

ECONOMICS AND INDUSTRY STANDING COMMITTEE

**HEARING WITH THE
DEPARTMENT OF MINES, INDUSTRY REGULATION AND SAFETY**



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 29 NOVEMBER 2017**

Members

**Ms J.J. Shaw (Chair)
Mr S.K. L'Estrange (Deputy Chairman)
Mr Y. Mubarakai
Mr S.J. Price
Mr D.T. Redman**

Hearing commenced at 10.05 am

Mr DAVID SMITH

Director General, Department of Mines, Industry Regulation and Safety, examined:

Mr DAVID HILLYARD

Commissioner for Consumer Protection and Acting Executive Director, Consumer Protection, Department of Mines, Industry Regulation and Safety, examined:

The CHAIR: On behalf of the committee, I would like to thank you for agreeing to appear today to brief us on the state's smash repair industry. My name is Jessica Shaw and I am the Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee to my left—Deputy Chairman Sean L'Estrange, member for Churchlands; Stephen Price, member for Forrestfield; and Yaz Mubarakai, member for Jandakot. Terry Redman, the member for Warren—Blackwood, who is our other committee member, is on leave today. It is important that you understand that any deliberate misleading of this committee may be regarded as a contempt of Parliament. Your evidence is protected by parliamentary privilege; however, this privilege does not apply to anything you might say outside of today's proceedings. Before we begin our questions, do you have any questions about your attendance here today?

The WITNESSES: No.

The CHAIR: Would you like to make a short opening statement?

Mr SMITH: I do not think that is necessary. We are here to help. We have seen the correspondence from the minister. They are longstanding issues. We are happy to go through some information about the extent of those issues and our exposure, line of sight and responsibilities in relation to those.

The CHAIR: That would be very helpful.

Mr HILLYARD: Perhaps I can set the scene somewhat in terms of Consumer Protection's role in the motor vehicle repair industry. We license repairers under the motor vehicle repairers' legislation, both at a business level and as a tradesperson. There are ratios within the legislation which require X number of qualified registered tradespeople to supervise workers who are below them. The motor vehicle industry, from sales through to repairs, is a fairly close-knit community. Consumer Protection has had a longstanding involvement with that industry, as a regulator from the sales side of life and now as a regulator in terms of the repairers. An industry advisory committee is formed under the fair trading legislation. That meets on a regular basis and is there to provide advice to both the commissioner and the minister on matters affecting the motor industry. We have a very close working relationship with organisations like the Motor Trade Association and the IAME, which is for qualified mechanical officers within the industry. The RACWA also has a member on that committee.

The CHAIR: Are there any general tradies on that committee as well, or do they tend to be industry or stakeholder organisations?

Mr HILLYARD: They have tended to be trade-based organisations, but the people nominated by those organisations to come onto the committee have been people from the shop floor.

The CHAIR: So they are members of their organisation, representing the organisation?

Mr HILLYARD: Yes. From the Motor Trade Association, the CEO, Stephen Moir, has been a member. Likewise, we have had Pat Browne, who is a mechanical workshop runner. We have had—I cannot remember his first name, but his surname is Phipps and he is a panelbeater/repairer. He has been in the industry for a long time and runs a panelbeating workshop.

The CHAIR: Are any insurance companies involved in that committee?

[10.10 am]

Mr HILLYARD: No. If we are just going to talk about the smash repair industry in terms of its interaction with us, we have quite a bit of information we can provide to you in terms of background. The complaints that we deal with tend not to be associated with the insurance industry. If there is a dispute between a consumer and their insurer, those matters tend to be dealt with by the financial ombudsman service. From our telephone data, I would have to suggest that there are not many people who come to us for advice about those sorts of issues.

