

Accident Towing Fees Review 2025

Final Report

21 May 2025



Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

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Recommendations

This final report sets out the Essential Services Commission's recommendations to the Minister for Roads and Road Safety on accident towing and storage fees and basic salvage services in the Melbourne controlled area.¹

Recommendation 1: The current regulated accident towing fees for the Melbourne controlled area are appropriate and should not be changed beyond the annual adjustment mechanism.

Recommendation 2: The current regulated storage fees for the Melbourne controlled area are appropriate and should not be changed beyond the annual adjustment mechanism.

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

Recommendation 4: Basic salvage services should not be subject to a determination under section 211 of the *Accident Towing Services Act 2007*.

The Minister for Roads and Road Safety determines accident towing fees for regular vehicles in the Melbourne controlled area. The minister may only make a determination after receiving a recommendation from the commission and a report from the Secretary, Department of Transport and Planning.

We conducted a review of accident towing fees under section 212A of the Accident Towing Services Act and consulted with stakeholders including the Victorian Automotive Chamber of Commerce, AllCar Towing Group (a towing operator) and the Insurance Council of Australia. This report sets out the reasons for our recommendations.

In making our recommendations, we had regard to the Accident Towing Services Act objective – to promote the safe, efficient and timely provision of accident towing services and other related services.² We reviewed accident towing fees in other jurisdictions and those applicable for competitive (unregulated) trade towing services, along with industry and market demand and supply characteristics. We found no substantive evidence to suggest the current levels of regulated

¹ 'Accident towing fees' refers to the amounts charged for accident towing services per the *Accident Towing Services Act 2007*, section 211(a); 'storage fees' refers to the amounts charged for the service of storing accident damaged motor vehicles per the *Accident Towing Services Act 2007*, section 211(b).

² *Accident Towing Services Act 2007*, section 4(a).

accident towing fees are having an adverse impact on the safe, efficient or timely provision of these services. Our recommendations reflect this finding.

Summary

Recommendation 1: regulated accident towing fees remain unchanged

The current regulated accident towing fees are appropriate and should not be changed beyond the 'annual adjustment mechanism' (that is, current indexation arrangements).^{3,4}

The current regulated accident towing fees are:

- broadly similar to regulated accident towing fees in other Australian jurisdictions (Sydney, Adelaide, Queensland and Perth)
- higher than unregulated trade towing fees in Melbourne, due to additional costs incurred in providing accident towing services.

Recommendation 2: regulated storage fees remain unchanged

The current regulated storage fees are appropriate and should not be changed beyond the annual adjustment mechanism.⁵

The current regulated storage fees are:

- broadly similar to regulated storage fees in other Australian jurisdictions (Sydney, Adelaide, Queensland and Perth)
- within range of unregulated storage fees for trade towing in Melbourne.

Recommendation 3: default productivity adjustment factor remains

The productivity adjustment factor should remain unchanged at 0.5 per cent.

Productivity growth (as measured by Australian Bureau of Statistics data) has historically ranged from -1.2 to 5.0 per cent. The default 0.5 per cent productivity adjustment factor specified in the Accident Towing Services Act falls within this range.

³ 'Accident towing fees' refers to the amounts charged for accident towing services per the *Accident Towing Services Act 2007*, section 211(a).

⁴ Per the *Accident Towing Services Act 2007*, section 212H. See Appendix D for detail on the annual adjustment mechanism.

⁵ 'Storage fees' refers to the amounts charged for the service of storing accident damaged motor vehicles per the *Accident Towing Services Act 2007*, section 211(b).

We did not find sufficient evidence to recommend a different productivity adjustment factor.

Recommendation 4: basic salvage services not subject to determination

Basic salvage services should not be subject to a determination under section 211 of the Accident Towing Services Act. We found no evidence or information that indicates current salvage fees are unreasonable.

Current fees apply until minister makes new determination

The current regulated accident towing and storage fees (see Table 1) and indexation arrangements continue to apply until the minister makes a new fee determination.

