



Insurance Council
of Australia

6 August 2021

Attention: Price Monitoring and Regulation Division - Transport
Essential Services Commission
Level 8
570 Bourke St
Melbourne Victoria 3000

By email: transport@esc.vic.gov.au

Essential Services Commission (ESC): Accident towing fees review 2021

The Insurance Council of Australia (ICA) welcomes the opportunity to provide feedback to the Essential Services Commissions review of accident towing fees.

The ICA and our motor insurance members have reviewed the ESC's Consultation paper and provide the following feedback for your consideration.

Accident towing fees

The ICA is of the view that the current accident towing and storage fees in Victoria remain appropriate and do not need to be increased.

We also agree the current benchmarking approach used to assess towing fees remains appropriate.

Storage fees

The regulated storage fees provide different rates for car yard (open air) and under cover storage, with a higher daily charge rate applied for under cover storage.

While a separate rate for under cover storage is appropriate, the ICA proposes that, to apply this higher under cover rate, holding yards and vehicle storage operators should be required to provide some evidence or proof that the vehicle has been stored under cover. This evidence could be provided simply and easily in the form of photos.

Adding this requirement would address concerns around any potential inappropriate charging of the under cover storage rate, increase transparency and reduce the likelihood of disputation.

Storage service standards

As the ICA outlined in its feedback to the ESC's 2018 review of accident towing and storage fees, we remain of the view that regulated storage fees should be accompanied by minimum service standards provided by holding yards and vehicle storage operators.

One basic but important service requirement insurers believe should accompany regulated storage fees is a requirement that storage operators take active steps to notify vehicle owners (or their insurer) that their vehicle is being stored by them and the location where the vehicle is stored.

Currently, there is no obligation on holding yards and vehicle storage operators to inform a vehicle owner of the whereabouts of their vehicle. Consequently, it is not uncommon for vehicle owners and their insurers to experience a time lag from when a motor vehicle accident occurs and when they are notified of where their vehicle is located.

This creates inconvenience for vehicle owners as well as impacts the ability of insurers to mitigate the cost of motor vehicle accident claims. For example, if a vehicle owner, or their insurer, are not informed of where their damaged vehicle is being held, this will delay the assessment and repair of the vehicle.

This will result in vehicle owner being without their vehicle for a longer period of time, and insurers may incur additional replacement vehicle costs. These additional costs may ultimately place upward pressure on insurance premiums.

A requirement on storage operators to take appropriate steps to promptly notify vehicle owners of the whereabouts of their vehicle would not be unreasonable or onerous, and we request the ESC considers, as part of the review, the introduction of regulations mandating this requirement.

Salvage Fees

The ICA and insurers remain of the view that salvage fees should be regulated under the Accident Towing Service Act 2007. This could be done through a set salvage fee. Alternatively, a salvage towing cost could be incorporated into the base accident towing fee (as occurs in NSW).

The ICA is of the view that salvage towing fees are intrinsically linked to accident towing and therefore by extension should be regulated. Further a regulated salvage fee will provide greater transparency for consumers and a more appropriate level of protection from potentially unreasonable and excessive salvage fees.

Sanitation (COVID-19) fees

One change within the accident towing and vehicle storage industry that has arisen out of the COVID-19 pandemic has been sanitisation (vehicle cleaning) charges sought from vehicle owners and insurers. This is an additional unregulated cost that is applied by operators, for which the fees charged vary considerably from operator to operator. Like salvage fees, it is the experience of insurers that these fees sought for sanitisation can be excessive.

We trust the ESC will find this feedback useful. Please contact Tom Lunn, Senior Policy Manager on 0418 251 326 or by email tlunn@insurancecouncil.com.au if you have any questions or would like further information.

Yours sincerely



Andrew Hall
Executive Director and CEO