The complaints that we do manage in relation to the smash repair industry are generally around non-insurance-based repairs, where people might have a vehicle in for long-term repairs. That is probably not the sort of focus for this committee in terms of what it is looking at. Unfortunately, a significant portion of those complaints are where some of those workshops close and the work has not been completed. People come to us with those complaints. Often they are traditional vehicles that people are looking to get done up. They take a long time. They have been sitting in a workshop for perhaps 12 months or two years and suddenly they have closed up and nothing has been finished or it is in parts and there are complaints.

There is a compensation component attached to the motor vehicle repairer scheme. It has some limits in that it is a last resort, so you have to expunge every opportunity you have to try to recover debts before you can make a claim against the fund, and then those claims are capped at \$6 000. We have recently been dealing with a workshop that closed that was in this sort of sphere. There were in excess of 20 customers. They have all lost dollars. They are all pursuing that. Once the business is officially wound up and there are no dividends coming back to those consumers, they will then be able to put in their claims to the compensation fund. That tends to be the level of investigative work or complaint work that we deal with in the smash repair industry.

Having said that, a lot of anecdotal evidence comes to us from our interaction with people at the MTAWA in terms of their complaints about insurers pushing down prices and insisting on certain standards. Businesses talk to us and say, “Well, I can’t quote to do that sort of level of work, and if they are getting it done elsewhere, people must be cutting corners.” But no formal hard evidence has been brought to us about those sorts of behaviours—there has been no evidence of substandard repairs within the industry brought to our attention. I have no doubt that they occur from time to time, but they are just not coming to us.

The CHAIR: Is there any quality assurance or spot checking on the quality of repairs? Once you have licensed a business and a tradesperson, is there any sort of ongoing monitoring of the quality that is coming out of those workshops?

Mr HILLYARD: No.

The CHAIR: Okay.

Mr HILLYARD: We are just not geared up for that level of work. We will deal with complaints. We certainly have qualified technicians working for the department with mechanical backgrounds, and there are some from the panel and paint industry. They will deal with complaints as and when they come up. We do a compliance regime of visiting these workshops, but I have to say that the majority of that compliance activity is about saying, “Are you licensed? Have you got your signage up? Have

you got the right number of tradespeople to tradespersons for supervision purposes? Do you have the right people qualified to do that level of work that you've got in your workshop?"

The CHAIR: Are you aware of the inquiries that have been held in New South Wales into the issue that the minister wrote to us about?

Mr HILLYARD: Yes.

The CHAIR: Are you aware also of the Senate committee inquiry into the automotive industry more broadly?

Mr HILLYARD: Yes.

The CHAIR: On my reading, one of the issues that was raised in those inquiries was vertical integration of the industry from insurance right the way down to the workshop. Are you aware that that is happening in the motor vehicle repair industry here?

Mr HILLYARD: Yes. There have been some significant changes in recent times, with big organisations getting into the panel repair industry here in Western Australia. There have been, I guess, those issues about whether that domination within the repair industry is a good or a bad thing. I do not have an opinion on that. Our concern would be if we had shoddy repairs and consumers were not getting looked after. Those complaints are not coming to our attention.

The CHAIR: So although some suspicions have been raised, there is no way of verifying that this is the case or monitoring of it?

Mr HILLYARD: No. When we speak to members of the MTA executive and they give us these lines about what they have heard going on in the industry, we ask them to bring those things forward. They can give us this sort of information anonymously. They can tell us about backyard repairers, in terms of unlicensed repairers, but we have not had strong evidence of that sort of behaviour. The issues we have looked to investigate have been complaints that have come quite sporadically about overservicing of vehicles—when someone has taken it in for just a service and suddenly they were told, "Here's a page full of repairs that you need to get done", but when that is checked by another workshop, that is not the case. I have to say that they are few and far between as well, but that is not really associated with the smash repair industry.

The CHAIR: Do you have any impressions about how the national voluntary code of practice for access to service and repair information for motor vehicles operates?

Mr HILLYARD: Only insofar as we are aware that it exists and that it is there as a system, and that WA repairers and insurers have signed up to that code. We have made contact with the Small Business Development Corporation. The Small Business Commissioner is now in place as one of the arbiters for disputes. He has not indicated to us that there are any complaints going in his direction either.