The Australian Bureau of Statistics released data on 30 April 2025 that indicated the Melbourne Transport consumer price index was -1.3 per cent in the year to March 2025. This means that if the minister accepts our recommendations, the regulated fees for 2025–26 would be the same as those for 2024–25.⁶

Table 1. Regulated fees and charges in the Melbourne controlled area (2024–25)

Fee or charge description	Charge (\$ incl. GST)
Towing fees	
Base fee (including first 8 km travel by tow truck)	272.80
Additional fee per kilometre beyond 8 km	4.30
After hours surcharge*	93.10
Storage fees (charge per day)	
Car – under cover	30.90
Car – in locked yard	20.90
Motorcycle – under cover	10.20
Motorcycle – in locked yard	6.50

* Applies 5 pm to 8 pm Monday to Friday, 5 pm Friday to 8 am Monday, and midnight to midnight on public holidays.

⁶ Fees are not varied, if indexation arrangements in a given year would result in lower fees, per the *Accident Towing Services Act 2007*, section 212H(3).

Our regulatory role

Every four years, we conduct a review and make recommendations to the Minister for Roads and Road Safety about:

- whether current accident towing and storage fees are appropriate
- a figure for the productivity adjustment factor to apply to fees
- whether salvage fees should be regulated.⁷

The Accident Towing Services Act limits the scope of our review to regular vehicles (less than four tonnes) in the Melbourne controlled area (within metropolitan Melbourne) only.⁸

Matters not within scope of our review include fees for heavy vehicle and trade towing, licence boundary amendments, operation of the accident allocation scheme and accident towing fees outside the Melbourne controlled area. (See Appendix A for more information on the accident towing industry and our role).

Accident towing is the towing of damaged vehicles from road accident scenes.

In Victoria, there are three geographic areas for accident towing, and regulation varies across these zones:

- the Melbourne controlled area (within metropolitan Melbourne)
- the Self-management area of Geelong (Geelong and surrounding areas)
- the remainder of Victoria.

We used benchmarking to assess towing and storage fees

We used a benchmarking approach to assess accident towing and storage fees for the Melbourne controlled area. Benchmarking is a fit-for-purpose, sound and reliable basis of assessment.

⁷ See 212A(1) of the *Accident Towing Services Act 2007* for a full description of the commission's role.

⁸ As per section 46 of the *Accident Towing Services Act 2007*, the Secretary, Department of Transport and Planning may declare an area to be a controlled area. The Melbourne controlled area was declared in Gary Liddle 2010, 'Declaration of controlled area', *Victoria Government Gazette*, No. S 461 Tuesday 9 November 2010.

Along with benchmarking analysis, our views were informed by Department of Transport data, Australian Bureau of Statistics data and stakeholder feedback, which provided the basis for the recommendations in this final report.

We considered stakeholder views in our review

We received submissions from three stakeholders – the Insurance Council of Australia, the Victorian Automotive Chamber of Commerce (VACC) and AllCar Towing Group (a towing operator).

Stakeholders had a range of views. In general, the Insurance Council of Australia considered current regulated fees to be appropriate. Whereas the VACC and AllCar Towing Group contended that current fees do not cover operational costs.

Despite data we received suggesting possible service quality declines, AllCar Towing Group referred to its recent service improvements on account of latest investments to uplift its capacity and performance.

Stakeholders said we should:

- Use a cost-of-service methodology, instead of benchmarking, to reflect towing operators' actual operating costs.
- Establish a separate fee structure for electric vehicle towing to reflect towing operators' additional costs and risks.
- Set the productivity adjustment factor to zero because productivity improvements are difficult to achieve in practice.
- Regulate salvage fees to minimise the risk of unreasonable salvage charges.

We found insufficient evidence to support these proposals. We consider our current benchmarking methodology to be an appropriate basis for assessing fees. Our detailed responses to submitters' views are set out in the relevant chapters of this final report.

