Victorian Automotive Chamber of Commerce

Response to the ESC on accident towing, storage and salvage fees

5 March 2025

VACC
You're in good hands

Attention: Price Monitoring and Regulation Division – Transport
Essential Services Commission
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About VACC

The Victorian Automotive Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians. VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), towing operators, tyre dealers and automotive dismantlers and recyclers.

VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.

Contents

Figures

Tables

Glossary

Acronym	Full name
ABS	Australian Bureau of Statistics
CPI	Consumer Price Index
ESA	Energy Security Agency
ESC	Essential Services Commission
EV	Electric Vehicle
ICE	Internal Combustion Engine
VACC	Victorian Automotive Chamber of Commerce

Executive summary

The Victorian Automotive Chamber of Commerce (VACC) acknowledges the Essential Services Commission's (ESC) draft report on accident towing, storage, and salvage fees in metropolitan Melbourne. However, the VACC strongly rejects the ESC's draft decisions and considers it to be a demonstration of a failed regulatory model, which will have significant consequences to the industry and consumers. The VACC does not agree with the ESC's draft decisions, its methodology, and conclusions. If the ESC's draft decision is adopted, it will have adverse consequences for the accident towing industry, with flow on impacts to Victorian consumers and the economy.

Rising costs are adding strain to the accident towing industry, threatening its long-term financial viability with potential consequences to quality and safety. The VACC has heard from accident towing operators that the current fees and pricing structure are unsustainable and do not allow the sector to keep pace with increasing costs and emerging technology. Further, for many operators, if no meaningful changes are made, exiting the accident towing industry is a likely option.

The VACC maintains that the ESC's continued reliance on its benchmarking approach is unsuitable for determining accident towing fees for metropolitan Melbourne. The ESC's benchmarking methodology continues to inadequately account for the unique cost drivers faced by Melbourne towing operators. Critical cost differences, including elevated land and storage costs, the increasing prevalence of EVs requiring specialised handling, and the specific regulatory environment governing accident towing in metropolitan Melbourne are not given sufficient weight in the ESC's analysis.

For example, the ESC's draft decision fails to consider the rapid increase in the number of larger and more complex vehicles on Victorian roads, including the increasing prominence of light commercial vehicles (up 11% since 2021). Larger vehicles require specialised equipment and longer towing times, adding to operational costs. The VACC reiterates its support for a simple cost-of-service approach, which offers a more accurate and transparent method for determining appropriate fees. This method would directly consider the actual costs incurred by towing operators in metropolitan Melbourne, encompassing labour, fuel, land, specialised equipment, insurance (particularly EV-related) and compliance. Changing to a cost-of-service approach is crucial given the rising input costs affecting the industry. Diesel fuel prices have increased by 34% since 2021. Insurance premiums have risen by 22% since 2021, a cost entirely unaccounted for in the ESC's draft decision. Labour costs in the transport, postal and warehousing industry have grown by 26% since 2021, double the average wage growth across other industries, yet the ESC's reliance on the general Wage Price Index underestimates the true impact on towing operators. Industrial land rents in Melbourne have also surged by 64% since 2021, a significant cost increase ignored by the ESC. Simply put, costs have risen much more for operators than the ESC estimates in their draft decision and failing to account for these pressures threatens the long-term viability of the industry.

Should the ESC persist with a benchmarking methodology, the VACC strongly recommends adopting the maximum fees applied in metropolitan Perth (including the Peel region) in addition to the Perth fee structure recently implemented (January 2025) by the WA Department of Transport (DoT). The WA model, implemented following an extensive consultation process including input from the insurance industry, incorporates a larger portion of the total fees into the base fee. The VACC emphasises that this approach is fairer, as most accident tow operators' costs are derived from fixed operational expenses and time spent at the accident scene, rather than incremental distance travelled. By focussing on the base fee, the WA model more accurately reflects these fixed costs, ensuring a more equitable and sustainable fee structure for operators.

The VACC is also deeply concerned about the ESC's position on the default 0.5 percent productivity factor. The highly regulated nature of the accident towing industry, as highlighted in the ESC's own Draft Report through its description of the allocation scheme, significantly limits operators' ability to

improve productivity in the traditional sense. Operators are assigned specific areas or jobs and are restricted in their ability to optimise routes or increase workload. While the ESC notes a recent improvement in some productivity measures, the VACC argues that sustained productivity gains are not realistically achievable given the unique nature of the industry, its regulatory constraints, and the unavoidable fixed costs. The VACC considers that much of the efficiencies within the industry have already been realised or are outside of its control, and that imposing further efficiency targets will impact on the long-term viability of the industry or lead to perverse outcomes such as increased risk-taking behaviour.

The ESC's Draft Report acknowledges, to some degree, the increasing prevalence of EVs but concludes that a separate EV charge is not necessary "at present." While the VACC acknowledges that there is resistance to adopting a separate fee, it urges the ESC to take the increase in EVs and hybrids on Melbourne's roads seriously. The VACC contends that the specialised equipment, training, and safety protocols required for EV towing represent a significant cost differential that cannot be overlooked. This cost differential is present today with around 25% of new vehicle sales in Victoria having a battery.[1] Further, the increasing prevalence of EVs and hybrids has driven up insurance premiums and created challenges in securing adequate coverage, shifting further risk and burden onto operators.

To ensure future focused fee regulation, the VACC urges the ESC to adopt a proactive approach regarding EVs and hybrids. The VACC proposes an interim solution: a fee based on the demonstratable, fair and reasonable costs associated with specialised EV/hybrid accident towing. This would provide equitable compensation for the unique services required, paving the way for a sustainable and adaptable fee structure that reflect the evolving accident towing industry.

Simultaneously, the VACC recommends that government amend the definition of 'Salvage' under the *Accident Towing Services Act 2007* to include EVs and will pursue this outside of this current review.

The VACC also has concerns around the level of meaningful, genuine consultation undertaken prior to the release of the Draft Report. The ESC states in its Draft Report that it "met with and received initial views of key accident industry stakeholders" including the VACC. The VACC stated at the time of these discussions that it would not consider these conversations to represent meaningful engagement and expects the ESC to undertake further consultation in the lead up to its Draft Decision. However, we note that the ESC has made a concerted effort to consult with the VACC following the release of its Draft Report.

The VACC considers that the ESC's draft decision, if implemented, will negatively impact the accident towing industry placing the viability of the sector and Victoria's road accident management system at risk and ultimately representing a regulatory failure. The VACC urges the ESC to reconsider its approach, adopt a simple cost-of-service methodology, acknowledge the limitations on productivity improvements within the industry, and to take the growing prevalence of EVs/hybrids more seriously.

The VACC is prepared to work with the ESC to create a fair and sustainable regulatory framework. The attached technical paper provides evidence and analysis supporting the VACC's position. This submission represents the views of the VACC Towing Division Executive Committee and the broader accident towing industry. The VACC has also consulted the US Energy Security Agency (ESA),[2] who have extensive experience with damaged electric vehicles in towing and collision repair. The ESA provides real time risk analysis for towing and recovery professionals as well as guidance and

[1] Australian Automobile Association (2024), Electric Vehicle Index, available at https://www.aaa.asn.au/research-data/electric-vehicle/

[2] Energy Security Agency (2025), Risk Analysis for Towing & Recovery Professionals, available at https://energysecurityagency.com/hybrid-electric-vehicle-risk-analysis-for-tow-professionals/

training services. The VACC can arrange for ESA expertise if further details on towing accident-damaged electric vehicles are needed.

The VACC is ready to collaborate with the ESC to ensure a fair and sustainable regulatory framework. The attached technical paper provides detailed evidence and analysis supporting the VACC's position.

The ESC presented 4 draft recommendations in its Draft Report. The VACC's responses to those recommendations are below:

Draft Recommendation 1: The current regulated accident towing fees are appropriate and should only be increased in line with current indexation arrangements.

VACC strongly disagrees with this recommendation. Refer to sections 2 and 3 of this submission.

Draft Recommendation 2: The current regulated storage fees are appropriate and should only be increased in line with current indexation arrangements.

VACC strongly disagrees with this recommendation. Refer to sections 2 and 3 of this submission.

Draft Recommendation 3: The productivity adjustment factor should remain unchanged at 0.5 per cent.

VACC strongly disagrees with this recommendation. Refer to sections 2 and 3 of this submission.

Draft Recommendation 4: Basic salvage services should not be subject to a determination under section 211 of the Accident Towing Services Act.

The VACC agrees with the ESC recommendation. Furthermore, the VACC recommends that government amend the definition of 'Salvage' under the Accident Towing Services Act 2007 to include EVs and will pursue this outside of this current review.

Box 1. "An industry on its knees"

Key points of the VACC's response and recommendations

- **Unsustainable conditions threaten industry survival:** The VACC reinforces that the ESC's draft decision will create unsustainable conditions, pushing the accident towing industry to collapse and triggering a mass exodus of operators.
- The VACC questions whether the ESC has met its objective of **ensuring the financial viability of the industry.** We implore the ESC to reconsider its approach and allow operators to recover, at a minimum, their efficient costs of providing accident towing services.
- **Unrealistic fees based on flawed data:** the ESC's Draft Decision is based on flawed and non-representative data that does not reflect the real challenges or costs of the sector.
- **Unachievable productivity target:** the assumed default productivity factor of 0.5 percent is unrealistic and unattainable within the highly regulated automotive towing industry.
- **Benchmarking against other states is inappropriate:** There are significant differences between Metropolitan Melbourne and other cities due to market conditions, regulatory environments, and cost structures making comparisons invalid and leading to inaccurate cost assessments. Whilst we do not endorse benchmarking, we firmly state that is it continues to be the basis, the starting figure must be below the Western Australian figure.
- **A cost-of-service approach is necessary:** A cost-of-service approach is essential. This method more accurately reflects the actual costs incurred by the Victorian automotive industry, ensuring a fair, sustainable and transparent regulatory framework.
- **The Perth fees and fee structure must be adopted rather than relying on data that is no longer relevant:** The WA model more accurately reflects the high fixed costs of the sector by incorporating a higher proportion of the total fees in the base fee. Further the $88 administration fee reflects recognition of the administrative workload currently ignored by the ESC.
- **A future focused approach is needed for EVs:** A pathway to a separate fee structure is essential for EVs and hybrids to accurately reflect their increased challenges and risks.

The VACC makes several key recommendations to the ESC to ensure its Final Decision supports the long-term viability of the industry. A summary of our recommendations is below. We have detailed our rationale for these recommendations within our response; further detail can be found in our Technical Paper attached to this response.

Recommendation 1: Accident towing fees should be adjusted to reflect true operational costs.

Recommendation 2: The ESC should use data that is more specific to the towing industry. Much of this is readily available.

Recommendation 3: The 0.5 per cent productivity factor should not be used as it is unachievable due to industry constraints.

Recommendation 4: A separate pricing structure should be introduced for Electric Vehicles

Recommendation 5: A cost-of-service approach should be used in place of a benchmarking approach.

Recommendation 6: If a benchmarking approach is preferred by the ESC, then it should align to the recently introduced feed applied to Perth and Peel in WA, as this is this is based off the most recent review.

Recommendation 7: The ESC must undertake meaningful engagement with stakeholders and

1 Background

1.1 Introduction

The Victorian Automotive Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians.

The VACC outright rejects the Essential Services Commission's (ESC) Draft Decisions on *Accident towing, storage and salvage fees* included in its Draft Report and implores the ESC to conduct a full review of costs and fees.

As the peak body representing the views of the towing industry, VACC can provide the ESC with direct insights and industry data to support the ESC in making a final decision that support the industry and consumers in metropolitan Melbourne.

1.2 Background on the accident towing industry

The accident towing industry is vital to Victoria's road safety and accident response. Prompt removal of damaged vehicles not only enhances road safety but also minimises traffic congestion, delivering significant economic benefits. Historically, accident towing was closely tied to related businesses, serving as a source of business. This integration influenced the initial fee structure, which may not have accurately reflected the standalone operational costs of towing.