Mr SMITH: The figures are that 32 insurance companies and 252 WA smash repair businesses have signed up to that code. I thought that was quite a significant number.

The CHAIR: Yes.

Mr Y. MUBARAKAI: David, I just want to go back to the earlier comments you made regarding the compliance activity process that you have in place, where staff go out and check on compliance with regard to licence applications and whether the right calibre of people are working in the business. Could you give us an indication of the resources that are available to you? Is that an inefficient area in which you require more assistance, or are there budget constraints in terms of staff being able to execute a range of processes to overlook and to undertake random inspections to make sure that

industry is working with clear honesty? I am interested in the contrast. I want to understand where you are at and what would be the appropriate platform to work with efficiencies.

Mr HILLYARD: We have officers who visit both the sales industry and the repair industry. They are interchangeable; the fellows who do that inspection work can look at either level of workshop. I have to say that for the motor vehicle repairer side of life, the numbers that come back for noncompliance are reasonably high, but they are very small technical issues, such as not having a certificate up in the workshop. Instances in which we might find an inappropriately qualified or not-qualified-at-all tradesperson are very low. I have to say that I would not recommend that we put more resources into driving around and visiting all these workshops, unless there is evidence that we have widespread problems of inappropriately qualified people or non-qualified people working on vehicles.

[10.20 am]

Mr Y. MUBARAKAI: You talked about complaints coming through about overservicing. Does the department do random spot checks on a particular job that can be extracted from a workshop to monitor exactly where it is at in terms of its workload? Does such a monitoring process also take place from a compliance point of view?

Mr HILLYARD: Consumer Protection ran a program for over two years of doing what we call a secret shopper exercise. We recruited people from across our organisation of Commerce, as it existed then, so we are talking the best part of 1 000 people. We would invite them to come to us and say, "I'm getting my vehicle serviced." We would inspect the vehicle, allow them to go and get it repaired, reinspect it after the event and see whether they got proper diagnosis and proper repairs carried out. We did that for two years. It was quite a logistical exercise getting people back to our workshops et cetera.

Mr Y. MUBARAKAI: When was it?

Mr HILLYARD: It has not been run for the last two years—maybe slightly longer. We ran it for a solid two years. As a regulator I was very pleased, going from very low level service-type people right through to the dealership-type level, that we never found a problem. We never got to a point where we could say, "We're going to get you for misleading behaviour." We fed that information back quietly to the industry to give them a pat on the back. They were, I think, equally surprised. They expected to get more negative results. Trust me; we looked deep. It was a big exercise to come up with a zero result, if you are looking to penalise people. Of course, the positive side of that was that the industry was working really well. There are still issues with upselling within dealerships, but, again, that is a different issue from what you are looking at.

Mr S.J. PRICE: You said earlier that Consumer Protection does not get a lot of complaints with regard to the quality of work that is being undertaken. You also said that with regard to the audits, it is pretty compliant—there are some low-level issues but on the whole everything is pretty good. Are there serious issues within the industry or, in your view, is the regime that has been put in place quite effective?

Mr HILLYARD: My opinion is that the issues are economic issues. The insurance industry has traditionally obviously tried to bring its costs down and has directed repairers on how to repair vehicles. That has been a long process over a long time. If I can go back anecdotally 20 years, a repairer would have said, "Here is my quote to fix your car." He would have given that to me, the consumer, and I would have gone to my insurer and said, "I have had this accident. Here is my quote." That is no longer happening. The assessors are going directly to have a look at the vehicle. They are determining what needs to be done and they are setting the parameters for the repairs

and telling the repairer what they need to do and cutting back costs. That is the tension that is out there and has been growing over the years.

The CHAIR: Are assessors qualified? It is one thing for tradespeople to be qualified to make those calls, but are assessors? I would not go out and tell a bricklayer how to do his job.

