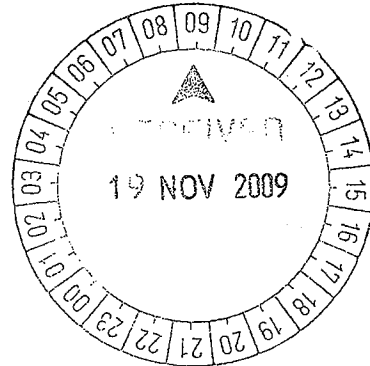


ALL 1 TOWING SERVICES PTY LTD

[REDACTED]

16th November 2009

Tow Truck Review
Essential Services Commission
Level 2, 35 Spring St
Melbourne Victoria 3000



Review of Accident Towing and Storage Fees 2009

In response to the notice and invitation published in accordance with the Accident Towing Services Act 2007 (Vic) I request that you give consideration to my submission as set out below.

I am a Director of All 1 Towing Services Pty Ltd which Corporation is the holder of Accident Towing Licences.

I confirm I have read the Review of Accident Towing and Storage Fees October 2009 and provide the following responses to the questions raised. I would appreciate it if any reference to financial or geographical information be treated in a confidential manner.

1. The current level of charges for accident towing and storage charges is inadequate. Revenue from accident towing does not cover the cost of providing the services and is therefore uneconomic. Towing operators must undertake other work in an attempt to maintain viability. The industry has not had any increase for over four years and has been forced to absorb rising costs eg: fuel and labour.

Historically, accident towing charges have been largely ignored. There was a substantial increase in 2000; however in the 10 year period from about 1990 – 2000 there was only one increase of \$5 per tow. The 2000 increase was in real terms a 'catch up' after ten years of static fees. There was no increase in 2005 merely a change of after hour times to incorporate weekends purportedly representing a 6/7% rise. Given the erratic incidence of accidents, this rise was solely dependent on when a tow operator receive an allocation and was not an equitable adjustment.

To provide accident towing services, a storage depot is necessary. [REDACTED]

[REDACTED]

[REDACTED]

Private storage companies are currently charging between \$11 and \$15 per day for long term vehicle storage and between \$15 and \$20 per day for short term storage. This is for driveable vehicles and not disabled that require maneuvering by forklifts or other equipment. Large auction yards charge \$25 per day storage.

2. A substantial increase is certainly required not only to compensate operators for the financial losses incurred since the last real increase but to provide some stability to current trading circumstances. Our company fuel account shows an increase in fuel costs over the past five years [REDACTED] The federal government fuel rebate has not altered in ten years so there has been nothing to offset this cost or provide relief. [REDACTED]

I believe the Commission should consider all economic factors associated with the transport industry with the obvious being fuel and labour. The 2005 review by the Commission concluded that accident towing revenue only covered approximately 80% of the cost of performing the services. Today this percentage is approximately [REDACTED]. A minimum increase of 30% is a reasonable one to assist the viability of accident towing. An annual increase should be considered in line with the transport industry CPI with a further review every 2/3 years.

Another point that should be considered is a surcharge for public holidays.

3. As stated above, fuel and labour costs are key costs in the accident towing industry. Interest rates may also be a factor where financing of tow licences has occurred and given the price of licences, this is very likely to be the case.

4. The cost of servicing accident towing operations is the issue, however it should be recognised that tow operators have made a substantial investment and some regard given to the commercial interests of tow companies.

N.B. Anecdotally, one of our small country depots outside the Controlled Area that tows in about 3 or 4 accidents per week was staffed part time and, consequently was prosecuted by Vic Roads for not being open full time. An explanation regarding the economic viability of the depot was met with a response – “If you have invested in licences and cannot afford full time staff, that is a business decision you have made and nothing to do with Vic Roads. Our role is to enforce the regulations, nothing more”. This is totally opposed to the view of senior staff at the VTTD who, over the years, have agreed that the legislation was not intended to force tow operators out of business and common sense should prevail.

5. Fuel and labour costs have risen significantly.

6. The new legislation has placed additional financial and administrative burdens on the industry. Our company incurred costs to replace existing stationery and systems. Some of these costs will be ongoing.

7. One example is the absence of a surcharge for public holidays. Accident tow operators cannot close their service on days like Christmas Day or Easter and must ensure sufficient resources are available to attend accidents. On these occasions, operating costs are much higher e.g. triple time for drivers with no ability to offset these costs.

