

BULLETIN

Body Repair Division



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Shop Rate Calculator for Smash Repairers Released

New tool to help determine real costs of motor body repair businesses

Dear BRD Member

Following on from the bulletin sent on 31 January 2017 titled 'VACC BRD gets real about the true costs and charges of motor vehicle body repair', the Victorian Automobile Chamber of Commerce (VACC), Motor Trades Association of Australia (MTAA) Limited and its affiliated organisation, the Australian Motor Body Repairers Association (AMBRA), today made available a new cost calculator tool. This tool will assist motor body repair businesses transparently identify their costs and a charge out hourly rate for their business.

The tool, which has been independently analysed by national business advisory and accountancy firm BDO, and examined by the Australian Tax Office (ATO), enables all motor body repair business owners/management to capture all of the costs associated in running their businesses. The tool also includes helpful worksheets for Profit and Loss, Tradespersons costs, and has the added potential of highlighting areas of business operations where further efficiencies can be made and/or improvements in productivity.

VACC BRD Chair, Mr Morry Corvasce, has said the cost calculator would help motor body repair businesses not only identify their actual costs of doing business, but assist in determining a fair, reasonable and transparent 'shop' or business charge out hourly rate that was verifiable, defensible and in accordance with sound business and accounting practice.

"Too many motor body repair businesses, who have heavily invested in training, equipment, tooling, and in meeting the demands of a rapidly changing automotive industry, are being forced to accept rates and charges demanded by work providers that simply do not reflect the costs of their business and placing them at a significant disadvantage or even jeopardizing their future" Mr Corvasce said.

"Most work providers in the motor body repair industry have their own calculators or processes that are required to be applied in order to secure work. These tools or processes rarely capture the complete picture and contain elements or parameters designed to produce a pre-determined charge rate outcome. This leads to different motor body repair businesses, with different capabilities or services, differing levels of staff and costs, being subjected to a rate for their services which are not reflective of their actual costs – even though they may have already made significant improvements, generated efficiencies and productivity enhancements to be competitive" Mr Corvasce said

VACC Executive Director, Mr Geoff Gwilym, said the development and provision of the cost calculator tool was an essential element in providing transparent competition in the motor body repair sector and had involved all State and Territory Member Associations and their body repair membership as well as trusted partners and business associates.

Mr Gwilym highlighted the importance of Federal Government initiatives, in particular, the ATO and ACCC programs, designed to improve the business acumen of, small business.

"The development of this tool highlights the value of relationships and collaboration by the VACC, MTAA with these Departments and Agencies to improve the sustainability and profitability of its business constituents. In particular, the VACC is grateful for the work of the small business team in the ATO for providing essential feedback and suggestions for improvements to the tool" Mr Gwilym said.

VACC also notes the ATO acknowledged 'The challenge faced by the Smash Repair Industry to influence and control profit margins in a competitive economic environment largely controlled by insurance companies is clear. Accurate calculation of direct and indirect costs places smash repair businesses in a more powerful and informed position to negotiate contracts, prepare quotes and ultimately operate successful businesses.'

The shop rate calculator can be downloaded and is available to VACC and TACC motor body repair businesses by [clicking on this link](#)

Additional Resources

Industry Standard - [AURANN001 Estimate & Quote Automotive Body Repairs](#)

Industry Standard - [AURVNA003 Review vehicle repair](#)

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