Mr HILLYARD: No. They are not licensed to be an assessor under our motor vehicle scheme. We should make it clear that the licensing of motor vehicle repairers is only in New South Wales and Western Australia, so if you are in any of the other states, it is as it used to be here. Those assessors generally are people who hold qualifications recognised by the insurance company as being good enough to do the job. They have either been a panelbeater, a spray-painter or they have significant experience in that field. We have had technical officers working for us who might hold a mechanics qualification, but their experience in the industry over the years tells us that they can diagnose what is wrong with paint and panel issues without holding a specific qualification. I think that would be true for the assessors working for the insurance industry.

The CHAIR: Part of the whole purpose behind having tradespeople registered and qualified and having to maintain that level of qualification is that their knowledge needs to be current and they need to be aware of changes, particularly in the automotive industry, where the technology evolves so quickly and particularly when IT is increasingly controlling so many braking systems, acceleration systems—you name it. If I was a panelbeater or mechanic 20 years ago, the cars that were being serviced 20 years ago are not the cars of today. The whole idea behind having an ongoing licensing regime is to make sure that skills are current and knowledge is current. What comfort can we take that the assessors are keeping their knowledge up to date so that when they say, “All you need to do, mate, is fix X, Y and Z”, that is actually the correct process or correct set of repairs that need to be done?

Mr HILLYARD: Yes. They are the tensions that are being felt by the industry. I should clarify for you that once someone is registered with us as a tradesperson, that is the last time we touch base with them. It could be someone who got their qualifications 20 years ago. They are recognised as having done that. It is not compulsory professional development—that is not built into the system whatsoever. In terms of quoting for the job and putting up what they say they are going to do, the tradesperson or the workshop has the responsibility to say what are the minimum standards they will work to, and if the insurer is insisting on something different, that is what the code of conduct is about; that is, “They are telling me that I cannot fit this new airbag”—or whatever it might be—“and they are directing me to do improper or inappropriate repairs.” It is at that point that the workshop either has to reject the job or take it to the code and say that they are being pushed into doing things they cannot do.

The CHAIR: Is there not some market power issue there? If you are a mechanic getting by on pretty thin margins, are you really going to turn away an insurer that could potentially refer an awful lot of work to you? There is such an unequal bargaining position there.

Mr HILLYARD: I would have to agree with you. They are the issues that the industry talks to us about anecdotally—the pressures these guys are under. The people from the smash industry who have been on our advisory committee literally pull their hair out at some situations that they are trying to deal with and they see going on within their industry.

Mr Y. MUBARAKAI: The one thing I have also heard from industry, and I would like to know your understanding of it, is with regard to the ability of repairers to access information with regard to certain companies. There are a lot of restrictions on that regarding the repair and maintenance of vehicles. Do you think that current legislation is sufficient to bring a platform that is equal for all players in the market?

Mr HILLYARD: My understanding is that there is not legislation that deals with that issue. It has been one of those tensions that has been played out around the world about intellectual property rights. The industry position here is that they should get reasonable access. They understand that they need to pay for it, because it is intellectual property, but it goes all the way from diagnosing what might be going wrong with an engine through to what are the types of metals used and what is the fixing method for putting a windscreen into a car. Windscreens are not just stuck in now; they form part of the structural integrity of the vehicle. It is getting access to that sort of information. Yes, there are a lot of tensions because you have to pay for that information. Sometimes, that is held at a very high price.

Mr S.K. L'ESTRANGE: One issue, to follow up on Yaz's question, is that when a vehicle is under warranty, there is an understanding that some car manufacturers require that the car be fixed by a licensed dealer linked to the manufacturer of the car—they hold a licence. I kind of understand where the company might be coming from with that requirement, but if it is a 10-year-old car that is well out of warranty and if a small business mechanic or repairer is unable to access what type of oil or what type of lubricant to use in that engine—just that simple data—and has to pay for it, even though the vehicle is well out of warranty and is no longer under the responsibility of the original car manufacturer, do you think there is scope for some sort of legislative change to enable small business mechanics to access the right data so that they can perform their duties well and in the best interest of the consumer?