1. Our approach

We used a benchmarking approach to assess accident towing and storage fees, based on comparisons with fees charged in other Australian jurisdictions and trade towing services.

Our views were informed by benchmarks, industry data and stakeholder feedback, which provided the basis for the recommendations in this report.

We consider that separate charges for the towing and storage of electric vehicles are not necessary at present. They currently comprise a small proportion of the total Victorian vehicle fleet.

This chapter outlines the approach we used to assess and make recommendations on accident towing and storage fees.⁹ It also sets out the main sources of information and views we have relied upon and our view on separate electric vehicle charges.

We used benchmarking to assess fees

We used a benchmarking approach to assess accident towing and storage fees for the Melbourne controlled area. Benchmarking is a standard practice used in Australia by other regulators such as the Australian Competition and Consumer Commission, the Australian Energy Regulator and the Australian Securities and Investments Commission.

In deciding our basis for assessment, we considered the relative benefits and costs of the following two methods:

- **Benchmarking approach:** an examination of existing fees based on comparisons to fees charged for similar services in other Australian jurisdictions and for non-regulated trade towing services in Melbourne.
- **Cost-of-service approach:** an examination of existing fees based on the estimated costs of efficiently providing that service.

⁹ 'Accident towing fees' refers to the amounts charged for accident towing services per the *Accident Towing Services Act 2007*, section 211(a); 'storage fees' refers to the amounts charged for the service of storing accident damaged motor vehicles per the *Accident Towing Services Act 2007*, section 211(b).

In conducting our evaluation, we sought evidence that the current fee levels were having an adverse impact on the safe, efficient and timely provision of accident towing services and other related services.¹⁰

The VACC preferred a cost-of-service approach

The Victorian Automotive Chamber of Commerce (VACC) proposed a cost-of-service approach be used in place of a benchmarking approach:

A benchmarking approach does not accurately reflect the true cost changes experienced by operators, while a cost-of-service approach would allow fees to be recalibrated in line with actual costs faced by operators.¹¹

There are significant differences between metropolitan Melbourne and other cities due to market conditions, regulatory environments and cost structures making benchmarking comparisons invalid and leading to inaccurate cost assessments.¹²

Benchmarking is fit-for-purpose

In our view, benchmarking is fit-for-purpose and is a sound and reliable basis of assessment. The advantages of benchmarking are that we do not need to:

- obtain data from accident towing operators
- rely on firm-specific costs
- assess every cost item for prudence and efficiency.

Importantly, regulated fee levels can be benchmarked against unregulated trade towing fees. This is significant because towing operators provide both accident towing and trade towing services using the same trucks, depots and storage yards.

Further, trade towing services are provided in a contestable, competitive market. We consider fees in a contestable market will better reflect efficient costs.

However, benchmarking has some limitations. In particular, we needed to make a number of assumptions and adjustments to account for differences in the fee structures of each jurisdiction

¹⁰ *Accident Towing Services Act 2007*, section 4(a).

¹¹ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, pp. 17–18.

¹² *Ibid*, p. 7.

and in the types of towing. This means the benchmarks do not strictly reflect the efficient costs for all accident towing jobs. Despite these limitations, benchmarking is, in our view, the most appropriate basis for the assessment of accident towing and storage fees.

A cost-of-service approach has significant burdens

In our view, a cost-of-service approach was not feasible for our review. Any beneficial outcomes that might be derived were not considered to outweigh the administrative burden for parties to gather, collate and provide the required information. This burden is particularly relevant for small and medium-sized businesses, which are prevalent in the accident towing industry.

If such an approach were contemplated in the future, considerable work would need to be done to agree:

- what costs should be included
- how cost information is gathered and verified
- how regulated costs are ring-fenced or allocated between regulated and unregulated services.

