

Bulletin

Body Repair Division



Reference No. the time is right to lift prices/kz-9-22

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The time is right to lift prices

In a recent article by [Bodyshop News](#) the Victorian Automotive Chamber of Commerce (VACC) CEO Geoff Gwilym asserts that the prevailing challenges faced by the automotive industry represent an opportunity for body shops to raise prices, saying “if there was ever an opportunity for the body repair industry to actually use its power and influence in the market of fixing cars, it’s now.” The ongoing skills shortage and business closures brought about in part by COVID-19 lockdowns and illness have created a backlog of work, prompting a call to decline poorly paying jobs.

Mr Gwilym states “We have advocated for higher wages in the automotive industry for years. Well, guess what? We’ve got them,” Gwilym told BodyShop News. “We’ve got mechanics earning \$100,000, \$110,000, \$120,000, \$130,000. We didn’t want it through a pandemic, and we didn’t want it through a starvation of labour, but the tide has turned.” Despite the history of insurance company control over body repair pricing, Mr Gwilym said the industry can also use market conditions to lift prices.

Mr Gwilym noted “I’m not raising a flag to body repairers that they need to gouge insurers. I’m just saying it’s an opportunity to step back and evaluate your business. People tell me body repairers haven’t had a real rise in wages or income for over 10 years because they have been marginalised through cost-cutting. To be honest with you, in many cases, insurers have screwed the body repair industry for many years and guess what – we’re in a different world now.”

Mr Gwilym also said businesses performing cheaper work because they own their premises undermines the rest of the industry as they set a low benchmark. “Some people would say ‘Geoff, that’s just market conditions’. Well, it is, but if you’ve paid off your workshop and your overheads are quite minimal, and then you’re pitching a price in the market that nobody else could survive at, then effectively you’re just helping to put other people out of business.

VACC encourages all repairers to realistically look at the costs of their business, look at the hourly rate they charge and determine the true cost of running a business – then charge insurers accordingly!

Read more in [BodyShop News International](#).

If you require further information, please contact Industry Policy Advisor, Kathy Zdravevski.

Kind regards

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