

Accident Towing and Storage Services Variation of Charges for 2022–23

Dear Member

The Victorian Automotive Chamber of Commerce (VACC) wishes to inform you that effective 1 July 2022, a 12.8% increase has been approved for accident towing services and the service of storing accident-damaged motor vehicles by providers of those services for the 2022–23 financial year.

This represents a permanent and ongoing increase in accident towing and storage fees in accordance with section 212H of the *Accident Towing Services Act 2007* (the Act), and as approved by the Minister responsible for the legislation, The Honourable Ben Carroll.

Table 1. outlines the 2022-23 **updated** regulated fees in the Melbourne controlled area.

Table 2. outlines the 2021-22 regulated fees in the Melbourne controlled area.

Table 1		Table 2	
Accident towing fees from 1 July 2022		Accident towing fees from 1 July 2021	
Base fee (incl. first 8km)	\$256.40	Base fee (incl. first 8km)	\$227.40
Distance fee (after 8 km)	\$4.10	Distance fee (after 8 km)	\$3.60
After hours surcharge	\$87.50	After hours surcharge	\$77.60
Storage fees (per day)		Storage fees (per day)	
Car- under cover	\$29.00	Car- under cover	\$25.70
Car - in locked yard	\$19.60	Car - in locked yard	\$17.40
Motorcycle - under cover	\$9.60	Motorcycle - under cover	\$8.50
Motorcycle - in locked yard	\$6.10	Motorcycle - in locked yard	\$5.40

To view the Victoria Government General Gazette please [click here](#).

Although the increase may go towards reducing some of the industry cost pressures, VACC contends the new fee determination is not appropriate for maintaining a safe, efficient and timely accident towing service. VACC considers that if a cost-of-service approach were used, (not a benchmarking approach) it would likely show that accident towing and storage fees should be increased further.

The Essential Services Commission (ESC)

Every four years, the Essential Services Commission (ESC) conduct a review which recommends to the Minister for Roads:

- whether accident towing and storage fees are appropriate
- how accident towing and storage fees should be adjusted
- whether the fees for related services (such as salvage) should be regulated.

After receiving the ESC's recommendations, the Minister may then make a determination on these fees. VACC provided the ESC with a [submission](#) in response to the ESC's Accident towing fees review 2021 [Consultation paper](#). VACC then went on to provide a response to the ESC Accident towing fees review 2021 - **Draft report** which was released on 22 December 2021. Please take this [link](#) to the submission on the draft report.

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

VACC's submission to the Draft Report made the following key points:

- The ESC has not adequately consulted with the accident towing industry.
- Given the lack of consultation, and the uncertainty around the industry itself (as a result of disruptions from the COVID-19 pandemic and technological and other changes), the ESC should issue an interim fee recommendation.
- A cost-of-service approach remains valid and would be supported with appropriate industry consultation, which has not yet occurred.
- A benchmarking approach is not appropriate and is not supported by the evidence presented.
- The application of a productivity adjustment is not justified.

On 1 April 2022, the ESC released their **final report** albeit VACC's concerns that cost pressures in the towing industry are significant, and that the ESC's methodology was not appropriate.

Please take this [link](#) to the ESC final report.

Ministerial engagement and response

VACC has continuously and continues to engage with the relevant Ministers office and senior Executive's from the Department of Transport. After numerous meetings and dialogues with the department Minister Carroll has acknowledged the concerns raised by VACC during this process and has confirmed the following:

- Under the Act, the Minister may request that the ESC conduct a further review of accident towing fees and specify terms of reference for such a review.
- The Minister is open to considering a further fee review ahead of the next scheduled ESC review in 2025-26.
- The Minister has asked the Department of Transport to monitor industry costs and market conditions over the next 12-18 months and to advise whether a further price review is required in the light of emerging evidence.
- Should a further review be required, the Minister is also open to directing the ESC to conduct that review using a more thorough cost-of-service methodology.

Bottom line

VACC acknowledges the Minister and his office for the ongoing engagement and consultation, as well as the Department of Transport. Nevertheless, the increase in the fees although is some assistance to towing operators, the net effect of this increase remains not adequate.

VACC notes that, while the ESC has scope under other legislation to apply efficiency factors, it elected not to do so in recent years, nor in their final report. As a result of the difficulty in achieving ongoing productivity improvements, in an environment of higher traffic congestion and essentially no growth in the number of accident tows per truck since 2018, VACC remains disappointed that a productivity adjustment figure of minus 0.5 per cent remains.

VACC had presented evidence as prepared by Deloitte Access Economics in the appendix to their submission which indicated that productivity in the towing industry has been stagnant over the medium term and has declined significantly under COVID-19 conditions.

VACC considers a cost-of-service methodology would most accurately reflect realistic productivity improvements possible within the confines of a highly regulated accident towing industry relative to the broader Melbourne transport sector. This would also ensure the promotion of safe, efficient and timely provision of accident towing services and other related services. VACC will continue to provide further information to members, as it becomes available, in reference to a cost-of-service base fee.

If you need further information, please call me on 03 9829 1142 or via email at kzdravevski@vacc.com.au.

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