Currently, industry stakeholders contend that the established accident towing fees are significantly misaligned with the true costs of providing these services. This disparity has widened over time. While storage fees have seen adjustments, accident towing fees have experienced negligible increases since 2009. Consequently, many operators rely on accompanying businesses to subsidise their regulated towing operations. This reliance underscores a fundamental flaw in the ESC's current fee structure, which fails to enable operators to recover their efficient costs, rendering accident towing unsustainable as a standalone business. Such a deviation from sound economic regulation principles not only jeopardises the industry's financial health but also threatens the essential services it provides to the Victorian community. The VACC emphasises that the ESC must act now and calls for a comprehensive re-evaluation of fees to accurately reflect the true costs associated with accident towing.

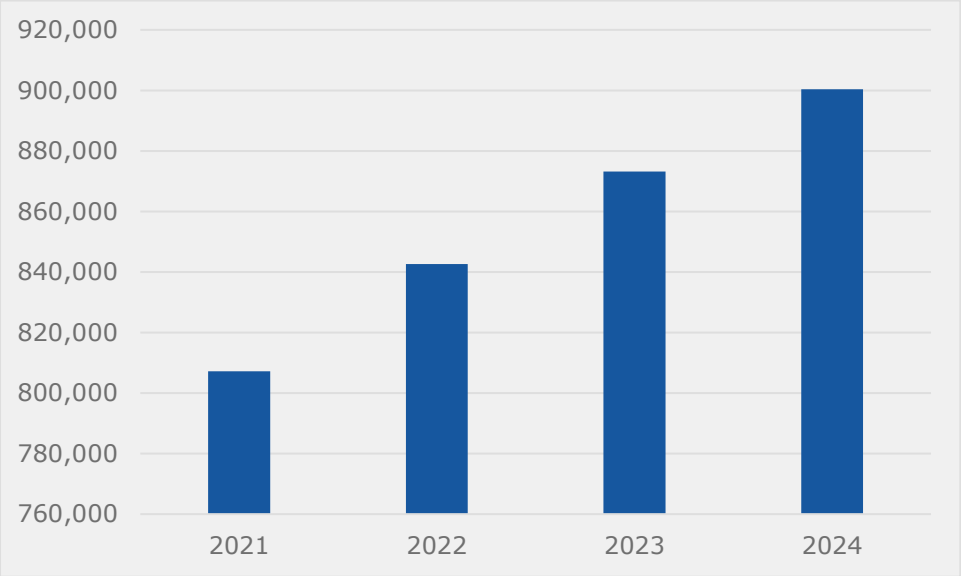
1.2.1 Vehicles on Victorian roads are getting larger and more complex for accident towing operators to manage

The automotive industry is evolving rapidly, with challenges ranging from electrification to changing consumer behaviours and evolving regulatory requirements.

The types of vehicles on the roads in Victoria have changed since 2021, with a higher prominence of vehicles that require more effort and present greater risks and costs for accident towing operators. Larger, heavier vehicles typically incur additional costs to towing operators due to increased fuel and time, and the need to use larger towing vehicles, specialised equipment, and space requirements.

The size and weight of vehicles on Victoria's roads has increased since 2021 (the commencement of the current pricing period), with no signs of this trend changing. Between 2021-2024, the number of Light Commercial Vehicles (such as utilities and vans) registered in Victoria has increased by over 11% (Figure 1.1). In contrast, the number of passenger vehicles registered in Victoria has grown by just 5% over this same period.

Figure 1.1 Light Commercial Vehicles Registered in Victoria

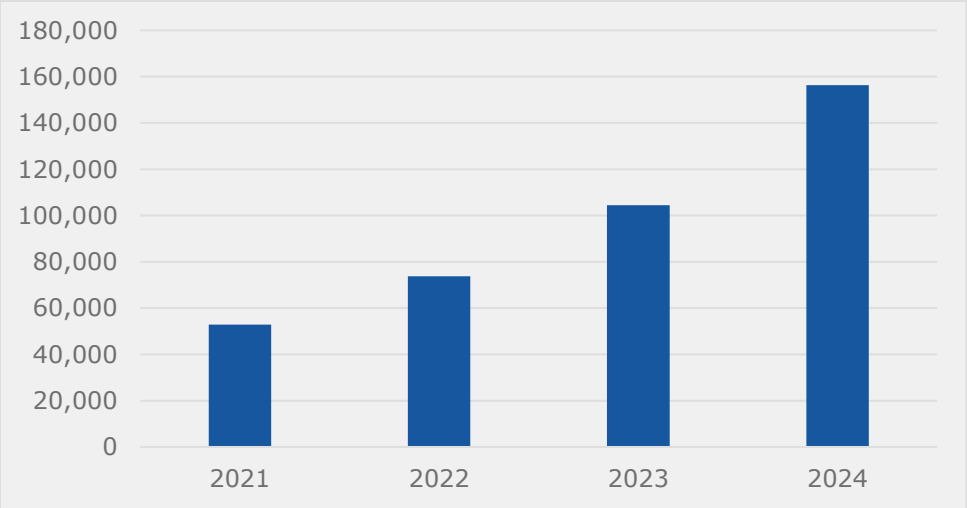


Source: Deloitte analysis of data from Bureau of Infrastructure and Transport Research Economics (2024)

While the size and weight of vehicles are increasing, the number of EVs on Victorian roads has also increased and will continue to grow in popularity. To date, the ESC has given little consideration to EVs and their implication for accident towing operators. Hybrid vehicles present the same additional challenges and risks that EVs do for accident towing operators and are already prevalent on Victorian roads, with the quantity tripling since 2021 (Figure 1.2), In the fourth quarter of 2024, hybrid vehicles already made up 18.3% of total light vehicle sales in Victoria.[3]

Full EVs are still a relatively small portion of the total vehicles registered in Victoria, however they are already growing rapidly, with 7.5 times as many EVs on the road in 2024 as there were in 2021. Their continued growth is expected to remain significant over the coming pricing period.

Figure 1.2 Hybrid electric and battery/fuel cell electric vehicles registered in Victoria



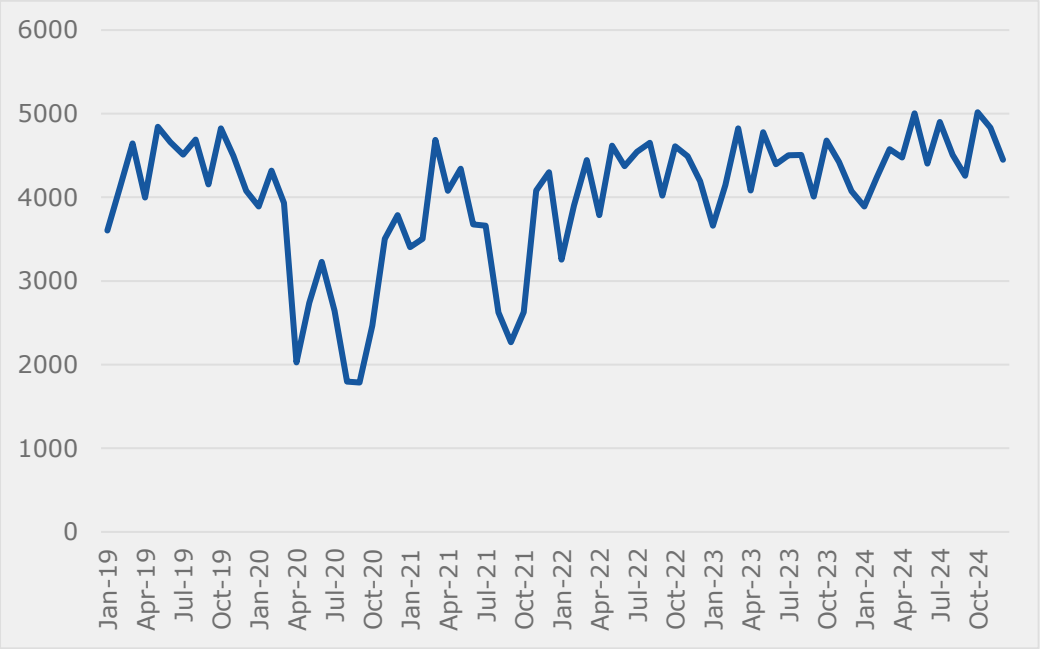
[3] Australian Automobile Association (2024), Electric Vehicle Index, available at https://www.aaa.asn.au/research-data/electric-vehicle/

Source: Deloitte analysis of data from Bureau of Infrastructure and Transport Research Economics (2024)

1.2.2 The importance of the accident towing industry in Victoria's transport network is growing.

There has been an increase in monthly accident tow truck allocations in Victoria since 2019, with this increase coming almost entirely in the current pricing period (Figure 1.3). The increase in allocations highlights the growing importance of the accident towing industry to reducing congestion and ensuring the efficiency of Victoria's road network. However, allocations are volatile across months, making it harder for operators to optimise their operations and improve their efficiency.

Figure 1.3 Monthly accident tow truck allocations in Victoria



Source: Transport Victoria (2025)

1.3 Increasing operational costs

Accident towing operators have been facing rising cost pressures since the commencement of the current pricing period. Survey and case study respondents indicated that operational costs such as fuel, labour, maintenance, rent and insurance have all added significant pressure to their businesses and created difficult circumstances for them to continue operating. These feelings are supported by a wide range of cost data, which indicates that the actual costs faced by accident towing operators are above those estimated by the ESC.

The ESC's Draft Report estimated that accident towing revenue growth has outpaced costs for towing operators since 2018. The ESC has relied on general CPI measures to determine cost indices,

Recommendation 1: Accident towing fees should be adjusted to reflect true operational costs.

Recommendation 2: The ESC should use readily available data that is more specific to the towing

as opposed to indices specific to the accident towing industry. The VACC considers that the ESC's approach does not accurately represent the full range of costs faced by accident towing operators.

Box 2. Unsustainable costs and mounting pressures

To support the VACC's response to the ESC we surveyed our accident towing members to understand real challenges and cost pressures individual operators are facing.

We received 16 responses to our survey. This included responses from towing operators ranging in size from single truck operators to those with 32 trucks, as well as employee sizes from up to and above 20 staff. Of the responses received, **all indicated that their operational costs have increased since 2021**. The cost increases indicated in the survey rose by as much as 'double' since 2021. Survey respondents highlighted fuel, labour costs, maintenance, insurance and rent as key drivers of cost increases for their operations.

A question was asked about how much respondents considered prices needed to increase in relation to accident towing. One respondent provided that there have not been any significant fee increases for many years and that fees have not kept up with realistic overhead costs. Respondents considered fees needed to increase from 10 to 50%.

Challenges related to towing EVs was also cited by seven respondents. These respondents cited increases in fire insurance, additional equipment and training and challenges with mobility once an EV was in storage.

Other responses cited loss of income as a result of not being paid by vehicle owners after finishing a job and that an increasing amount of administrative work was required to achieve the same levels of turnover.