We further note a cost-of-service approach would require many assumptions to be made, which would limit the accuracy of results. Chief among them is the need to apportion towing operators' costs in providing accident towing services, with the costs of any other unregulated services they may provide.

Isolating accident towing specific costs from other expenditures would be a significant exercise for both towing operators and the commission. This would be essential, if a cost-of-service approach were to be adopted.

Published indices suggest costs containment

AllCar Towing Group and the VACC raised concerns about the rising cost pressures facing the accident towing industry.

We referred to published cost indices in relation to these concerns. According to the indices we analysed, the major costs underpinning accident towing services in Melbourne, despite some volatility, have not significantly changed since our last review.

We found that accident towing costs increased at a slower rate than estimated revenue at aggregate industry level (see Appendix E for more information). We recognise that, for some towing operators, revenue from accident towing services may not be keeping pace with their own costs. However, this is simply part of operating in a functioning market where exposure to costs and risk should provide towing operators with the discipline to be prudent and operate efficiently. It does not mean that costs actually incurred should automatically be recovered via regulated charges. Doing so would reduce incentives to operate efficiently.

Recommendations informed by industry data and stakeholder views

We obtained data and information from the Department of Transport and Planning and an insurance company. We also sourced publicly available data from the Australian Bureau of Statistics.

Our draft report released on 19 December 2024 sought stakeholder views on our preliminary conclusions and recommendations. We received submissions from three stakeholders (see Table 2). We met with the Insurance Council of Australia and the VACC on several occasions to discuss their submissions and views.

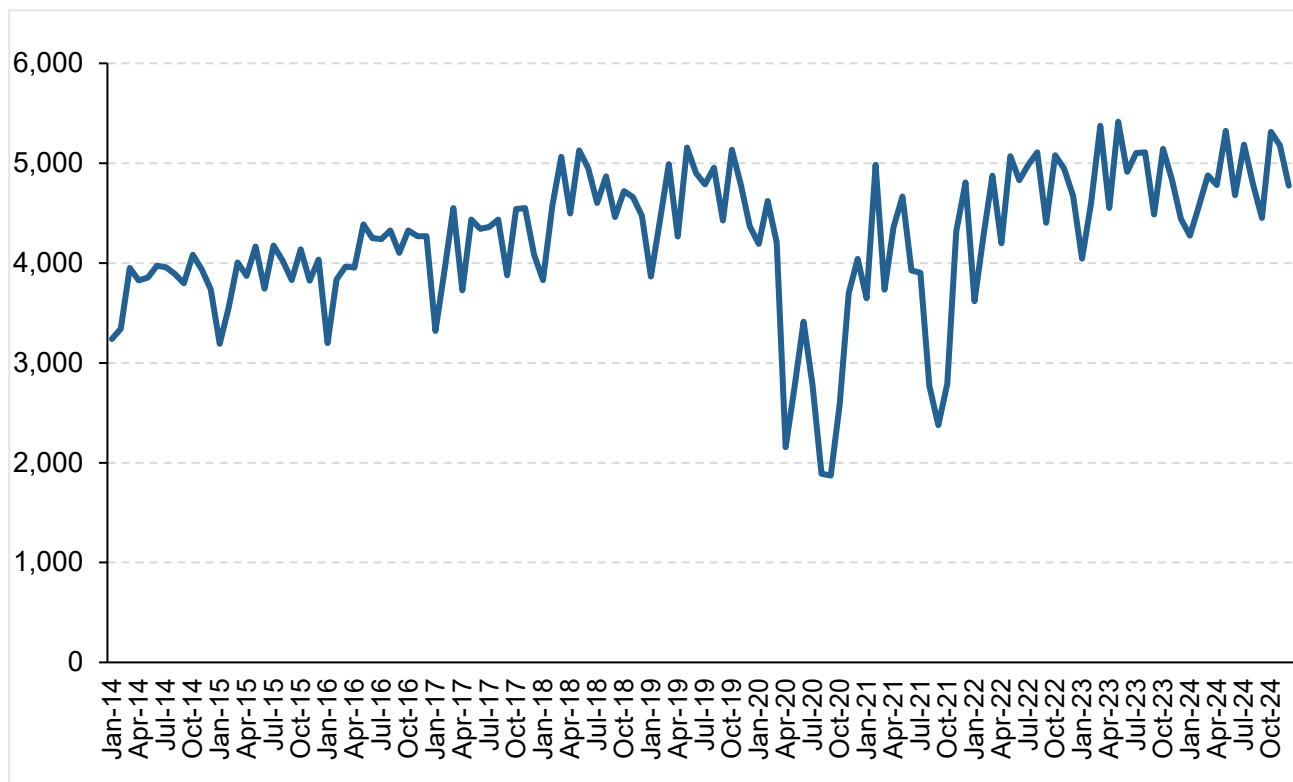
Table 2. Stakeholder submissions to draft report