8. Current fees do not cover the cost of providing all of the services.

9. Towing companies operate on very small margins and our company has been trading at breakeven or at a loss for number of years. In our case, the GFC was timely in many ways as we were seriously considering reducing the service we provide or selling off some of all of the company's assets. The operational costs had become unsustainable. I am aware of other operators being in a similar position.
10. All accident tow operators perform other work to maintain viability. No towing company can have all of their trucks idle waiting for accidents. If an operator chose to restructure and retain sufficient resources to only carry out accident towing, the income from the service would not support it.
11. Our company has become reliant on trade towing activities to generate income to cover costs. The insurance industry has influenced the crash repair industry for many years and repairers are less likely to depend on receiving work from an affiliation with towing services.
12. Accident towing should be regarded as a stand-alone business and at the very least cover basic operational costs.
13. It is difficult to separate costs; however we have adopted a formula based on the application of resources. [REDACTED]
14. There are many factors driving licence prices. They range from transferability, geographical locations and market dominance. A few years ago consolidators were active in the market and prices rose sharply as a result. Prices have probably peaked and remained static for some time as very few operators exit the industry. Purchasers are often crash repairers usually with an affiliation with major insurance companies and others are often looking to gain wider coverage. I do not believe many are purchased purely as an investment given the minimal, if any, return.
15. There is no evidence to suggest accident rates will change.
16. [REDACTED]
17. Accident towing services revenue has remained static and is not influenced by external factors other than government. Unfortunately, costs have not. The ESC's last review recommended a further review by 30th June 2008 as a matter of priority. It did not occur. Vic Roads advised that this was due to the transfer to the new regime. In December 2008 at a meeting of tow operators and Vic Roads, I raised the issue again and the meeting was advised that it was about to commence. A year later, it is in the process and while the outcome remains unsure, it is likely to be close to 5 years since any change. Tow operators do not have the ability to forecast or control their future income in a climate of uncertainty.
18. At this time a substantial increase is essential followed by an annual adjustment in line with the transport industry CPI. This would give operators the ability to plan and structure services accordingly.
19. I believe a self-regulated industry controlled by the VACC Towing Operators Division would have been a better option for stakeholders rather than Vic Roads. The VACC would be an appropriate body to facilitate an annual recommendation for future adjustments in the absence of a CPI ruling.

20. Subject to an annual adjustment being in place, a major review every 2 years as a minimum or 3 years as a maximum would be appropriate.
21. The VACC should be able to validate and report any industry impediments as they arise and seek a review if warranted.
22. The protection of regular reviews affords recognition and provides the industry with incentives to maintain a professional and effective service.
23. Compliance, labour, fuel, interest rates.
24. Yes.
25. The industry is currently adjusting to new regulations. Accident towing is not glamorous work. The hours are long and arduous. Companies deal with a range of people, quite often drug and alcohol affected, unlicensed with unregistered vehicles. A lot of time is spent organizing the disposal of vehicles. Our company can spend a lot of unpaid hours in the middle of the night up on the mountain salvaging vehicles in pouring rain, covered in oils etc and continue on the next day to do it all again. Often the depot manager with the responsibility of ensuring compliance is also doing the physical work. Smaller companies do not have the capacity to dedicate a lot of time to administrative functions. Some simple reporting on a voluntary basis would probably be helpful.
26. The VACC TOD should consult members to ascertain what information can readily be collected and disseminated. Government funding could be provided to counterbalance costs.
27. Typically, an accident at intersecting roads can be cleared reasonably quickly. E.g. 30 – 45 minutes if emergency services have been in attendance. After the vehicles have been loaded, the road is swept and debris collected in bins. If emergency services have not attended, it may be necessary to remain and call the fire services to wash away liquids from the road. Accidents involving off road vehicles can take from 1-2 hours to salvage back to road. Fatal accidents generally require a minimum of 1 hour and can be up to 3 hours depending on the salvage required and the amount of debris. On occasion, a second truck may be dispatched to position itself near road bends etc to warn motorists of hazards ahead, particularly in mountainous areas, until police arrive. No two accidents are the same.
28. I do not believe a fixed charge can be applied in most of the above circumstances.
29. Road clearing is clearly a part of the accident towing service and tow operators charge a fair and reasonable amount in line with the resources required. A regulated charge may in some cases encourage truck detention at an accident scene and be counter productive in achieving our objectives of timely road clearance.
30. It is not at all feasible. Accident allocation is the appropriate mechanism for road clearance and smooth traffic flow and further congestion would result with the presence of other contractors.
31. Yes. Again, the tow operator is aware of what is required at an accident scene and in the overwhelming majority of cases; a fair and reasonable cost is applied.