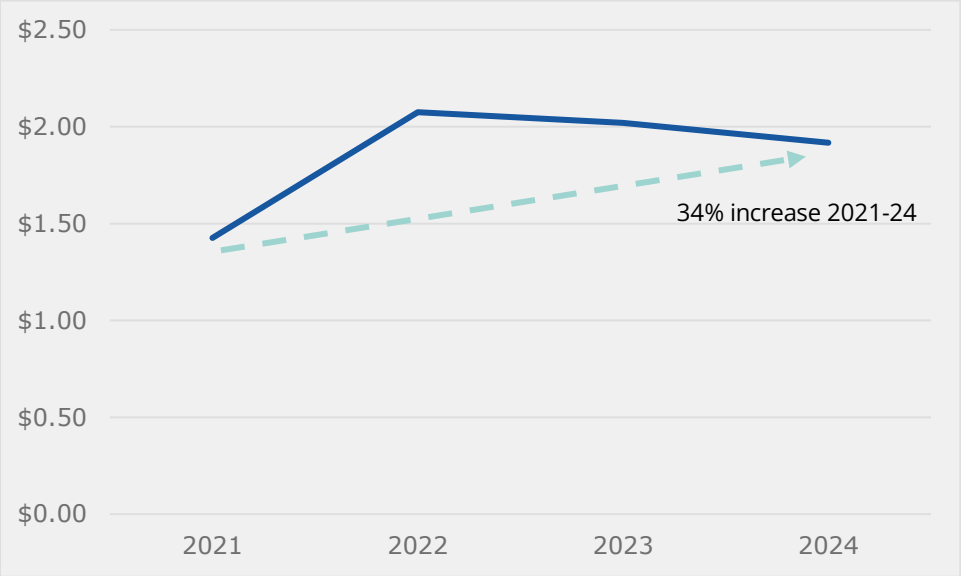
In addition to our survey, VACC members provided us with examples of invoices for costs of land tax and WorkCover premiums. One example demonstrated **that WorkCover premiums have risen 37% since 2022/23**. For land tax, one operator provided information showing that for the same property, **land tax rose by 224% since 2018.**

1.3.1 Diesel price is a more relevant measure than automotive fuel CPI and has increased by 7% more.

Our survey indicated that for some operators, rising fuel costs represent a key cost increase. The VACC has concerns with the data sources that the ESC has used in estimating fuel costs in its Draft Report. The ESC has estimated fuel cost growth for accident towing operators using growth in the CPI measure for automotive fuel in Melbourne. This measure covers a range of fuel types including unleaded petrol, diesel and LPG.[4] The VACC notes that most vehicles utilised for towing services use diesel for fuel and that diesel prices provide a more specific measure of changes in costs actually experienced by towing operators. During the period measured in the ESC's Draft Report, 2018-2023, diesel retail prices grew 6.3% per year on average. This is 0.6% higher than the 5.7% average growth in fuel costs cited by the ESC. Since 2021, diesel prices have increased by 34%, significantly higher than the increase indicated by the automotive fuel CPI measure used by the ESC of 27% over that same period. **The VACC recommends the ESC identify and use data that best represents the industry for calculating costs such as fuel**.

[4] ABS (2021), Automotive fuel in the CPI, https://www.abs.gov.au/articles/automotive-fuel-cpi

Figure 1.4 Average diesel retail price in Victoria 2021-2024



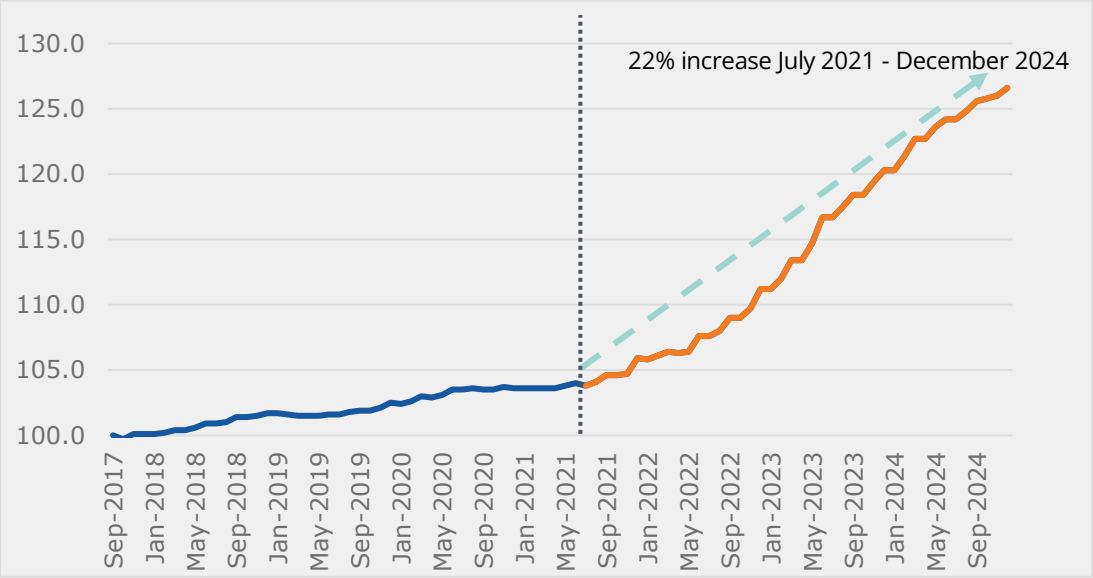
Source: Australian Institute of Petroleum (2024)

1.3.2 Insurance premiums have risen by 9.8% each year since 2021, yet the ESC has not accounted for insurance costs in their draft decision.

Insurance costs were not included in the ESC's assessment of cost increases for accident towing operators since 2018. Insurance premiums have seen significant growth over this period, adding further cost pressures for accident towing operators. Over the period 2018-2024, the insurance premium price index has grown 6.1% on average each year. Since 2021, insurance premiums have been accelerating rapidly, with growth of 9.8% per year.

Survey respondents indicated that increases in insurance premiums have added cost pressures to their businesses. One respondent also highlighted that there are less insurance companies providing cover to trucks compared with 2021. Multiple survey respondents also highlighted that they face increased insurance costs as a result of having to work with EVs. This added risk faced specifically by accident towing operators adds an additional insurance cost that is unlikely to be captured by general index measures.

Figure 1.5 Insurance premium price index



Source: ABS (2024)

1.3.3 Labour costs have risen faster for transport workers than other industries, but the ESC has used the general Wage Price Index to estimate growth in labour costs.

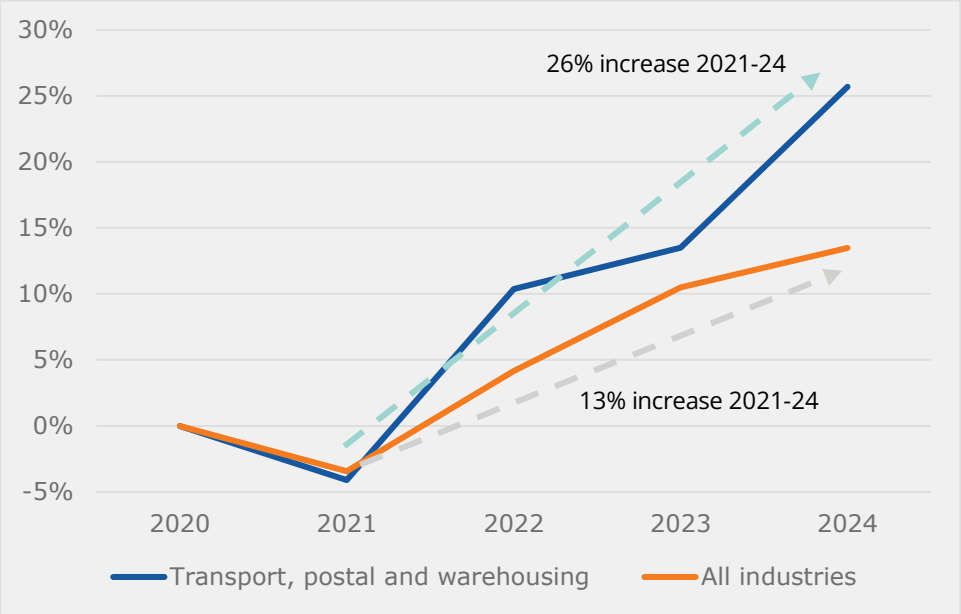
The ESC's draft decision used the Wage Price Index in Victoria as an indicator for changes in labour costs for towing operators. This is likely to underestimate the real cost changes seen by the accident towing industry in Melbourne.

Average hourly earnings in the transport, postal and warehousing industry have grown faster than the average across all industries since 2021, indicating larger increases in labour costs for the accident towing industry than general WPI changes would suggest. From 2018-2024, Victorian Transport, Postal and Warehousing earnings per hour have increased at an average of 4.6% each year.

Since 2021, the average hourly earnings for workers in the transport, postal and warehousing industry has grown 26%. This is double the wage growth that has occurred on average across other industries over the same period (Figure 1.6). It should be noted that this index is still likely underestimating the true increase in labour costs that accident towing operators specifically are faced with.

Case study participants highlighted that it has become more difficult to attract workers to the industry, particularly drivers. With recruitment becoming more challenging, operators must pay higher wages to be able to attract staff to the industry. Without an increase in their revenue, operators will not be able to pay the labour costs necessary to bring tow drivers into the industry, threatening its long-term viability. The majority of survey respondents (91%) indicated that labour costs are a primary factor contributing to cost increases.

Figure 1.6 Change in average hourly earnings for workers by industry since 2020.



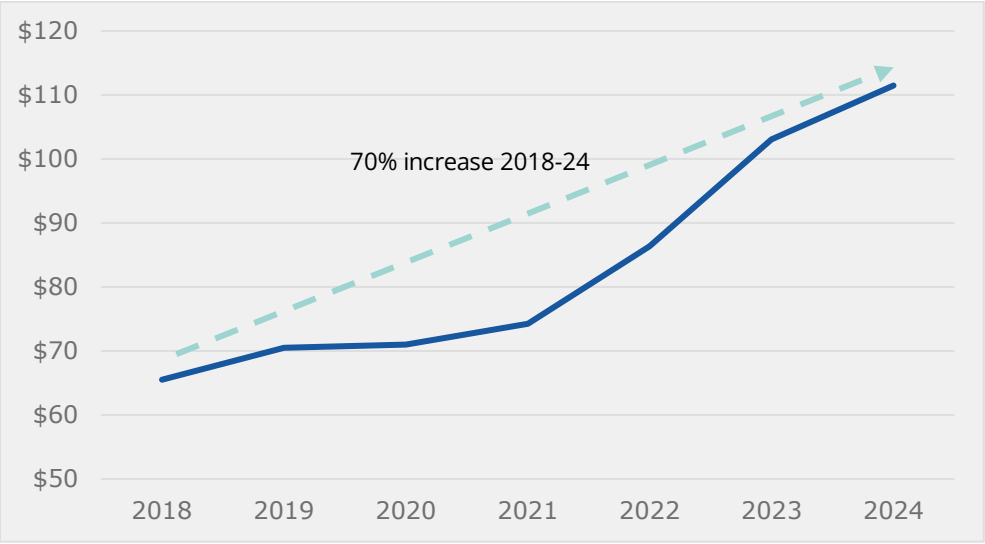
Source: ABS (2024)

1.3.4 Industrial land rents have increased by 64% since 2021

Accident towing operators require premises for their operations as well as areas to store both towing vehicles and the vehicles that have been towed from accidents. However, industrial rents have not been considered by the ESC in their evaluation that revenue has increased by more than costs. Since 2018, secondary industrial land rents have grown approximately 70% in Melbourne (Figure 1.7).

According to Deloitte analysis of Knight Frank data, secondary net face rent for industrial land in Melbourne has increased by 63.9% from 2021-2024, at an average growth rate of 17.9% each year and reaching a rate of $118/sqm.

Figure 1.7 Secondary industrial land rents in Melbourne by net face $/sqm



Source: Knight Frank (2024)

1.3.5 Melbourne's congestion levy is due to increase

In December 2024, the Victorian government announced changes to the congestion levy in inner Melbourne, due to take place from 1 January 2026. Accident towing operators are not covered among the list of exemptions to the congestion levy and as such need to pay the levy for their off-street private parking spaces. Under the changes, the rates will significantly increase from 2026, adding a further financial burden for accident towing operators.

The Category 1 rate, covering Melbourne CBD will increase from $1,750 in 2025 to $3,030 in 2026. The Category 2 rate, covering North and South east Melbourne will see its area expand further and increase from $1,240 in 2025 to $2,150 in 2026.

These increased rates will add further financial strain and costs to accident towing businesses operating in Metropolitan Melbourne.

2 What we are hearing from the industry

Accident towing operators are struggling, with costs rising faster than their revenue. All survey respondents indicated that their costs have risen since 2021, with some respondents indicating that their costs have up to doubled in that period. Fuel, labour costs, maintenance and insurance are cited as the primary contributing factors towards increasing costs. One respondent highlighted that there are less insurance companies offering cover to tow truck businesses, causing their insurance premiums to grow.

73% of survey respondents also indicated that EVs have affected the complexity and cost of their tow operations. Respondents highlighted challenges from loading and unloading the vehicles, training costs for dealing with EVs, additional insurance costs and the need to purchase equipment to handle EVs as important factors. The need to store EVs separately to other vehicles also adds significant storage costs for operators.