Stakeholder	Stakeholder description	Date received
Insurance Council of Australia	Australia’s representative body for the general insurance industry in Australia	21 November 2024
AllCar Towing Group	Towing operator	3 March 2025
Victorian Automotive Chamber of Commerce	Victoria’s peak automotive industry association	6 March 2025

Removing Coronavirus pandemic impacts

We observed some significant changes during 2019–20, 2020–21 and 2021–22 in much of the data we received (as exemplified in Figure 1). This is likely due, in large part, to the impacts of the coronavirus pandemic.

Figure 1. Monthly accident towing allocations 2014–2024



Source: Department of Transport and Planning.

Since 2021–22, much of the data indicates that the accident towing industry has returned to the levels recorded prior to the coronavirus pandemic. We therefore regard the results recorded during 2019–20, 2020–21 and 2021–22 as outliers. We have reported data from these years in our final report, but it has not informed our conclusions or recommendations.

Separate electric vehicle charges unnecessary

The VACC suggested a separate fee structure be introduced for electric vehicles. It referred to the increasing number of electric vehicles and higher levels of complexity and costs associated with towing and storing these vehicles.¹³

¹³ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 25.

Specifically, the VACC claimed that electric vehicles are more complex and riskier to tow, requiring additional equipment and expertise. It also noted that towing operators are exposed to additional safety risks when dealing with these vehicles.¹⁴

Further, the VACC noted that electric vehicles have specific storage restrictions and must have 15 square metres of open space surrounding them. This presents an additional cost for the storage operators who cannot make use of the floorspace surrounding the vehicle.¹⁵

We do not consider it necessary to have separate charges to cover the additional costs that may be associated with towing and storing electric vehicles. These vehicles comprise only a very small proportion of the total Victorian vehicle fleet at present.¹⁶

Further analysis of electric vehicle towing and storage may be necessary as they become more prevalent, and operators can demonstrate additional marginal costs associated with specific regulatory requirements for towing and storing electric vehicles.

¹⁴ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 26.

¹⁵ Ibid, p. 25.

¹⁶ Australian Automobile Association, Electric Vehicle Index, <https://www.aaa.asn.au/research-data/electric-vehicle/> Website accessed 7 October 2024.

According to this website, as at 31 January 2024 in Victoria there were:

Internal Combustion Engines = 4,907,595
Battery Electric Vehicles = 41,546
Hybrid / Plugin Hybrid Electric Vehicles = 114,127
Total vehicles = 5,063,268

This means electric vehicles (Battery Electric, Hybrid and Plugin Hybrid) comprise around 3 per cent of the total Victorian fleet.

2. Regulated accident towing fees

Recommendation 1: The current regulated accident towing fees for the Melbourne controlled area are appropriate and should not be changed beyond the annual adjustment mechanism.

Regulated accident towing fees for the Melbourne controlled area are broadly similar to regulated accident towing fees in Sydney, Adelaide, Queensland and Perth.