[10.30 am]

Mr HILLYARD: That is a very good question!

Mr SMITH: Yes. Can I make a comment—I am probably not attempting to answer that, and obviously I am still learning in this space as well—there may well be a case in that circumstance, if it is right, for doing that, but my impression at this stage is this not a local problem and it is not a problem that legislation in WA would necessarily fix at this stage. It is in fact a global problem, to me. That better solution perhaps is about consumer education, because at the end of the day we want to put power in the hands of the consumers to know when they are making that choice about the purchase of a car, what does that mean for them, for the warranty period and beyond the warranty period.

Mr S.K. L'ESTRANGE: The concern for me, beyond the warranty period, is price gouging.

Mr SMITH: Yes.

Mr S.K. L'ESTRANGE: And that is where you will get somebody who has the licence to fix, say, a 10-year-old BMW and because they are the only provider who can access the data, people will pay upwards of 50 to 70 per cent more to go to that person to do a simple task on the engine, for example, or a simple repair task, which somebody else could do, obviously, for a lot cheaper if they could access the data easier. So I think that is the question.

Mr HILLYARD: Yes. I do not think that it is an easy one to answer or to come up with a solution for, because there is such a vast array of circumstances that can arise. We know that there are a number of people out there in the marketplace who now specialise as being the diagnostics. So the small workshop will engage a fellow who will come around with the diagnostics in his vehicle, and he has paid for that licence and that intellectual property. So for a small repairer, who might be looking at a Holden, a Ford, a Toyota, a BMW—whatever it might be—he does not want to pay for all the diagnostic tools for each type of vehicle. So he engages a fellow who has paid for that and he will drive into his workshop, plug the car in, diagnose the problem.

Mr S.K. L'ESTRANGE: But the cost of what you just said —

Mr HILLYARD: Adds to the vehicle —

Mr S.K. L'ESTRANGE: — is still passed on to the consumer.

Mr HILLYARD: That is right.

Mr S.K. L'ESTRANGE: Whereas if it did not need to be, the cost could be kept down.

Mr HILLYARD: But someone owns that intellectual property. So whether you go to that manufacturer's authorised repair outlet, you will still pay a premium for that intellectual property, and that is coming from manufacturers. That can go to the extent even of specialist tools.

The CHAIR: I do not want to put words in your mouth, so I will phrase my question carefully. We are talking about access to intellectual property, which is typically governed at the national level. I think even constitutionally it is the preserve of the federal government. We are talking about large-scale market issues around the relative power of insurance companies versus small-scale smash repair workshops. What, if anything, could the state government do in this space beyond a consumer education campaign that you have outlined, Mr Smith? What could the state usefully do in this space?

Mr HILLYARD: I do not know, and I cannot see that it would be a role for the consumer protection legislation around repairers that would get into this space. We do not regulate the insurers. So you as a consumer take your broken vehicle to the insurer and say, "I want you to get this fixed because I have paid for a policy to have that done", that insurer takes the vehicle off and arranges those repairs and brings it back and gives it back to me, as a consumer, and I am happy days. The economic tension between the insurer and the repairer is what is being raised around Australia in terms of a problem, and there have been the Senate inquiries. The federal government's response to that has been to modify the code of conduct and give it some more teeth in terms of dispute resolution. But I guess they too are looking for the evidence of consumer detriment which is occurring. They recognise there are tensions between those two businesses, but I am not sure that is sufficient for them to engage in running that marketplace.

Mr S.J. PRICE: You want to be one of the insurer's approved repairers because that is where the cheques come from. Do you think if it were possible to separate the assessor out of the business—so you take your vehicle to a smash repair place, the bloke that assess it works there, probably the bloke that owns the business. You drop your car off or go there to take a few photos, you go away and they ring you up and book you in, you do not know anything about the cost associated with it.