78% of survey respondents indicated that the current accident towing fees do not adequately cover their operational costs relating to accident towing, while a further 67% felt that storage fees do not adequately cover their operational costs relating to storage.

Case study participants echoed these sentiments. The current fees for accident towing are primarily built up from the costs of the initial tow, however an operator interviewed for the case study cited that a significant portion of their costs and risks come from when the towed vehicle has arrived back at their depot. The operator questioned how a $366 fee can cover all of the costs associated with an out of hours tow, including:

- A driver travelling to an accident scene after midnight
- Assessing the accident scene for any safety risks and evaluating whether the car is insured, if the person is ok, or whether emergency services should be contacted
- Having the customer sign the authority to tow form
- Safely loading a badly damaged and potentially dangerous vehicle onto a truck
- Travelling with the vehicle back to the depot
- Unloading the vehicle again at the depot. If the vehicle cannot be moved on its wheels, then specialist equipment is often needed to remove it from the tow truck.
- Moving the car to a safe storage space within the depot, away from other cars if it is an EV.

Fixed operational costs such as rent, machinery and insurance also need to be covered by these fees. Operators have consistently cited that it is harder to get insurance for their business, in part because of the risks associated EVs that have been in accidents. This has driven up insurance premiums across the industry, with survey respondents and case study participants highlighting that their insurance costs have doubled in recent years.

Another operator interviewed for the case study emphasised that there is a critical disparity between the current fees and their escalating business costs. The operator highlighted that accident towing is often subsidised by an operator's other businesses and that accident towing by itself is already financially unviable.

The operator proposed a revised fee and fee structure in line with that recently implemented in Perth, which includes a higher base fee and includes the first 50km of a tow, followed by a per-km charges for distances over 50 km. The operator considered that the base fee should be the focus for the ESC, as it covers the bulk of operational costs (24/7 readiness, depot, truck), with longer distances incurring minimal additional expense. The operator also argued that the ESC should

adopt a one-off admin fee like the Perth model which recognises costs of additional administrative work associated with accident towing.

Industry members feel that benchmarking against other states does not capture the cost pressures being faced by accident towing operators in Melbourne. They feel that the towing industry in Melbourne should be the benchmark by which fees are decided.

There is a consensus in the industry that the current pricing structure is simply unsustainable, and without change, will see operators exiting the industry over the coming years.

Box 3. Costs for the industry are rising faster than has been realised.

One VACC member interviewed for case study highlighted that their costs have risen far beyond the extent recognised by the ESC in its Draft Decision. One VACC member provided invoices for their land tax costs and WorkCover premiums over recent years. **Since 2018, the land tax paid for the operator has risen by 224%**, despite their operations remaining on the same property. Their **WorkCover premiums rose by 37% in just one year**, from 2022/23 to 2023/24.

The fees proposed by the ESC do not cover these drastic cost increases.

3 Impact of current fee structures and VACC's proposal

3.1 Analysis of current fee structure and revenue

Recommendation 5: A cost-of-service approach should be used in place of a benchmarking approach.

Recommendation 6: If a benchmarking approach is preferred by the ESC, then it should align to the recently introduced feed applied to Perth and Peel in WA, as this is this is based off the most recent review

The ESC has not conducted a cost-of-service review for the accident towing industry since 2009. Over the 16 years since that time, the actual operational costs faced by accident towing operators have become detached from the fees they recoup. Given the lack of publicly available data specifically regarding the costs faced by accident towing operators, the benchmarking approach used by the ESC in previous reviews has not accurately reflected the true cost changes experienced by operators. A cost-of-service approach would allow accident towing fees to be recalibrated in line with the actual costs faced by operators.

VACC proposes a cost-of-service approach to account for the costs actually faced by operators. VACC's cost-of-service methodology retains a similar approach to the one proposed in its response to the 2021 accident towing fees review, with an adjustment to include different charges for EVs compared with Internal Combustion Engine (ICE) vehicles to account for the additional costs associated with them. VACC's approach is a simplified cost-of-service model, providing a definition of how fixed and variable costs could be accounted for.

This proposed cost-of-service methodology is included in Section 5 of the technical report of VACC's submission.

VACC retains that costs should be established via a bottom-up, cost-of-service approach. However, if a benchmarking approach is preferred by the ESC, Western Australia's approach should be given the highest weighting as it is based on the most recent review.

3.2 Comparison with fees in other jurisdictions

Accident towing fees are lower in Melbourne than other areas, even though many costs faced by Melbourne accident towing operators are higher than those other areas.

Based on the ESC's proposed fees, both Sydney and Adelaide have significantly higher 'estimated standard accident towing fees' than Melbourne (Table 3-1). Based on multiple cost measures, however, accident towing operators in Melbourne face similar or higher costs than in these other cities.

The VACC implores the ESC to consider the data presented below and reconsider its proposed regulated fees.

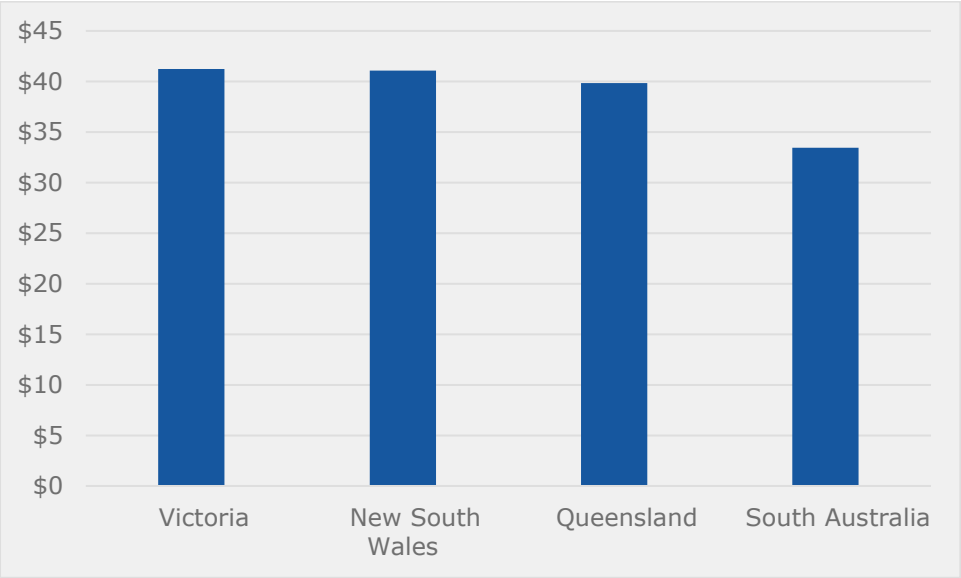
Table 3-1 Estimated 'standard' accident towing fees by jurisdiction, 2024-25.

	Melbourne controlled area	Sydney	Adelaide	Queensland
Business hours	$333.00	$385.00	$438.00	$332.05
After hours	$426.10	$462.00	$538.00	$332.05
Weighted average	$383.25	$426.56	$489.42	$332.05

Source: Essential Services Commission Accident Towing Fees Review Draft Report 2025

Victorian workers in the transport, postal and warehousing industry have the highest hourly earnings of all the compared regions, implying higher labour costs for Victorian accident towing operators (Figure 3.1).

Figure 3.1 Hourly earnings for transport, postal and warehousing employees by jurisdiction, 2024



Source: ABS (2024)

The cost of diesel is comparable across Victoria, New South Wales, Adelaide and Queensland (Table 3-2). All jurisdictions have seen similar growth diesel prices in the period since 2018, averaging between 4.2%-4.4%.

Table 3-2 Diesel prices in 2024 across jurisdictions

Diesel Price ($/L)	Victoria	New South Wales	Queensland	South Australia
2024	$1.918	$1.917	$1.922	$1.886

Source: Australian Institute of Petroleum (2024)

As of 2024, industrial land value in Melbourne is lower than in Sydney but higher than both Brisbane and Adelaide (Table 3-3).

Table 3-3 Industrial land values across jurisdictions

Land Value <5000sqm $/sqm	Melbourne	Sydney	Brisbane	Adelaide
Q2 2024	$1,171	$2,005	$683	$592

Source: Knight Frank (2024)

In its draft decision, the ESC used Sydney, Queensland and Adelaide as benchmarks for determining an appropriate fee. However, the most recent accident towing cost review was completed in Perth, and provides a significantly more appropriate fee structure that the ESC should look towards if it is to follow a benchmarking approach.

Box 4. Perth and Peel region maximum charges for crash towing

The Western Australian Department of Transport (WA DoT) has recently implemented a regulated fee structure for accident towing in metropolitan Perth and the Peel region, designed to balance fair consumer pricing with the operational realities of towing businesses. Notably, WA's maximum charges for light vehicle towing ($485, plus a $138 after-hours surcharge) significantly exceed the draft fees proposed by the ESC for Melbourne.

The WA model's strength lies in its recognition of the true cost drivers in accident towing. By including the first 50km in the base fee, it acknowledges that the majority of expenses stem from on-site time, vehicle unloading, and the fixed costs of maintaining 24/7 availability, rather than simply distance travelled.

While the WA DoT attributes part of the higher fees to the absence of an accident allocation system - creating less revenue certainty for operators - the VACC argues that this should not diminish the model's applicability to metropolitan Melbourne. In fact, operators in WA retain their ability to optimise their costs by handling a higher volume of tows.

The VACC maintains that the WA model, based on current industry data, offers a more robust and realistic approach than the ESC's Draft Decision. The VACC requests the ESC should seriously consider adopting this model.

Furthermore, the WA model incorporates a one-time $88 administration fee, in addition to regulated storage charges, to cover the administrative overhead associated with vehicle storage. This demonstrates a comprehensive approach to cost recovery that the ESC should also evaluate

Table 3-4 Accident towing fees applied in the Perth and Peel region WA

Towing	Maximum charge (inc. GST)
Light vehicle tow	$485.00
Distance fee after 50km	$4.40 per kilometre after 50km
After hours surcharge	5pm - 8am Mon-Fri
All weekend and public holidays (once off charge only)	$138.00

3.3 Perth as the basis for a benchmarking approach

The VACC considers that the ESC's draft decision on fee structure does not adequately allow accident towing operators to recover their efficient costs.

If a benchmarking approach is preferred by the ESC, the VACC submits that the fees and cost structure should follow the model introduced in WA, as it is based on the most up to date costs review.

The Perth model only begins to charge a distance fee beyond 50km travelled. The VACC proposes that Melbourne fees should include the first 50km worth of distance fees in the base fee, and any additional distance fee should only be charged beyond 50km.

Given the first 8km are already included in Melbourne's base fee, 42km of additional distance fees should be added to the existing base fee.

When called to an accident, most costs for an operator occur due to time spent waiting at the scene, inspecting the situation and loading and unloading the vehicle and having staff available to respond to an accident. The costs associated with driving a few extra kilometres to an accident are low compared with the other costs an operator faces. The fee structure should reflect that the bulk of operator costs occur due to factors beyond distance and incorporate the additional fee per kilometre into the base fee up to 50km, as has been employed in the Perth model.

The one-off administration fee of $88 included in Perth's storage pricing structure allows operators to capture their expenses incurred while a vehicle is being stored, such as allowing the owner access to the vehicle or moving the vehicle within the storage yard (which often requires the use of equipment to do so).

A benchmarking approach aligned to that introduced in Perth would see represent a fairer, more accurate reflection of the costs of accident towing. (Table 3-5).

Table 3-5 The VACC's proposed accident towing and storage fees for Metropolitan Melbourne compared with the fees proposed in the ESC's Draft Report

Fee for charge description	The ESC's proposed charges	VACC's proposed charges
Base fee	**$272.80 (including first 8km travel by tow truck)**	**$485.00 (including first 50km travel by tow truck)**
Additional fee per kilometre beyond 50km	$4.30	$4.40
After hours surcharge	$93.10	$138.00
Total after hours tow fee	**$365.90**	**$623.00**
Storage fees (charge per day)		
Car – secure yard	$20.90	$25.00
Motorcycle – secure yard	$6.50	$12.50
One-off administration fee	-	$88.00
Total fee for three days car storage	**$62.70**	**$163**

3.4 Impact on the financial viability of the industry

Accident towing operators feel they are being left behind by pricing and regulation. 78 percent of accident towing operators that were surveyed for the VACC's submission responded that the current accident towing fees do not currently cover their operational costs relating to accident towing. Many operators run other businesses alongside their accident towing division, relying on this business to subsidise their accident towing operations. However, the burden is becoming too large for many operators, who are considering turning in their licence in fees do not rise to match their costs.

