to businesses that sign fixed price contracts,
2. Fixed price means that costs for additional repairs are not covered, repairs are not industry standard, customers bringing repairs back for rectification,
3. The industry is Smash Repair Industry
4. We would not accept a UCT because for our business we are not able to carry the costs of repairing a vehicle properly compared with what we were paid. We would not be willing to compromise our standards of repairs because our customers depend on us to provide a safe vehicle for them to drive.
5. Insurance companies should be asked to provide data for the amount of rectification work coming out of their “preferred network” to ascertain the reason for the fixed price contracts and the lack of manufacturing standard being adhered to.
6. A financial penalty wouldn’t stop the unfair contract between insurers and repairers because the insurance company holds all the advantage and if your business isn’t willing to do repairs for a fixed price or agree to the lowest price possible then they don’t send you any work, they just send it to the next shop that is willing to compromise standards.
7. We haven’t been able to challenge the unfair process with insurance companies as the cost in taking them to court far exceeds our ability to see the process through and they will just send the work to another business essentially putting our business in jeopardy.
8. The proposed costs for the UCT to be a level playing ground is that insurance companies should allow all repairs to be paid for at a reasonable rate. This means changing rates of pay to current day rates. These rates of pay will be expanded in further detail.
11. Yes a regulator should be able to commence court proceedings on behalf of a small business on the basis that the unfair terms impact small businesses greatly. The impact on small businesses include, but are not limited to, financial impact where customers who want to use our services are not “allowed” by the insurance company, the seed of doubt sewn by the insurance company towards our standards of repairs because we are not part of their “network” of repairers, regardless of our actual track record of repairs and rectifications, when we go to sell our business there is no “good will” left because the majority of customers are not given choice of repairer and are sent out of area.

14. Turnover is not a good indication of profit in a small business that is highly governed by another business as to how much they can charge or a business that relies so heavily on parts as part of job.
15. \$10 million wouldn't impact our small business.
16. n/a
17. If the number of employees was used to determine the UCT for small business it would impact our business because the more people working in a smash repair business the more opportunity to have a higher turnover, which pleases the insurance companies because it means they can pay less and the repairer isn't impacted as greatly because the volume is greater through the shop. This also gives the small business greater buying power because their volume is greater.
20. If the threshold were increased to \$5 million there would be more shops who would benefit from being able to stand against unfair rates etc imposed by the insurance companies.
21. From an insurance perspective the more money paid for repairs the less money they make in profit which impacts the stakeholders of the insurance company.
22. Repeat Usage for insurance companies gives them an advantage over the repair businesses because it means that they are able to direct their customers to businesses that are "happy" to work with UCT. It means that the businesses that are working with UCT have less ability to negotiate because the repeat usage would be taken away and given to another small business who "has to" work for UCT just to keep their doors open.
23. Negotiating with the insurance company's is futile at the moment because the people that we are dealing with are strictly governed by the insurance company as to what they are allowed to authorise and not allowed to authorise that there is no room for movement. We are told how much we are being paid an hour, how many hours they think it will take to repair based on old cars at the time of production, with no consideration as to the increasing costs to repairers in regard to product/ consumables/ workers costs etc.
26. Minimum standards have been introduced however the fixed price repairs and lack of movement within the negotiations process means that many repairers are taking short cuts and not adhering to the standards, whilst those that are not taking short cuts are penalised because the repair costs exceed the fixed price being agreed to, so the small business is out of pocket. It also means that repairers that are trying to work more closely with insurance companies can't compete because their cost of repairs exceed the fixed prices of the "network/partner" repairers.
28. Customers should be able to choose the repairer that they want to go to, if they have a repairer that they prefer. Repair businesses should be able to provide quality service by being paid for the work they carry out, including quality paint and repair products over "cheap" alternatives.
29. Customers would benefit from being able to choose their repairer because it would allow them to remain in their local community dealing with people they have grown up with, or whose children went to school with the business owner. It would allow other businesses to recommend repairers based on the merit of how the repair business is run, the repair quality and customer services. The impact on insurance companies would be that their customers would enjoy quality repairs and customer service on their behalf by repairers, there would be

less complaints because work would be carried out properly but it would also impact their profit.

Our final position in regard to Unfair Contract Terms is directly related to the Insurance Industry relationship with service providers, specifically the Smash Repair Industry. Our suggestion is a panel that can investigate this relationship specific to the Smash Repair Industry.

Thank you for your time and consideration.

Kind regards

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