Mr HILLYARD: No.

Mr S.J. PRICE: But if the assessor was an independent person, do you think that would have an impact on how the repair work is managed and then leading through to, essentially, the cost of repairs and then finally impacting on what your insurance premiums are?

Mr HILLYARD: Well, if I can answer that in a slightly different way. In Western Australia we have vehicles that can be written off in two different ways under our licensing regime from the Department of Transport. So if a vehicle is involved in a serious accident and it is structurally unsound, it will not be put back on the road; it is delicensed and it can only be used for breaking up the parts. So that is a statutory write-off. Then there is a write-off regime which is an economically unviable vehicle to repair. So the insurance company registers that against Transport's records and says, "This is uneconomic to repair", delicenss it and sells it into the marketplace. It is those vehicles which are being purchased which cause great angst to the motor vehicle industry. They are being purchased by people who then take them away and repair them.

Now, to get that vehicle back on the road it needs to be inspected by authorised inspectors from the Department of Transport or their authorised agents, and that repair needs to be inspected throughout the process of the repair. So the Written-off Vehicle Register identifies what the damage

was—front right-hand corner—in broad terms. So in the process of repairing that vehicle, redoing the subframe, the suspension, whatever it might be, before that is all painted black and you cannot see what has been done, that needs to be inspected and ticked off by an assessor. Then it needs to be inspected at the conclusion of repairs, assessed as being roadworthy, relicensed, put back on the road and sold back into the community, or repaired for me. You know, an insurer might write my car off, but it is the love of my life, it still goes through that delicense process, gets reinspected, I have got it fixed properly, it is back on the road.

The inspection thing you were talking about around insurance assessors, which the industry says, “There should be someone checking on the repairs that are going on. If they’re insisting we do things to a dollar, then we should have an independent person say that’s an appropriate repair.” It is always about, “The bloke down the street has undercut me, he must be cutting corners.” But that does not come to us; that is tensions between businesses. But I am sure when you get to meet with industry players, they will explain how all that is working and what the impacts are.

Mr Y. MUBARAKAI: David, earlier, prior to Stephen’s question, you were talking about tensions between repairers and insurers, and obviously that is where the disputes are. So when there is a dispute between these two bodies and it escalates to a point where mediation is required, what steps does the department take to sort of try and mitigate or bring each party to a satisfactory outcome?

Mr HILLYARD: Yes. So that does not come to Consumer Protection.

Mr Y. MUBARAKAI: It does not? Okay.

Mr HILLYARD: It sits with the Small Business Commissioner. So he is nominated under the code —

Mr Y. MUBARAKAI: Would you be able to share any information with this committee with regard to—not holding you to it—what are the steps that the department takes to help any —

Mr HILLYARD: No, I do not have that.

Mr Y. MUBARAKAI: No idea?

Mr HILLYARD: I do not have that.

Mr Y. MUBARAKAI: Okay. Thank you.

Mr HILLYARD: But we did make contact with the Small Business Commissioner, and he has not had a dispute since the code has been ramped up.

Mr Y. MUBARAKAI: Sure.

Mr HILLYARD: So nothing has come to him, but again I think you would understand that it is biting off the hand that is feeding you at some stage as to whether you would take something through a dispute process.

Mr Y. MUBARAKAI: Sure.

The CHAIR: Anybody else have anything else?

Mr SMITH: If I may, can I just come back, Madam Chair, to —

The CHAIR: Of course.

Mr SMITH: — your question earlier. To my mind again, the issues that are raised—you asked about the imbalance in the market between insurance companies and small repairers, and the question around information and intellectual property and stuff. At heart, to me at least, they are competition-type issues and the ACCC, with which Dave has obviously had contact with, have certainly got this on their radar. They have an inquiry at the moment into car retailing, I think, and

the advice we have had is that once that is completed, they will be looking at this. So there is that sort of body of work that is potentially occurring.