The need to keep depots staffed 24/7 adds a significant cost and staffing burden to operators. Multiple operators have cited the growing difficulty of attracting tow drivers to work for their businesses, and their increased labour costs are an additional fixed cost that need to be paid around the clock when waiting to be called out to an accident.

In addition to large increases in the base operational costs, the increasing complexity of vehicles that need to be towed add further challenges. This has played out both in the average time to complete a tow increasing since the commencement of the current pricing period but also in the additional costs for operators once they get the vehicle back to their depot. These are costs that the ESC has turned a blind eye to when determining prices. Heavier vehicles take more time load and unload onto tow trucks and often require different equipment. Likewise, EVs present their own challenges, with important safety precautions making it more complicated to load, transport and store these vehicles. Given the additional risks associated with EVs, operators need to train their staff and provide the proper protective equipment to be able to handle them safely.

These rising risks have made it harder for accident towing operators to get insurance, driving up prices further. Once a vehicle is loaded onto the truck, it is the responsibility of the operator. As one operator that was interviewed for this response highlighted, if a vehicle with an electric engine catches on fire after it has arrived at their warehouse, it is the sole responsibility of the towing operator to repair damages and compensate other parties impacted by the fire. If the towing operator cannot obtain appropriate insurance to cover these risks, then their business becomes too risky to operate.

The financial viability of the accident towing industry is under serious threat and without changes in the way accident towing fees are priced and structured, operators are likely to begin withdrawing from the industry. The ESC's stated legislative objective is to promote the safe, efficient and time provision of accident towing services and other related services. Prices being maintained as per the ESC's current Draft Decision will work directly against this objective and put Victoria's accident towing industry at risk.

4 Productivity growth is not achievable

Regulation and industry constraints make year on year productivity improvements at best challenging for accident towing operators. A lack of control over the volume of their output, coupled with tight regulations and increasing costs limit the opportunity for the industry to improve its productivity.

4.1 There are significant limitations to achieving further efficiency gains

Recommendation 3: The 0.5 per cent productivity factor should not be used as it is unachievable due to industry constraints.

4.1.1 Productivity adjustment factor

The purpose of the productivity adjustment factor is to provide stronger incentives for tow truck operators to introduce efficiencies over time. In its Draft Report, the only metric that the ESC uses to measure productivity growth that is specific to the accident towing industry is tow truck utilisation and the number of tows per licence.

Given the nature of allocated accident towing in the Melbourne area, any increase in the number of tows being completed stems from increased allocations by the centralised allocation mechanism and not from accident towing operators improving their efficiency. It is not possible to truly determine any changes in efficiency in the accident towing industry using this measure, and therefore it is not an appropriate metric for determining the productivity adjustment factor.

4.1.2 Productivity growth limitations

The VACC submits that it is at best challenging for the accident towing industry to improve its productivity relative to the broader Melbourne transport industry. In fact, it is likely that the accident towing industry has achieved lower productivity improvements than the broader transport industry due to the following factors:

- The volume and allocation of output (accident towing) is not controlled by the industry
- Capital productivity is hampered by tight regulation that prevents flexible use of new or additional equipment and implementation of new technologies, hindering operators' abilities to control input quantities
- Increased congestion is likely to be contributing to cost increases
- Rising operational and compliance costs.

Opportunities to make genuine productivity improvements are inhibited by regulations that stop towing operators from being able to do so. One of the simplest ways of improving efficiency in the industry is towing two vehicles from an accident scene via one truck. However, legislation specifically prohibits operators from towing two vehicles.

4.1.3 Volume of output

A key factor in boosting productivity is by generating more output from the same inputs. In the case of the accident towing industry the level of output of any one operator is determined by the overall number of accidents and, in the Melbourne controlled area, by the centralised allocation mechanism.

While the overall number of accidents (and output per operator) has increased since 2021, this output is highly volatile on a month-to-month basis. Given operators do not have any capacity to materially control their level of output, there is significant downtime for operators while they wait to be called to attend an accident.

Increasing the total volume of output does not necessarily indicate that productivity has improved if the volume of inputs has also increased. Given the increase in average time to undertake accident tows has increased since 2017, it is likely that inputs are also increasing alongside the industry's output. Increased time spent completing each accident tow will lead to increased labour, fuel and maintenance costs for the operator, cancelling out the increased output in productivity terms.

Improving technology and safety features in cars are also reduce the likelihood of accidents occurring. There is no certainty that the number of accident allocations in Melbourne will continue rising into the future if improved technology reduces the number of crashes and breakdowns.

4.1.4 Capital Productivity

The primary capital for an accident towing operator is the trucks used to complete the tow. Improving the productivity of this capital occurs through increasing the number of accident tows that each truck completes. However, utilisation is entirely determined by the frequency of tows being allocated to each truck. Operators have no control over the allocation of tows assigned to them, and so are unable to take actions that improve their capital productivity. Capital productivity gains that have occurred in the accident towing industry are outside of the operator's control.

4.1.5 Labour and other input productivity

The accident towing industry is highly regulated with requirements to achieve arrival times of 30 minutes or less. This creates the need to maintain a high level of stability in the input requirements in terms of truck operators. Requirements around ensuring specified depots are open and staffed between 8 am and 5 pm Monday to Friday (excl. public holidays) lock in additional labour costs. This means that the industry cannot significantly adjust the quantity of labour inputs below a certain level.

On the cost side, the consumable cost base is largely out of the operators' control. For example, fuel, repairs, licence fees, registration and land rates/lease costs are all determined in highly competitive markets or set by government.

Taken together, with little control over the quantity of labour and non-labour input and little to no control over the cost of these inputs, the industry has very limited opportunities to pursue ongoing productivity gains by reducing the total costs of labour and other inputs.

4.1.6 External pressures and regulatory compliance

The accident towing industry is highly regulated, limiting the ability of operators to improve their efficiency by making changes to their operations to optimise costs and revenue recovery. The primary challenges experienced by the industry include:

- **Allocated towing areas:** towing operators are dispatched by a central authority. They cannot simply seek out more profitable jobs or optimise routes like a typical business. This limits their ability to increase their workload and revenue.
- **Staffing requirements:** towing operators are required to arrive to the scene within 30 minutes of accepting the job. These strict timelines mean operators must maintain staff

around the clock, regardless of the actual volume of accidents, creating significant costs. This makes it difficult to achieve economies of scale and improve productivity.

- **Restrictions on pricing and service offerings:** regulated fees and service standards limit the ability of operators to innovate, offer differentiated services, or adjust prices dynamically to optimise resource allocation.
- **Perverse incentives:** a high productivity factor can create perverse incentives. It may discourage operators from investing in new equipment or technology if they believe that any resulting efficiency gains will simply be "taken back" through future productivity adjustments.

4.2 Technological changes are reducing productivity

Recommendation 4: A separate pricing structure should be introduced for Electric Vehicles.

The VACC recommends that the government amend the definition of 'Salvage' under the Accident Towing Services Act 2007 to include EVs that cannot be easily moved at the accident site. While pursuing these broader legislative changes, the VACC recommends that the ESC consider the additional cost of EVs more seriously, given their increasing number of vehicles on the roads and higher levels of complexity and costs associated with towing, removing from the truck and storing.

Following an accident, extra precautions must be taken when moving or towing an EV (see box 4). For accident towing operators, this means that they often need different equipment to be able to move the vehicle onto their tow truck in a safe way. The VACC recommends that accidents involving EVs, where the EV cannot be easily moved onto a tow truck, be included under the definition of 'salvage' in the Accident Towing Services Act 2007, to allow operators to recoup the additional costs that can be associated with complex EV tows.

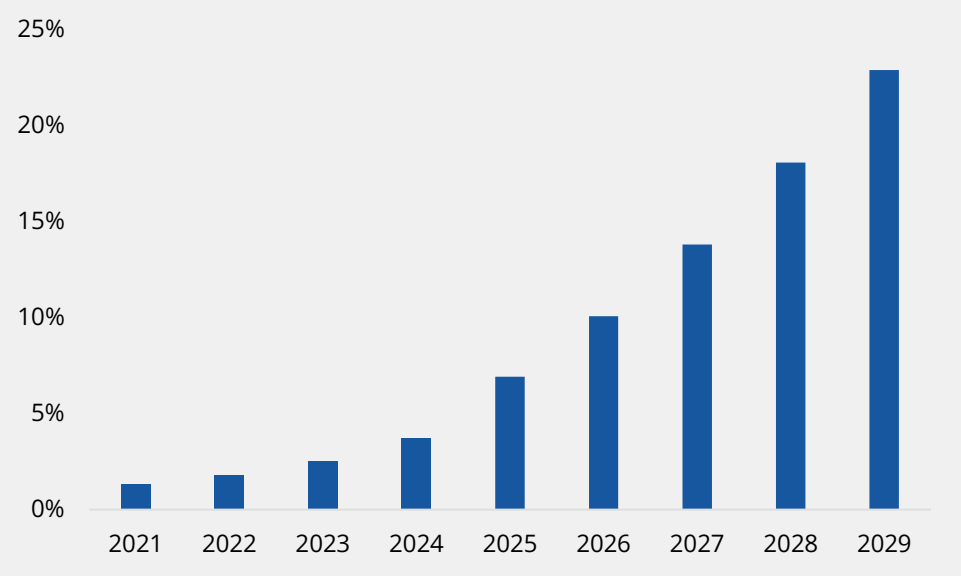
Hybrid vehicles already make up a significant portion of the vehicles on Victorian roads and present many of the same extra challenges for accident towing operators as full EVs do. In Q2 2024, hybrid vehicles accounted for 18.3% of total light vehicle sales, meaning operators are already handling these vehicles regularly.

While full EVs currently make up approximately 3.8% of the vehicles on the road in Victoria (as noted in the ESC's Draft Report), this is expected to change over the next four years. By the end of the next pricing period, EVs will already make up 22% of the passenger vehicles on the road.[5] This is significantly higher than the 3% of vehicle share that the ESC has based its Draft Decision on and could represent a significant cost burden to accident tow truck operators by the time prices are reviewed again.

Following an accident, EVs have specific storage restrictions and must have 15sqm of open space surround them. This causes an additional cost for the storage operators, who cannot make use of that floorspace surrounding the vehicle. As EVs become more prominent, this will cause significant additional costs for accident towing operators and lower their productivity over time as they are able to store a lower number of vehicles.

[5] Modelling by Deloitte Access Economics

Figure 4.1 Victorian EV Uptake Forecast (percentage increase)



Source: Deloitte Access Economics (2024)

Box 5. EVs are more complex and riskier to tow, requiring additional equipment and expertise.

Unlike standard internal combustion engine vehicles (ICE vehicles), when towing a crashed EV, it is critical that there is as little movement of the wheels as possible, as any movement could provide sufficient electrical energy to cause electric shock or arcing.

Operators are exposed to additional safety risks when dealing with crashed EVs/hybrids. SafeWork NSW (safework.nsw.gov.au) provides the following examples of risks associated with EVs:

- Workers may receive an electric shock if they come into contact with components of the electric system, even when working on other parts of the vehicle (not involving the electrical system).
- There may also be a risk of shock if the isolation between the electrical system and the vehicle chassis
- Battery electrolytes can cause injury through skin or eye contact, ingestion or inhalation of vapours. This is particularly relevant following collisions
- Some EVs contain powerful magnets. If a person who is wearing a pacemaker or other medical device is close to these parts, the medical device may be affected by the magnets.

Box 6. Case Study: Additional complexity from dealing with EVs.

The VACC interviewed an accident towing operator to support its response to the ESC. This operator underscored the rapidly evolving technological landscape of vehicles, particularly the increasing prevalence of EVs/hybrids, which presents significant challenges and heightened risks for towing businesses. Unlike traditional internal combustion engine (ICE) vehicles, EVs cannot be simply rolled onto a truck using standard methods. This necessitates specialised procedures and equipment, increasing both operational complexity and potential liability. The operator cited instances of EVs spontaneously combusting while loaded, leaving them solely reliant on their own insurance.