Regulated accident towing fees are higher than unregulated trade towing fees in Melbourne, which is to be expected given the additional costs to provide accident towing services.

Our benchmarking indicates current regulated accident towing fees for the Melbourne controlled area are appropriate.

We are required under section 212A(1)(a) of the Accident Towing Services Act to recommend to the Minister for Roads and Road Safety whether any amount the minister has previously determined for accident towing fees is appropriate.¹⁷

This chapter sets out our assessment of the regulated accident towing fees for the Melbourne controlled area.

Stakeholders' views on current accident towing fees were mixed

Level of accident towing fees

The Insurance Council of Australia considers the current accident towing fees to be appropriate.¹⁸

In contrast, the VACC stated the current accident towing fees are too low. It noted that for many accident towing operators the current accident towing fees do not cover their operational costs.¹⁹

¹⁷ 'Accident towing fees' refers to the amounts charged for accident towing services per the *Accident Towing Services Act 2007*, section 211(a).

¹⁸ Insurance Council of Australia, Filenote of meeting with Essential Services Commission, 25 September 2024.

¹⁹ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 22.

Similarly, AllCar Towing Group contended that the current accident towing fees no longer reflect the true costs of maintaining their service standards.²⁰

Fee structure

The VACC raised concerns about the fee structure, noting:

... 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.²¹

The VACC recommended the Perth fee structure be adopted for the Melbourne controlled area. In its view, the Perth fee structure is based on the most up-to-date costs and reflects the high fixed costs of the sector by incorporating a higher proportion of the total fees in the base fee. As part of their recommendation, the VACC proposed that:

Melbourne fees should include the first 50 kilometres worth of distance fees in the base fee, and any additional distance fee should only be charged beyond 50 kilometres.²²

Benchmarking indicates current accident towing fees are appropriate

Our benchmarking indicates current accident towing fees for the Melbourne controlled area are appropriate. We considered a range of benchmarks for accident towing fees including:

- Regulated accident towing fees in four other Australian jurisdictions – New South Wales (Sydney), South Australia (Adelaide), Queensland and Western Australia (Perth).²³
- Unregulated fees for trade towing services in Melbourne. This includes breakdown towing, abandoned (or derelict) vehicle towing and clearway towing.

²⁰ AllCar Towing Group, submission to Essential Services Commission Accident Towing Fees Review: Draft Report, 3 March 2025.

²¹ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 21.

²² Ibid.

²³ Since 10 January 2025, the price that can be charged for the towing and storage of crashed light vehicles in Perth and Peel (Western Australia) has been capped; <https://www.transport.wa.gov.au/licensing/maximum-charges-for-crash-towing.asp>, accessed 11 March 2025.

Regulated accident towing fees in other jurisdictions are a useful benchmark as the services and underlying costs are comparable to accident towing in Melbourne. However, regulated fees may be less reflective of efficient costs compared to fees set in a contestable market.

We also compared regulated accident towing fees with unregulated trade towing fees in Melbourne, which are often set via competitive tender processes.²⁴ The services and underlying costs are likely to be different for trade towing compared to accident towing, but the fees are more likely to reflect efficient costs.

Regulated accident towing fees are broadly similar in other Australian jurisdictions

Regulated accident towing fees in the Melbourne controlled area are within the range of regulated fees in other Australian jurisdictions, when adjusted to account for different regulatory settings across jurisdictions.

As each jurisdiction's published fees do not represent a like-for-like comparison, we estimated a 'standard' accident towing fee for each jurisdiction (see Table 3). To estimate the standard fee, we made a number of assumptions such as a total travel distance of 22 kilometres and a total tow time of 90 minutes (see Appendix B for more details).²⁵

We also made some adjustments to account for jurisdictional differences. However, there were limits to the adjustments we could make, and this may explain some of the differences in the estimated standard fees across jurisdictions.

For example, the base fees in Sydney and Adelaide include some salvage, while the base fee in Melbourne does not, and we did not have sufficient information to adjust for this.