But your question about what could be done at the state level, I guess the way I am seeing these issues is, as Dave said, the information we have about complaints and so on is not indicating there is a problem as yet. But if you were to hold an inquiry—I do not know if you have decided yet to do so or not—I think our indications are you will have interested stakeholders who will want to come interstate to present information to you. I think, to me, that is more about what are these pressures, whether it is that imbalance and move to bigger insurance companies. What is the potential for that to lead to greater consumer problems? To my mind, there would be value in that committee and that inquiry not so much because of issues that are occurring now, but more about what are the pressures in the industry going to lead to in perhaps the near future. That would mean more work for Dave and his Consumer Protection.

The CHAIR: Yes. It is a really interesting thing because, at the end of the day, what we are concerned about is whether consumers are getting a fair go and the cars that are being put on the road are roadworthy.

Mr SMITH: Yes.

The CHAIR: As I am sure you are. But on your opening, sort of, evidence, when you did a two-year-long spot check to make sure everybody was behaving themselves, there was no problem in the quality of work and in the safety of people that are driving cars. It sounds to me like the issues that are present are macro issues that are sitting above what a state government might usefully be able to intervene and address.

Mr HILLYARD: Yes, they are certainly market issues.

The CHAIR: Yes.

Mr SMITH: So I agree entirely with that. My point was yes, but it is a another instance, if you like, where there are things happening in the world that we operate in that are perhaps changing some of the relationships and the things that our system of consumer protection has relied on. So, an inquiry here in a sense would help us try to anticipate what do we need to change as a result. Not because there is a problem now, but because there might be a problem in two years' time or five years' time. In a regulatory space, I am very interested in us trying to make sure that we are anticipating, to the extent we can, those sorts of issues rather than perhaps trying to fix them up when it is too late.

The CHAIR: The frustration for us—I mean, there has been a New South Wales inquiry that has looked into this at some length. There has been a Senate inquiry and the Senate recommended that the federal government take a whole series of steps and actually initiate an independent inquiry looking into this very thing, and the commonwealth government's response was, "We are just going to watch it."

Mr SMITH: To keep an eye on it.

The CHAIR: So, the one level of government that actually could seriously attack this has so far elected not to and has had—the Senate committee made its recommendations 18 months ago, and in September the commonwealth turned around and went, "You know what? We are just going to keep watching, and if we see it is an ongoing problem, we might do something." So there is a frustration there that a state government has already looked at this and said, "There is very limited scope for us to do anything; the commonwealth needs to act." But I do take your point. I guess if there was another inquiry that said, yet again, there is a problem here that the commonwealth needs to address, I guess ours could be another voice added to that.

Mr SMITH: Two things: it might do that, but it might also say there is going to be some issues in relation to consumer protection and safety, but because of the tensions, if you like, that are continuing to emerge.

Mr HILLYARD: So what we have not seen is, I suspect, what the commonwealth are also waiting to see, and that is vehicles that are not being adequately repaired and put back into the market. The arguments about what a smash repairer gets paid for doing the repairs is a side issue really. The ultimate aim is the insurer gets the vehicle back on the road and it has good quality workmanship and it is roadworthy. We do not see evidence of vehicles coming back into the marketplace that are not roadworthy.

Now, there is a whole range of things out there, like we do not collect proper data from road accidents. Police reports do not hook into the Written-off Vehicle Register to say that vehicle has been in a serious nose–tail and it therefore needs to be repaired. That never appears in any records, never in the history of the vehicle. It is only where it becomes an economic write-off that it even gets into those records. If I drive a car that is in a serious accident and it is not insured, or I do not have an insurance claim—because I might have been a drink-driver, for instance—that vehicle is never going to turn up in the Written-off Vehicle Register because the connection between the police reports of that accident damage and the licensing records of the vehicle do not exist. So, there is a whole lot of data metrics that are out there which just do not connect to one another, and that is Australia-wide. Vehicles are written off in New South Wales, they have only got statutory write-off.

Mr S.J. PRICE: In New South Wales?