The absence of industry-wide standards for handling damaged EVs forces operators to implement their own stringent safety protocols, including the use of specialised personal protective equipment (PPE) such as high-voltage rated gloves, boots, and insulated mats. The risk of wheel-mounted electric motors further complicates towing, requiring specialised procedures to prevent unintended wheel rotation.

Storage of damaged EVs also presents unique challenges. Operators must maintain a 15-square-meter isolation zone around each vehicle to mitigate the risk of delayed fires, effectively reducing storage capacity and increasing overhead costs. One operator recounted a hybrid vehicle fire that occurred overnight, resulting in damage to adjacent vehicles and substantial worksite repair expenses, none of which were recoverable through insurance.

These experiences highlight the critical need for regulated fees to accurately reflect the substantial additional work, costs, and risks associated with towing and storing modern, technologically advanced vehicles, particularly EVs and hybrids. The current fee structure fails to account for these escalating complexities and potential financial liabilities.

5 VACC response to the ESC's recommendations

5.1 VACC's response to the ESC's draft recommendations

Draft recommendation 1: The current regulated accident towing fees are appropriate and should only be increased in line with current indexation arrangements.

VACC strongly disagrees with this recommendation. Refer to sections 2 and 3 of this submission. The accident towing industry is a unique industry and can not be compared to other transport industries, and therefore, should not be included in transport indexation.

Draft recommendation 2: The current regulated storage fees are appropriate and should only be increased in line with current indexation arrangements.

VACC strongly disagrees with this recommendation. Refer to sections 2 and 3 of this submission.

Draft recommendation 3: The productivity adjustment factor should remain unchanged at 0.5 per cent.

VACC strongly disagrees with this recommendation. Refer to sections 2 and 3 of this submission.

Draft recommendation 4: Basic salvage services should not be subject to a determination under section 211 of the Accident Towing Services Act.

The VACC agrees with the ESC recommendation. Furthermore, the VACC recommends that government amend the definition of 'Salvage' under the Accident Towing Services Act 2007 to include EVs and will pursue this outside of this current review.

5.2 VACC's recommendations to the ESC

The VACC makes several key recommendations to the ESC to ensure its Final Decision supports the long-term viability of the industry.

Recommendation 1: Accident towing fees should be adjusted to reflect true operational costs.

Recommendation 2: The ESC should use data that is more specific to the towing industry. Much of this is readily available.

Recommendation 3: The 0.5 per cent productivity factor should not be used as it is unachievable due to industry constraints.

Recommendation 4: A separate pricing structure should be introduced for Electric Vehicles

Recommendation 5: A cost-of-service approach should be used in place of a benchmarking approach.

Recommendation 6: If a benchmarking approach is preferred by the ESC, then it should align to the recently introduced feed applied to Perth and Peel in WA, as this is this is based off the most recent review.

Recommendation 7: The ESC must undertake meaningful engagement with stakeholders and genuinely consider this feedback in its Final Decision.

VACC

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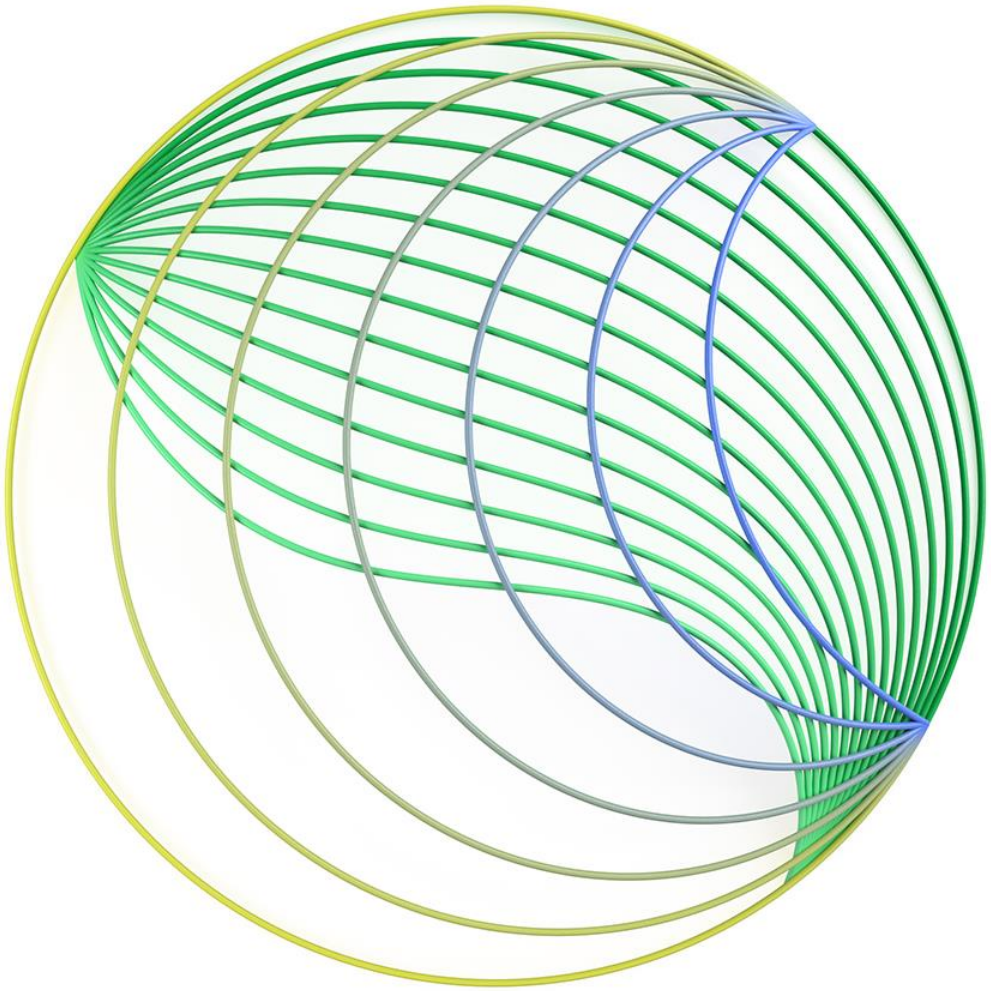

Accident towing, storage and salvage fees

Victorian Automotive Chamber of Commerce

5 March 2025

Deloitte Access Economics

Contents

Tables

Glossary

Acronym	Full name
ABS	Australian Bureau of Statistics
ATO	Australian Taxation Office
ATAP	Australian Transport Assessment and Planning
CSIRO	Commonwealth Scientific and Industrial Research Organisation
BITRE	Bureau of Infrastructure and Transport and Research Economics
ESC	Essential Services Commission
EV	Electric Vehicle
ICE	Internal Combustion Engine
IPART	Independent Pricing and Regulatory Tribunal
VACC	Victorian Automotive Chamber of Commerce

Introduction

1.1 Introduction and background

The Victorian Automotive Chamber of Commerce (VACC) asked Deloitte to prepare this technical report to support the VACC in responding to the Essential Services Commission's (ESC) Draft Report on accident towing, storage, and salvage fees in metropolitan Melbourne. This technical report provides details of the methodology and data sources used to gather insights on accident towing and salvage in Melbourne.

Data relevant to the accident towing industry was collected from sources including the Bureau of Infrastructure and Transport and Research Economics (BITRE) and the Australian Bureau of Statistics (ABS). The full datasets can be found in Appendix A.

We also gathered evidence through survey responses from several VACC members with accident towing operations. The surveys included a range of questions relating to the costs faced by accident towing operators and how they have changed since the ESC's last review in 2021.

To ensure real 'on-the-ground' pressures experienced by towing operators was captured, individual interviews were conducted with two towing industry business owners. The information collected in these interviews has informed two case studies (see section 2).

This technical paper also includes a simplified cost-of-service methodology that the ESC could adopt in developing prices for the accident towing industry. If adopted by the ESC, this simplified model would ensure that accident towing fees are based on actual costs experienced in the sector and enable appropriate revenue recovery.

2 Case Studies

Two accident tow truck operators were interviewed as part of our study to understand the real risks and challenges that operators are facing. A summary of the key issues raised by the interviewees is presented below. These summaries are intended to solely represent the views of the accident towing operators who were interviewed and do not necessarily represent the views of Deloitte.

2.1 Case Study 1

The first interviewed operator led a family-run accident towing business. This operator cited that their industry has been left behind by pricing and regulation, and that regulators do not understand their industry and the challenges they face. The main concerns raised by this operator included:

- Tow truck operators are being left behind due to an inability to invest to meet the demands of new technology
- At an accident scene, full responsibility rests with the tow driver, whether they have appropriate training for the situation or not
- The current pricing structure is inadequate due to fees being built off the initial tow despite the majority of costs arising after the vehicle has been collected (e.g., time required to remove the vehicle from the truck and storage).

The industry has been neglected

The accident towing operator, with 40+ years' experience and 10-15 licenses, considered there to be a critical disconnect between regulations and the realities of modern towing. The operator stated that the industry has been neglected, with regulations failing to reflect evolving vehicle technology and operational complexities.

EVs carry unfunded costs and additional risks

The increase in EVs introduces significant challenges. The regulator's failure to recognise accident scenes as hazardous workplaces, especially with EVs, leaves operators exposed to risks. Arriving at scenes without prior knowledge of vehicle type or accident severity, they face potential EV fires, fatalities, or overturned vehicles.

On-scene demands, depot burdens

Operators face tight deadlines and rapid on-site assessments, including vehicle insurance, occupant safety, and EV-specific risks. Basic towing fees only cover on-site costs, ignoring the substantial expenses of transporting and safely storing vehicles. EV storage, with its fire risks and 15-sqm isolation zones, dramatically reduces storage capacity and increases costs.

Equipment, training, and insurance

Rapidly evolving vehicle technology demands constant equipment upgrades. Operators bear the full cost of training staff to handle diverse accidents, including EV safety, without industry-wide standards. Insurance costs have nearly doubled due to EV risks, making coverage difficult to secure.

The need for fair fees

The operator urged the regulator to abandon benchmarking and focus on understanding actual costs in Melbourne. They believe they are the most regulated, least rewarded industry in Melbourne and require fees that reflect the true costs and risks of modern accident towing.

2.2 Case Study 2

The second operator interviewed led a large Melbourne-based business with a regulated accident towing arm alongside other related businesses. This operator provided insights into the pressures facing the regulated accident towing industry including:

- Inadequacy of the ESC's benchmarking approach, particularly in relation to the unsuitability of comparing Melbourne with other cities
- Need for a fee structure to be based on realistic costs
- The unviability of the accident towing industry as a sole business.

The accident towing operator emphasised the critical disparity between current fees and escalating business costs, arguing that benchmarking against other cities is fundamentally flawed. The operator highlight that Melbourne's operational realities differ significantly, and benchmarked fees, like Sydney's (last reviewed in 2014), are based on outdated models.

This operator argued that regulated towing fees have never been based on the true costs of accident towing given that costs were first established using data from businesses that were predominantly panel beaters. Accident towing was merely seen to bring in additional business. Since this time, and particularly under the ESC's benchmarking approach, the actual costs of operating an accident towing business have drifted further from actual costs.

Financial unviability

The operator stated that accident towing is often subsidised by other businesses run in parallel and that accident towing by itself is financially unviable. Further, the operator argued that at a minimum accident towing businesses should, at a minimum, be able to recover their efficient costs with a small return.

The Perth model is superior

If benchmarking is pursued, the operator strongly advocates for prioritising the recently implemented Perth/Peel (WA) fee structure.

The WA model better reflects actual costs and would encourage fair fees across Melbourne

The operator proposed a revised fee structure in line with the WA model which includes a higher base fee and includes the first 50km of a tow, followed by a per-km charges for distances over 50 km. The operator considered that the base fee should be the focus for the ESC, as it covers the bulk of operational costs (24/7 readiness, depot, truck), with longer distances incurring minimal additional expense.

