

Promoting predictable accident towing and storage fee prices

06 September 2018

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In this article, we'll look at three questions:

1. How many accidents require a tow truck in Victoria?
2. What were our draft conclusions from our assessment of regulated prices?
3. How does the productivity factor affect regulated prices and benefit consumers?



The accident towing industry is responsible for the towing and storage of accident damaged vehicles on Melbourne roads.

The accident towing industry is responsible for the towing and storage of accident damaged vehicles on Melbourne roads. If you get into a road accident and your vehicle can't leave the scene, a tow truck is allocated to come and tow your vehicle to a location of your choice.

Because you don't get to negotiate a price for the towing of your vehicle, the minister sets the prices, and we recommend to the minister what these prices should be based on research and consultation with the industry. These regulated prices change each year, in line with changes in industry costs minus a productivity factor.

Learn more about [how we review accident towing and storage charges](#).

The number of accidents requiring towing has grown over time

There were more than 50,000 accident allocations in Melbourne in 2017. Our [Accident Towing and Storage Fees Review 2018: Draft Report](#), released in August 2018, noted that annual accident towing allocations have grown each year since our last review in 2013, while the number of licences for accident towing work has remained constant at 421. On average, licence holders are receiving a growing number of annual accident allocations.

Generally, more allocations means the overall revenue (income) per accident towing licence should be increasing. While revenue in the industry has increased, the costs of running a tow truck don't appear to have increased at the same rate, partly due to falling petrol prices for a few years after 2013.

We review regulated accident towing prices periodically

In our [accident towing and storage fees review 2018](#), we considered a variety of factors and reached draft conclusions that:

- regulated accident towing prices are relatively consistent with benchmark fees (based on trade towing jobs), as well as regulated accident towing prices across Australia
- regulated storage prices are lower than benchmark storage fees (based on storage for trade towing and impounding), as well as regulated storage prices across Australia
- the productivity of the industry has increased since our last review, and the productivity factor should be retained.

A productivity factor helps tow truck operators and customers

The regulated prices set by the minister change every year based on changes in transport industry costs in Melbourne. As prices change each year to reflect cost changes, businesses have the opportunity to earn a reasonable amount of income that is intended to reflect efficient outcomes.

These annual price changes are partly offset by a productivity factor, which reflects the productivity improvements we consider are achievable in the industry. The productivity factor means that consumers will pay less for accident towing and storage services than would otherwise occur. The productivity factor is intended to encourage tow truck operators to improve their productivity and to share these improvements with consumers through lower prices.

Got questions?

Please feel free to [contact us](#).

Read more about [what we do](#).

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For VEU enquiries

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Useful accident towing resources

[Accident Towing and Storage Fees Review 2018: Draft Report](#)

Send us your feedback on our accident towing and storage fees draft report by 26 September 2018.

(pdf, 1.09 MB)

[Accident towing and storage fees review 2018](#)

We are reviewing accident towing, storage and salvage fees in Melbourne. View all of our work in this area, including the draft report.

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[Have your say on accident towing and storage fees](#)

How much you pay in storage fees after an accident would increase but towing fees would stay the same under draft recommendations from the state's economic regulator of essential services.

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