It is also difficult to make comparisons with Queensland's fees, as they apply to both metropolitan and regional areas whereas Melbourne's regulated accident towing fees apply to the metropolitan area only.

²⁴ For example, local councils in Victoria typically tender contracts for abandoned (or derelict) vehicle towing services.

²⁵ The assumptions we used to estimate a 'standard' accident towing fee are:

- the total travel distance is 22 kilometres of which 17 kilometres is the total tow distance
- the average speed of an accident tow truck in the Melbourne controlled area is 40 kilometres per hour
- the average total tow time is 90.0 minutes of which 33.0 minutes is travel time and 57.0 minutes is waiting and working time
- the exclusion of storage fees
- the exclusion of salvage fees
- 46 per cent of accidents occur during business hours (8am to 5pm) and 54 per cent occur after hours.

Table 3. Estimated ‘standard’ accident towing fees by jurisdiction (2024–25)

	Business hours	After hours	Weighted average
Melbourne controlled area	\$333.00	\$426.10	\$383.25
Sydney	\$385.00	\$462.00	\$426.56
Adelaide	\$438.00	\$538.00	\$489.42
Queensland	\$332.05	\$332.05	\$332.05
Perth	\$485.00	\$623.00	\$559.49

Source: Essential Services Commission analysis.

Insufficient evidence to increase regulated fees to match Perth

The VACC raised concerns that accident towing fee levels are much lower in Melbourne compared to Perth. It advocated for accident towing fees in Melbourne to be set at the same level as those in Perth.

While accident towing fee levels are lower in Melbourne compared to Perth, this reflects several differences between the two jurisdictions. The Western Australia Department of Transport noted some key reasons for higher fees in Perth compared to other jurisdictions in its Decision Regulatory Impact Statement made in June 2024:

- higher salary costs in Western Australia due to competition with the mining industry
- higher vehicle costs in Western Australia due to a smaller market
- Western Australia has not proposed a towing allocation system, reducing the reliability of crash towing as an income source for Perth tow truck drivers
- the model allows for longer waiting and working times than Melbourne.²⁶

The VACC also suggested Melbourne’s accident towing fee structure be aligned with that of Perth. This would necessitate including 50 kilometres of distance in the base fee.²⁷ This would also mean distance fees would only apply after 50 kilometres.

²⁶ Department of Transport, Western Australia, [Proposal for the Regulation of the Crash Towing Industry in Western Australia – Decision Regulatory Impact Statement](#), accessed 24 March 2025.

²⁷ The base fee for Melbourne includes a travel distance of eight kilometres. We also note the distance travelled is measured from the **depot** to the tow destination in Melbourne, but from the **accident site** to the tow destination in Perth.

On a like-for-like comparison, the estimated fees for a 50-kilometre tow would be similar in both jurisdictions, which we calculate to be \$525 in Melbourne and \$559 in Perth.²⁸ As such, Melbourne tow truck operators already receive similar revenues for jobs of such distances.

Further, we note that under the VACC's proposal, consumers who had tows of less than 50 kilometres, would pay more than they do under the existing fee structure.²⁹ We do not consider this to be appropriate.

While we recognise there are differences in accident towing fee levels and structures across jurisdictions, we do not consider this to mean those in Melbourne need to be changed to match those of elsewhere.

Regulated towing fees are expectedly higher than unregulated trade towing fees

Regulated accident towing fees for the Melbourne controlled area are higher than unregulated trade towing fees in Melbourne. Breakdown towing fees are much less than the estimated standard accident towing fee (see Table 4). Clearway towing fees and abandoned (or derelict) vehicle towing fees are also lower, though higher than breakdown towing fees.

²⁸ Our estimate is based on the same assumptions as our 'standard' accident tow, except the total travel distance is 55 kilometres of which 50 kilometres is the **tow distance**.

²⁹ This includes the travel from the depot to the accident site and travel from the accident site to the tow destination.

