

Release of draft report - Accident towing fees review 2021

Background

Further to our [Bulletin](#) of 9 August 2021, the Essential Services Commission (ESC) has today released their [draft report](#), which outlines the basis for their draft recommendations to the Minister for Roads on accident towing, storage and salvage fees within Melbourne and the Mornington Peninsula (known as the Melbourne controlled area).

The Victorian Automotive Chamber of Commerce (VACC) provided the ESC with a [submission](#) in response to the ESC's Accident towing fees review 2021 [Consultation paper](#). **The ESC draft recommendations include that:**

- the current regulated accident towing fees are appropriate and should only be increased in line with current indexation arrangements
- the current regulated storage fees for the Melbourne controlled area are appropriate and should only be increased in line with current indexation arrangement
- the 0.5 per cent productivity adjustment factor should remain unchanged
- the Minister for Roads should not make a determination on basic salvage fees under section 211 of the Accident Towing Services Act 2007.

The ESC assessment is primarily based on a benchmarking analysis (based on advice the ESC received from [Marsden Jacob](#)), in addition to stakeholder submissions.

VACC's Submission (August 2021)

VACC's submission covered three key areas in detail before providing an itemised response to the ESC's list of stakeholder questions. The key areas covered are:

- the background to the factors affecting the industry that VACC considers are relevant for the ESC's recommendation under section 212A of the *Accident Towing Services Act 2007* (Vic)
- the need for a cost-of-service methodology, with a benchmarking approach not appropriate
- the need to set a productivity adjustment figure of negative 0.5 per cent, as the default figure of 0.5 per cent a year is not appropriate.

Included as an appendix to VACC's submission was a cost-of-service model approach prepared by Deloitte Access Economics.

Next Steps

The ESC now invite written submissions on their draft paper by close of business **Friday, 11 February 2022**. **General comments and formal submissions to their draft paper will be made by VACC**. If you wish to provide your feedback on the ESC draft paper, please provide your feedback by no later than **COB Thursday, 13 January 2022**.

Feedback can be provided via reply email to kzdravevski@vacc.com.au.

I thank you in advance for your time.

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