Further, the operator stated that including the first 50km into the base fee would be fairer across Melbourne. This is because in the outer areas of Melbourne, there are more crashes per licence due to the growth in these regions, and operators have to travel further distances . This means that operators in outer Melbourne suburbs are recovering more revenue than inner Melbourne operators. By including the first 50km into the base fee, this will effectively balance revenue collection i.e., reduce the revenue collected in outer suburbs and increase the base revenue collected for operators in inner Melbourne.

Admin fees and escalating costs

The operator argued that the ESC should adopt a one-off admin fee like the Perth model which recognises costs of additional administrative work associated with accident towing. They also detailed significant cost increases including a tripling of land tax and a 50 percent increase in WorkCover premiums.[1] The operator also cited that

1 Additional information from the operator was provided after the interview. The operator provided records that demonstrated that land tax payments rose from $30,442.50 in 2018 to $98,615.50 in 2024, more than tripling over that period. WorkCover insurance premiums were also provided which demonstrate growth of 38% in one year, from 4.5690% in 2022/23 to 6.2880% in 2023/24.

a productivity adjustment factor in a tightly regulated industry was impossible noting that the most readily available efficiency opportunity, towing multiple crashed vehicles with one truck, is prohibited under legislation.

Legislative change for EVs

The operator urged the ESC to address the growing complexities of EVs recommending that they be included under the definition of "salvage" under the *Accident Towing Services Act 2007,* as this would enable appropriate cost recovery. The operator acknowledged that a legislative change would not be feasible in the short term and recommended that fees for towing of EVs be based on demonstratable fair and reasonable costs using photographic evidence as records.

3 Industry Comparison

In its draft report, the ESC estimated a 'standard' fee across jurisdictions, which accounted for some of the differences in fee structures across jurisdictions. The ESC's standard fees (Table 1) were used to analyse the differences in revenue across jurisdictions and compare with various operational costs (Table 2, Table 3)

Table 1 Estimated 'standard' accident towing fees by jurisdiction 2024-25

	Melbourne controlled area	Sydney	Adelaide	Queensland
Business hours	$333.00	$385.00	$438.00	$332.05
After hours	$426.10	$462.00	$538.00	$332.05
Weighted average	$383.25	$426.56	$489.42	$332.05

Source: Essential Services Commission Accident Towing Fees Review Draft Report 2025

In order to benchmark the operating costs faced by accident towing operators, we compared the median hourly earnings for transport, postal and warehousing workers (Table 2) and the industrial rent values (Table 3) across jurisdictions.. As per table 2, the median hourly earnings in Victoria for transport, postal and warehousing workers are the third highest in the country, behind only WA and NT.

Table 2 Median hourly earnings for transport, postal and warehousing workers across jurisdictions

		Median Hourly earnings ($)	
Aug-24	New South Wales	$	41.07
Aug-24	Victoria	$	41.23
Aug-24	Queensland	$	39.83
Aug-24	South Australia	$	33.43
Aug-24	Western Australia	$	42.15
Aug-24	Tasmania	$	33.22
Aug-24	Northern Territory	$	41.67
Aug-24	Australian Capital Territory	$	34.06

Source: ABS, 6337.0 Employee Earnings, August 2024

Melbourne has the second highest industrial rents in the country, trailing only behind Sydney (Table 3). Net face rent refers to the effective rent that is being paid, disregarding incentives such as rent-free periods and rent reductions.

Table 3 Secondary Net Face Rent ($/SQM) for industrial land areas <5,000sqm

	Q2 2021	Q2 2024
Melbourne	598	1,171
Sydney	771	2,005
Brisbane	432	683
Adelaide	291	592
Perth	381	519

Source: Knight Frank, Australian Industrial Review Q2-2021, Australian Industrial Review Q2-2024

4 Cost of service approach

4.1 Principles of this cost-of-service methodology

The cost-of-service approach set out in this report provides an initial view of how a simplified cost-of-service model could be implemented and is intended to:

- Ensure that the regulated pricing reflects the costs of providing a safe, efficient and timely regulated accident towing service
- Ensure that no economic cross-subsidy occurs between regulated and unregulated portions of towing businesses
- Minimise the data gathering requirements and cost for industry and the ESC
- Enable constructive discussions between stakeholders on appropriate cost inputs
- Enable ongoing productivity improvements to be reflected directly In
- Input cost assumptions
- Align with previous approaches used or proposed for adjusting benchmarking and reviewing storage costs
- Incorporate an additional fee for 'high complexity' vehicles such as EVs that reflects the additional costs to operators.

4.2 Summary of methodology

This methodology seeks to establish the cost-of-service for a representative accident towing licence, accounting for the potential of inputs to be used in non-regulated activities. This methodology is similar to cost build-up approaches used in other regulated industries such as electricity, water, internet and taxi services.

This approach is also like the analysis of efficient costs approach used by the NSW Independent Pricing and Regulatory Tribunal (IPART) as part of its 2014 review of tow truck fees and licensing in NSW. However, the methodology is focused on the regulated accident towing service specifically and, unlike IPART, does not include detailed data on finances or benchmarking with unregulated towing services.

If implemented using high quality information, this approach would ensure that pricing allows recovery of costs that are between the stand-alone and incremental cost of providing regulatory services. It splits the total cost of service between the expected number of towing allocations to determine the price for each component of the towing service, with consideration to how costs should be recovered from both fixed and variable components.

This methodology also includes separate charges for 'standard complexity' vehicles and 'high complexity' vehicles. 'High complexity' vehicles are vehicles that incur additional costs, effort, precautions and time to perform accident tows on such as EVs.

4.3 Cost build up approach

The methodology seeks to calculate the annual costs of providing the regulated service for a business that operates an accident towing licence.

These costs are broadly made up of capital and operating costs (where operating costs cover both labour and non-labour costs). Fixed costs will be calculated in total for the business to reflect that these costs are shared across regulated and non-regulated services. Variable costs will be calculated for the regulated services provided under the licence.

In each section, a simple formula is provided for each individual cost. These formulas result in a set of data and assumptions that are covered in detail in Section 4.6.

4.3.1 Fixed costs

4.3.1.1 Licence holding cost

The industry has a genuine opportunity cost relating to the accident towing licence. Acquiring a licence can cost over $300,000 and must be purchased from an existing licence holder.[2]

In a given year, the cost relating to licence holding can be calculated as follows:

$$licence\ cost = (cost\ of\ licence)\ \times\ (cost\ of\ capital)$$

This cost is separate to annual licence fees, which are an additional fixed cost.

4.3.1.2 Vehicle

The capital cost of a vehicle is a significant cost for the accident towing industry. The annual cost can be estimated based on both the cost of capital and depreciation, assuming that vehicles are, on average, halfway through their useful lives and depreciation is calculated according to a straight-line approach.

$$vehicle\ depreciation = \frac{cost\ of\ vehicle}{useful\ life\ of\ vehicle}$$

$$vehicle\ financing\ cost = \frac{cost\ of\ vehicle}{2} \times (cost\ of\ capital)$$

4.3.1.3 Land and buildings

Land and buildings costs for office and other space can be calculated based on market rental rates, as follows:

$$office\ building\ costs = (average\ office\ area\ sqm) \times (market\ rent\ per\ sqm\ including\ outgoings)$$

4.3.1.4 On-call driver cost

Regardless of whether a driver is allocated to an accident tow, a business needs to have drivers on call at all times to provide towing services on short notice.

On call costs can be calculated based on the total time required for drivers to be on call throughout the year multiplied by average driver wages, as follows:

$$on\ call\ costs = 365 \times 24 \times (average\ hourly\ on\ call\ wage\ for\ vehicle\ operator) \times (average\ on\ call\ vehicle\ operators\ per\ licence)$$

4.3.1.5 Back-office support staff

Back-office support, such as administrative work and handling calls, must be supplied to facilitate timely and safe delivery of accident towing.

Support costs can be calculated based on the total time required multiplied by average driver wages, as follows:

$$back\ office\ support\ staff\ costs = (average\ annual\ support\ staff\ wage) \times (average\ number\ of\ support\ staff)$$

4.3.1.6 Corporate overheads and taxation

Corporate overheads include all shared costs such as management, insurances, electricity, IT systems and similar. Taxation is a significant cost to the accident towing industry.

[2] Point Partners, *Buying, selling and moving accident tow truck licences in Victoria (2017)*

Given the broad range of costs included, we suggest that this category be based on a mark-up percentage on other fixed costs.

4.3.2 Variable costs

The approach taken here in relation to variable costs has been informed by the approach adopted to adjust benchmarks in the ESC's 2018 accident towing decision.

It is important to note that variable accident towing costs on a per hour basis will also be significantly dependent on the length of call outs, which in turn is largely dependent on the congestion conditions on Melbourne's roads and the complexity of the tow.

4.3.2.1 Labour (vehicle operator)

Vehicle operator costs can be calculated based on the total time for each accident tow multiplied by average driver wages, as follows:

$$\begin{aligned} &labour\ (vehicle\ operator) costs \\ &\quad = (average\ total\ time\ per\ accident\ tow\ (high\ complexity \mid standard\ complexity)) \\ &\quad \times (average\ annual\ number\ of\ allocations\ per\ licence) \\ &\quad \times (average\ operator\ wage\ above\ on\ call\ wage) \times (average\ operators\ per\ truck) \end{aligned}$$

Given the average time per accident tow is dependent on the complexity of the vehicle being towed, this cost could be calculated separately for 'high complexity' vehicles such as EVs and for 'standard complexity' vehicles such as Internal Combustion Engine (ICE) vehicles.

In addition, to enable calculation of the after-hours cost (and price), implementation of this calculations would need to take account of the proportion of time accident tows are made in standard hours compared to after hours.

4.3.2.2 Non-labour (vehicle fuel and consumables)

Vehicle maintenance costs can be calculated based on the total kilometres travelled by each vehicle using standard cost assumptions available from sources such as the ATAP Guidelines, follows:

$$\begin{aligned} &vehicle\ maintenance\ costs \\ &\quad = (average\ accident\ tow\ distance) \times (average\ annual\ number\ of\ allocations\ per\ licence) \\ &\quad \times (average\ vehicle\ maintenance\ cost\ per\ km) \end{aligned}$$

For the purpose of this calculation, the "average accident tow distance" is the distance from the depot via the accident scene to the tow destination.

4.3.3 Adjusting for non-regulated service provision

After establishing the total cost of accident towing service provision, the next step is to account for the fact that some portion of the fixed costs can be used to provide non-regulated services.

By splitting the previous calculations into fixed and variable costs, the adjustment can simply be done as follows:

$$annual\ cost\ of\ regulated\ service\ provision = (fixed\ costs) \times (regulated\ utilisation\ rate) + variable\ costs$$

4.4 Storage costs

The costs of storage could be calculated separately, in a similar way to the method proposed by VACC in its submission on the ESC's 2018 Consultation Paper[3] and in 2021 in responses to the ESC's Draft Report, with an additional allowance now included for storing EVs due to their more burdensome storage requirements. An

[3] VACC, Review of accident towing and storage fees 2018 (May 2018)

exclusion zone of at least 15 metres around stored damaged EVs is required to mitigate the spread of fire in the event of an incident.

In summary, the approach takes into account the following costs:

- administration costs, including labour
- Industrial property leasing costs per square metre (Including outgoings)
- a reasonable rate of return (a set percentage profit margin)
- bad debts associated with outstanding storage fees (assume storage losses on a set percentage of uncollected vehicles).

Once costs are allocated the cost can be divided by the expected number of allocations to determine the specific price. This could include an allowance for the additional space required to store EVs due to safety regulations.

4.5 Price setting

After calculating each of the annual values above, the total annual cost can then be mapped to prices based on some straight-forward cost allocation principles. These cost allocation principles could be agreed between industry, stakeholders and the ESC but could include that:

- the base fee should aim to recover fixed costs
- the additional per kilometre fee should aim to recover variable costs
- storage fees should recover costs directly associated with providing storage.

Once costs are allocated the cost can be divided by the expected number of 'standard complexity' and 'high complexity' allocations to determine the specific price.