Mr HILLYARD: Yes. They delicense them. Well, where do those vehicles go?

The CHAIR: They are stuck on the *Indian Pacific* and over here.

Mr HILLYARD: Well, Queensland will tell you they all go across their border!

Mr Y. MUBARAKAI: David, I am pleased to hear that you guys ran a program for two years to make observations regarding best practice, and I know it has been a while since you had one. Do you know when you are going to run the program again to keep current with what the findings were? I am not saying you have to do it at regular intervals, but since you started a program that has worked and the information and data collected has been very useful, what would be interesting for us to know is are there plans for that same program to run at regular intervals? Just so that we keep current with the —

Mr HILLYARD: I have got to say we do not have plans to reintroduce it. In our previous structure, we were in a workshop in Osborne Park and we had access to our own hoists and mechanical equipment, but we have moved out to Cannington and that is not possible now. So when we need to access a workshop, we have to actually rent those workshops to get access to that sort of stuff.

Mr Y. MUBARAKAI: So are there budget constraints where you could sort of JV with a repairer that you are well versed with, “It’s all right. You’ve got a two-year contract; we’re going to bring cars to you” and that way you could still maintain that level of commitment to monitoring the industry?

Mr HILLYARD: Yes, we could it, and yes, it will add a few dollars—I would not imagine a great deal—but I have not seen the need to reintroduce it, frankly.

Mr Y. MUBARAKAI: I think it would be a good idea to maintain, and that way you have consistent data over time that will give a sort of macro reflectiveness on the way things are operating.

Mr HILLYARD: Yes, it was certainly a good message to send the industry, first, that we were doing it, so we were reporting on it throughout that two-year period, and then we gave them a pat on the back when we finished.

Mr Y. MUBARAKAI: I really recommend the program, I like the feel and the touch of it, and I think it is quite useful to maintain that going forward.

Mr HILLYARD: I will talk to the boss.

Mr Y. MUBARAKAI: Good.

The CHAIR: So will Yaz.

Mr Y. MUBARAKAI: Yes.

Mr SMITH: But again, you know, to answer the question, yes, there are budget constraints. But I was not aware of the program before Dave described it this morning. So I have learnt a thing this morning and, like you, it sounds like a good program. But again, if we were to look at that now and with the experience that Dave had two years ago—the program did not show any problems—in terms of a kind of risk, where can we spend our limited dollars for maximum buck? Probably without something that was out of this committee or somebody else that raises it saying, “Mightn’t be a problem now but there is going to be a problem in the future”, I would have trouble justifying it, which is probably what Dave’s suggesting as well. There might well be some other areas that we did that sort of activity in that might be more warranted but —

The CHAIR: We might get you back one day to talk about those.

Mr HILLYARD: There are a whole range of secret shopper exercises, like even checking barcodes in supermarkets. They go on all the time and, I have to say, we do not find major problems, which is good.

The CHAIR: It is good, yes.

Mr Y. MUBARAKAI: That is very good.

Mr S.J. PRICE: David, you mentioned earlier that the smash repair industry is a fairly close-knit family. Based on your comments, and actually it would appear that the industry in itself is performing quite well, do you think that is as a result of your work or is there a fair bit of self-regulation that goes on within the industry to keep the standard up?

Mr HILLYARD: No, I would have to say it is self-regulation and professionalism, and that is both in the repair industry and in the smash industry. They live and die by their reputation.

Mr S.J. PRICE: Yes, absolutely.

Mr HILLYARD: They are small operations, and, like you said, with small margins, you just cannot afford to run a bad workshop.

The CHAIR: Excellent. Well, thank you, gentlemen, for coming in today. I will proceed to close today’s hearing and thank you for your evidence before the committee. A transcript of this hearing will be emailed to you for correction of minor errors. Any such corrections must be made and the transcript returned within seven days of the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee’s consideration when you return your corrected transcript of evidence. Thank you.

Hearing concluded at 10.50 am
