



Media Release

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Partner not pariah – time for insurance companies to compensate Australia’s Collision Repair Industry adequately, fairly, and reasonably

Australia’s collision repair industry must be treated as a partner rather than a pariah by insurance companies ignoring mounting skills shortages, high labour, and crippling supplier costs.

The Motor Trades Association of Australia (MTAA) says increasing costs because of supply chain delays and increases caused by the pandemic are compounding already unsustainable cost containment business practices by insurance companies.

MTAA CEO Richard Dudley says otherwise successful sustainable collision repair businesses are being brought to the brink of collapse because insurance companies fail to compensate collision repairers fairly and reasonably.

‘For decades, insurance companies have deployed deliberate cost containment strategies by denying to adequately pay for some legitimate costs incurred and refusing to consider meaningful adjustments for rising labour, parts and materials and business operation costs,’ Mr Dudley said.

‘Collision repairers have exhausted productivity improvements, and cost absorption strategies across all expense areas of their business and enough is enough. Repairers have reported one insurance company has not adjusted the price it compensates repairers for automotive paint and coatings for an unbelievable 14 years. Now, and despite three increases in price by one paint company in the past 14 months, they still refuse even to sit down and discuss the matter,’ he added.

Mr Dudley said the MTAA, on behalf of State and Territory Associations and the Australian Motor Body Repairers Association has written to the Insurance Council of Australia seeking an urgent summit to discuss resolving the issue before further businesses close good.

‘Collision repair small businesses are already dealing with historic skills shortages and ballooning labour, parts and materials costs, and adapting to changing technology and materials in new cars,’ he said.

‘The containers that bring parts, panels, components, wheels, accessories to our shores have increased by 453% since before Covid. He added that these costs are being passed directly to small businesses without any ability to have these cost increases reflected in compensation.

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