



G'DAY
From
AUSTRALIA

&

NEW ZEALAND

Australia

- **21 million + population**
- **12 million car parc**
- **2 Major Insurers, IAG and Suncorp/Promina Group *****
- **4000 approx shops and declining**
- **Millions of Kangaroos! (good for business)**

New Zealand

- **4.3 million population**
- **2.75 million car parc**
- **Major Insurers, IAG, AMI, Vero and Lumley**
- **1100 approx shops and declining**
- **Millions of sheep (good to eat!)**

New Zealand Industry Update

The market does not have the problems that Australia has with insurers, the relationship in fact is quite good. They do however have a problem with spare parts. Insurers prefer used parts where possible and they have an online system to support this. Insurers want to control the cost of parts.

Industry Update Australia 2009

**NTAR/The Code
Waterborne
I-CAR**

**Consolidation
Manufacturer Recommended
Shops**

**Online Insurance
Aftermarket Parts**

NTAR, how is it going?

It started on 22nd October 2007. We now have all of NSW, the largest state on board. Guess what? The average cost of repair has gone down! Insurers win again.

Code of Conduct

- Operating for 3 years, only mandatory in NSW.
- It is not working
- Repairers reluctant to complain because of fear of repercussions (sound familiar!)
- Code currently under review

Waterborne

All of the major paint companies have their waterborne offering available. Only recently has the Government started to look at the industry in Australia. It will probably be 3 to 5 years before legislation. In NZ no plans from Government right now. Everyone using waterborne to date is very happy with it, all brands. It is the future of refinish

I-CAR

I-CAR has been available in NZ for almost 20 years and in Australia for more than 3 years. Both are going very well and will continue to grow as technology continues to change.

Consolidation

- **CARSTAR**
- **AusArc...now Gemini**
- **Woods (Melbourne only)**
- **Sheen Group (Melbourne only)**
- **Carcraft (Perth only)**

The Industry is still not sure on this!

Manufacturer Network

Toyota was the latest manufacturer to try to put together a network of shops to offer their customers a preferred/recommended option of choice. They have now decided to go with their dealer shops (only 6). Mercedes, BMW, other European and Japanese manufacturers have arrangements in place.

Online Insurance

In Australia we are seeing more and more online insurers appearing. The latest is Virgin, Sir Richard Branson's company and his comment was that 'Australians are being ripped off on auto insurance and they would be offering substantial savings to the consumer. They are currently offering up to 40% discounts plus 13 months for 12 months and two year fixed rates!

The problem with most of these online insurance offerings is that they would appear to be offering discounts which in turn leads to more pressure on body shops to reduce their cost of repair to the online insurer. We also have Australia Post selling insurance over the counter and our two largest supermarket chains, Coles & Woolworths looking at it...bad news in my opinion for our industry.

Aftermarket Parts

Insurers would like a “slice” of the parts discount. Difficult with OEM but one major insurer is working with an aftermarket (parallel) parts supplier to deliver direct and charge the insurer. Shop owner would receive say a 10% handling fee.



That's It!

Thank you to CIC and Russell for allowing me to talk to you today. I regard America as my second home and all of you as my friends.