32 Approximately [REDACTED] of accident tows undertaken by our company are unpaid or non-commercial. Reasons for non-payment are varied; often the vehicle is uninsured or the owner refuses to pay. Generally in these cases the vehicle has very little pre-accident value. In some cases the driver absconds and does not claim the vehicle. Others drivers may be drug or alcohol affected and not interested in the wreck. Often, in the case of fatal accidents, the towing and storage fees are not paid and our company has a policy not to cause further distress to the bereaved and usually, through Victoria Police channels, arrange to dispose of the vehicle.

33 [REDACTED]

34. [REDACTED]

35. We operate in a high fatality area with some semi-rural zones. Many of the accidents occurring in this area are high impact and vehicles sustain high levels of damage. Consequently it is difficult to recoup any loss. I cannot comment on inner city non-commercial tows.

36. A fund would be difficult to administer and may be open to abuse. In the case of fatalities, however, the towing operator should be able to claim costs from the TAC.

37. We operate licences both inside and outside the Controlled Area. Response times are similar. In some heavily forested, remote areas the response time can extend to about 45 minutes depending on conditions. This is known and understood by local emergency services that experience the same.

38. The same standards apply to both inside and outside the Controlled Area.

39. The boundary should be extended into the Yarra Valley region. The area has grown with a high incidence of business and housing developments in recent times. The accident towing is highly competitive and at times hostile. As a towing operator in this area, I have attended meetings with local operators and police to try and resolve the problem. I see the introduction of accident allocation as a means of controlling accident attendance and improving safety by eliminating the potential risks involved when operators compete and vie for work.

40. The Controlled Area appears to be operating fairly well. We have experienced some problems where tow operators have towed vehicles illegally and the usual explanation from Vic Roads is confusion on the part of the telephone operator at RACV (Allocation Centre).

41. The introduction of GPS technology should have no effect on zone boundaries. The allocation system is relied upon to distribute tow jobs fairly on a roster basis within a zone and not solely on the basis of the nearest vehicle.

42. Our towing companies are made up of shareholders who have worked in the towing and crash repair industry for over 35 years. Family members make up the majority of shareholders as is the case with a lot of tow operators and some are also company employees.

43. In our experience, the current level of fees does not prohibit consumers from paying. Non-paying customers are usually those described above. The fees are the lowest in Australia and considerably less than services performed in any trade industry.

44. Approximately [REDACTED] of vehicles we tow are uninsured.

45. N/A

46. Viable towing businesses are better placed to provide a high level of service which can only benefit the community.

47. I do not believe a rise in charges will affect the insurance industry. The commercial interests of the insurance industry however, should not be attributed any higher consideration than the commercial interests of accident towing operators.

48. I can only comment that our own company and personal insurance premiums have risen over the previous years. In fact over the last 20 years insurance premiums have risen so logic suggests that if towing charges affect these premiums then perhaps they should have decreased given the charges have been static and in real terms had a negative impact for such a long period of time.

49. Victoria has the lowest accident towing fees in Australia.

50. I am unaware of any data to support this however it would seem to be common sense that the timely clearance of accidents facilitates traffic flow. One of the major delays at accident scenes is that the general public is not regularly informed about the accident allocation system. In 1984 or 1985, after the Act was implemented, motorists were advised through their licence or registration renewal about the central accident number on the back of their registration label. I am not aware of any other educative material being distributed.

Most people do not know what to do after an accident and tend to ring relatives etc to come to their aid. Others may ring their insurance company and from my experience, the company will record the claim, take details, ascertain whether the vehicle can be driven home, advise where the vehicle should be taken to by a tow company e.g. an insurance company repair centre or holding yard, then arrange a tow truck.

It would appear obvious that public education is paramount to road clearance. A brochure inserted into vehicle registration envelopes informing the general public to ring the allocation centre and any other relevant advice should be done as a matter of priority. This simple process would enable motorists to be informed and reduce lengthy delays that currently exist.

Conclusion

A substantial increase in accident towing and storage fees is required to ensure towing operators have the capacity to continue to provide professional, efficient services to the general community. It is disappointing that so many years have lapsed since the last review and I would recommend that clear time frames and processes be established to mitigate future uncertainties within the industry.

Should you have any queries in relation to this submission, I would welcome the opportunity of discussing same with you.

Yours faithfully



Jan Kirkup