4.6 Data sources

Based on the simplified formulas provided above, it is possible to identify the data and inputs that would be needed for the approach to be implemented. We have then allocated these to either being likely to be publicly available or requiring input from industry, likely via a brief survey.

Deloitte notes the ESC's concerns expressed in its 2018 and 2021 final decisions regarding challenges related to cost surveys, including that undertaking a cost survey can be a costly and burdensome exercise. Consequently, we recommend that relevant public cost indices be relied upon as far as is possible and reasonable.

4.6.1 Source from publicly available information

The following data types are likely to be available from public information:

- (Cost of capital) a simple cost of capital calculation that include a market return on investments and a cost of corporate debt (such as commercial bank loan rates) may be appropriate
- (Useful life of vehicle) standard values such as those available from the ATO may be appropriate.
- (Market rent per sqm) including outgoings: market real estate reports would provide useful sources of information (e.g. Knight Frank – Q2 2024Australian Industrial Review for industrial land rental costs across Melbourne).
- (Average annual number of allocations per licence) this data is available from Transport Victoria.
- (Average accident tow distance) can be estimated based on response time requirements and depot locations.
- (Average vehicle operating cost per km) available from sources such as the ATAP Guidelines for the relevant vehicle category.

- (Average vehicle maintenance cost per km) available from sources such as the ATAP Guidelines for the relevant vehicle category.
- (Proportion of accident tows) EV uptake and forecasts for EV uptake are published by the CSIRO.

4.6.2 Industry survey

The following data types are likely to require Input from the accident towing industry directly:

- (cost of licence)
- (cost of vehicle)
- (average office area size)
- (average hourly on call wage for vehicle operator)
- average operator wage when responding to tow (above on call wage)
- (average number of on call vehicle operators)
- (average operators per truck)
- (average annual support staff wage)
- (average number of support staff)
- (overhead mark-up percentage)
- (annual cost of taxation) unless data sourced publicly
- (average total time per accident tow)
- (utilisation rate) what percentage of the time is an accident towing business's staff and truck being used for accident towing rather than all other parts of the business (similar to that recognised by IPART in 2014, the extent of utilisation affects the hourly cost and the amount that an operator must charge for cost recovery).

4.7 Limitations of this approach

While public data indices offer useful insights into the general nature of changes in business costs, none of them are specific to the accident towing industry. Indeed, the Accident Towing Services Act 2007 (Vic) Itself uses changes in the Melbourne Transport CPI as the basis for annual fee adjustments, despite many industries included in the index having different operating models and functions, and varying cost bases to the accident towing industry. However, many of the costs faced by the accident towing industry (e.g. labour costs) are common to other industries.

The cost-of-service methodology also has geographic limitations. For example, industrial premises lease costs vary depending on depot location. In addition, there will be variability in distances travelled by operators during a call out, depending on depot location.

The approach above is based on a realistic efficient industry operator. Some operators will have higher costs while others will have lower costs.

The approach could lead to significant changes in the mix of fixed and variable fees per accident tow. This may require some transitional arrangements, although because most customers of accident towing are not 'ongoing' and have not made investment and consumption decisions based on existing prices, a relatively fast transition should be possible.

The utilisation rate could change over time depending on circumstances in the unregulated towing market. A conservative value for the utilisation rate would be required to ensure that regulated service providers are able to recover efficient costs of providing a regulated accident towing service.

4.8 Next steps

Deloitte understands that VACC would be willing to work closely with the ESC and other stakeholders to establish this approach, including assisting with data identification and collection.

Further, the model set out above is unlikely to be complete and is likely to need further refinement.

Appendix A Full Data Tables

The below tables represent the data underlying charts features in VACC's submission to the ESC.

Tables 5 and 6 show the number of registered vehicles in Australia, by vehicle type and engine type since 2021. This data is published annually by the BITRE. It shows how the fleet of vehicles on Victorian roads has changed since 2021.

Table 4 Registered vehicles by vehicle type in Victoria

Vehicle Type	2021	2022	2023	2024	Change 2021-2024
Passenger vehicles	3,956,375	4,000,040	4,071,044	4,162,190	5.2%
Light commercial vehicles	807,230	842,667	873,232	900,409	11.5%
Light rigid trucks	42,788	45,417	50,102	55,710	30.2%
Heavy rigid trucks	88,734	90,913	92,893	94,586	6.6%
Articulated trucks	31,360	32,662	33,751	34,908	11.3%
Non-freight-carrying vehicles	10,564	10,901	11,289	11,812	11.8%
Campervans	21,522	22,731	24,200	24,821	15.3%
Light buses	10,313	10,339	10,530	10,500	1.8%
Heavy buses	9,732	9,798	9,984	10,097	3.8%
Motorcycles	196,573	202,575	207,046	48,821	-75.2%

Source: Bureau of Infrastructure and Transport Research Economics (2024)

Table 5 Registered vehicles by powertrain in Victoria

Powertrain	2021	2022	2023	2024	Change 2021-2024
Petrol	3,745,097	3,759,619	3,785,136	3,646,503	-2.6%
Diesel	1,259,787	1,326,688	1,394,487	1,457,444	15.7%
Hybrid electric	47,922	63,912	84,131	113,765	137.4%
Battery/Fuel-cell electric	4,950	9,856	20,269	42,541	759.4%
Dual fuel	78,512	71,198	65,271	60,937	-22.4%
Other	38,923	36,770	34,777	32,664	-16.1%

Source: Bureau of Infrastructure and Transport Research Economics (2024)

Table 7 shows the number of accident tow truck allocations in Victoria each month since 2019. It highlights that accident tows have increased each year over this period and are volatile across the year.

Table 6 Monthly accident tow truck allocations in Victoria

	2019	2020	2021	2022	2023	2024
Jan	3,605	3,889	3,404	3,256	3,660	3,892
Feb	4,124	4,318	3,505	3,903	4,148	4,240
Mar	4,645	3,934	4,686	4,446	4,826	4,577
Apr	3,998	2,025	4,080	3,789	4,084	4,475
May	4,845	2,740	4,342	4,619	4,779	5,005
Jun	4,660	3,228	3,676	4,375	4,397	4,405
Jul	4,512	2,643	3,663	4,545	4,505	4,902
Aug	4,689	1,797	2,625	4,651	4,508	4,507
Sep	4,156	1,786	2,267	4,021	4,009	4,260
Oct	4,826	2,466	2,627	4,611	4,678	5,018
Nov	4,495	3,505	4,084	4,492	4,422	4,831
Dec	4,080	3,788	4,301	4,194	4,075	4,451

Source: Transport Victoria (2025)

Table 8 shows the average diesel retail price across Australian states since 2007. This data is updated annually. Given tow trucks use diesel fuel, any changes in diesel prices direct affect the operational costs for accident towing operators.

Table 7 Average diesel retail price (inclusive of GST) 2007-2024

Year	NSW	VIC	QLD	SA	WA	NT	TAS	National
2007	134.7	129.8	124.7	133.1	135.9	139.1	135.4	131.3
2008	164.3	160.3	154.9	163.1	166.7	171.1	168.1	161.6
2009	123.3	119.8	119.4	122.1	127.3	132.2	128.4	122.5
2010	130.3	126.5	129.6	129.1	133.3	139.3	134.1	130.1
2011	148.9	145.1	148.3	148.2	150.8	159.0	152.6	148.5
2012	147.9	146.2	149.3	149.5	150.5	158.6	155.1	150.6
2013	154.1	151.2	154.4	154.4	156.3	168.4	159.6	154.3
2014	156.8	153.1	156.6	155.9	159.7	172.6	164.2	156.8
2015	130.1	125.9	131.1	128.2	134.9	138.2	137.8	130.4
2016	117.8	116.2	118.9	116.4	121.6	123.3	122.8	118.5
2017	128.5	128.3	129.5	127.1	132.3	135.1	136.4	129.6
2018	148.9	148.8	148.7	147.6	152.8	164.8	156.9	149.8
2019	147.9	146.0	147.1	147.9	148.9	161.4	158.8	148.0

2020	126.3	126.2	125.7	125.7	127.3	142.1	139.0	126.9
2021	142.9	142.6	142.5	142.2	142.1	157.2	149.2	143.0
2022	207.7	207.5	208.3	205.9	203.8	222.0	213.2	207.5
2023	202.5	202.0	202.9	198.6	197.5	225.0	208.0	202.0
2024	191.8	191.7	192.2	188.6	187.3	210.8	194.3	191.4

Source: Australian Institute of Petroleum (2024)

Table 9 below shows the insurance price index in Australia. This information is updated monthly. The table below shows insurance price index data the base period of September 2017 through to December 2024. Insurance index data shows that insurance prices have increased since 2017, with that growth accelerating in 2021.

Table 8 Insurance price index, Australia

Month and year	Index value
Sep-2017	100.0
Oct-2017	99.7
Nov-2017	100.1
Dec-2017	100.1
Jan-2018	100.1
Feb-2018	100.2
Mar-2018	100.4
Apr-2018	100.4
May-2018	100.6
Jun-2018	100.9
Jul-2018	100.9
Aug-2018	101.0
Sep-2018	101.4
Oct-2018	101.4
Nov-2018	101.5
Dec-2018	101.7
Jan-2019	101.7
Feb-2019	101.6
Mar-2019	101.5
Apr-2019	101.5
May-2019	101.5

Jun-2019	101.6
Jul-2019	101.6
Aug-2019	101.8
Sep-2019	101.9
Oct-2019	101.9
Nov-2019	102.1
Dec-2019	102.5
Jan-2020	102.4
Feb-2020	102.6
Mar-2020	103.0
Apr-2020	102.9
May-2020	103.1
Jun-2020	103.5
Jul-2020	103.5
Aug-2020	103.6
Sep-2020	103.5
Oct-2020	103.5
Nov-2020	103.7
Dec-2020	103.6
Jan-2021	103.6
Feb-2021	103.6
Mar-2021	103.6
Apr-2021	103.6
May-2021	103.8
Jun-2021	104.0
Jul-2021	103.8
Aug-2021	104.1
Sep-2021	104.6
Oct-2021	104.6
Nov-2021	104.7
Dec-2021	105.9
Jan-2022	105.8

Feb-2022	106.1
Mar-2022	106.4
Apr-2022	106.3
May-2022	106.4
Jun-2022	107.6
Jul-2022	107.6
Aug-2022	108.0
Sep-2022	109.0
Oct-2022	109.0
Nov-2022	109.7
Dec-2022	111.2
Jan-2023	111.2
Feb-2023	112.0
Mar-2023	113.4
Apr-2023	113.4
May-2023	114.7
Jun-2023	116.7
Jul-2023	116.7
Aug-2023	117.5
Sep-2023	118.4
Oct-2023	118.4
Nov-2023	119.4
Dec-2023	120.3
Jan-2024	120.3
Feb-2024	121.4
Mar-2024	122.7
Apr-2024	122.7
May-2024	123.6
Jun-2024	124.2
Jul-2024	124.2
Aug-2024	124.8
Sep-2024	125.6

Oct-2024	125.8
Nov-2024	126.0
Dec-2024	126.6

Source: ABS (2024)

Table 10 shows the median hourly earnings for Victorian workers in the transport, postal and warehousing industry and the average across all industries. Accident towing workers are categorised by the ABS under the transport, postal and warehousing industry. These workers have higher average hourly earnings (and so higher labour costs) than other industries.

Table 9 Median hourly earnings by industry, Victoria

	Transport, postal and warehousing	All industries
Aug-14	$29.41	$27.74
Aug-15	$27.50	$28.56
Aug-16	$30.00	$28.95
Aug-17	$30.00	$30.00
Aug-18	$31.48	$31.40
Aug-19	$32.99	$32.00
Aug-20	$34.21	$37.41
Aug-21	$32.81	$36.13
Aug-22	$36.21	$37.63
Aug-23	$37.23	$39.92
Aug-24	$41.23	$41.00

Source: ABS (2024)

Limitations of our work

General use restriction

This report is prepared solely for the use of the Victorian Automotive Chamber of Commerce (VACC) for the purpose of responding to the ESC's 2025 Accident Towing, Storage and Salvage Fees. This report is not intended to an should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. You should not refer to or use our name or the advice within this report for any other purpose.

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