Table 4. Comparison of fees for accident towing and trade towing

Type of towing service	Average fee	Range of fees
Accident towing	\$383	Not applicable
Breakdown towing	\$188	\$132 – \$220
Abandoned (or derelict) vehicle towing	\$276	\$192 – \$358
Clearway towing		
Councils adopting Department of Transport and Planning release fee	\$157	Not applicable
Councils adopting different release fee	\$211	\$203 – \$221
Average (all)	\$200	\$157 – \$221

Source: Essential Services Commission analysis.

In our view, higher accident towing fees are to be expected as operators incur additional costs in undertaking accident towing jobs compared to trade towing jobs. This is, in part, due to the extra time it may take to complete these jobs including:

- waiting at an accident site (for police to clear the site and declare it safe to move a vehicle)
- photographing and documenting an accident (if necessary)
- working at the site (accident towing operators are responsible for clearing the site of debris).

Accident towing operators are also required to take reasonable steps to attend an accident site within 30 minutes of receiving an allocation.³⁰ This means they need to have tow trucks on standby to meet this requirement, which in turn impacts their tow truck utilisation rates.

In Sydney, accident towing fees are higher than trade towing fees

We used regulated fees in Sydney to estimate a benchmark proxy for the additional cost to perform accident towing jobs compared to trade towing jobs. To do this, we calculated the difference between regulated accident towing fees and regulated towing fees for recovered stolen vehicles in Sydney. We estimated this additional cost to be 37 per cent.

In comparison, our estimated additional cost for accident towing jobs compared to abandoned (or derelict) vehicle towing and clearway towing jobs in Melbourne is 28 per cent and 48 per cent,

³⁰ Accident Towing Services Regulations 2019, regulation 37.

respectively (see Table 5). The average of both is 38 per cent, which is almost identical to Sydney. This suggests the additional cost we observe in Melbourne is appropriate.

Table 5. Additional cost to perform accident towing jobs

Benchmark comparison	Additional cost as percentage of accident towing fees
Sydney accident towing fees compared to Sydney towing fees for recovered stolen vehicles	37%
Melbourne accident towing fees compared to Melbourne average benchmark for abandoned (or derelict) vehicle towing fees	28%
Melbourne accident towing fees compared to Melbourne average benchmark for clearway towing fees	48%

Source: Essential Services Commission analysis; <https://www.fairtrading.nsw.gov.au/buying-products-and-services/buying-services/motor-repairs/tow-truck-fees-for-light-vehicles>.

Unregulated trade towing fees increased at similar rate to accident towing fees

We compared changes in unregulated trade towing fees with changes in regulated accident towing fees in Melbourne.

We estimated breakdown towing fees increased by 22 per cent and abandoned (or derelict) vehicle towing fees increased by 21 per cent from 2021–22 to 2024–25.³¹ This is similar to the rate of increase for accident towing fees over the same period (20 per cent). If the underlying costs of providing towing services had increased significantly, we would expect to see unregulated trade towing fees rising faster than regulated accident towing fees. This is because tow truck operators can freely pass on increased costs to trade towing customers.

³¹ The change in fees for breakdown towing is based on the average online quote obtained for our 2021 review (\$154) and our current review (\$188).

The change in fees for abandoned (or derelict) vehicle towing is based on the average of the towing fees published by four councils (Knox City Council, Manningham City Council, Melbourne City Council and Nillumbik Shire Council) in their annual budgets for 2021–22 (\$223) and 2024–25 (\$271). Darebin City Council also publishes a towing fee in its annual budget however we have excluded it from our analysis as an outlier because it had a significant one-off 87.5 per cent increase in its towing fee for 2024–25. If we included Darebin in our analysis, the increase in fees for abandoned (or derelict) vehicle towing would be 34 per cent.

2. Regulated accident towing fees

We recommend no change to accident towing fees beyond indexation

Based on our benchmarking analysis and consideration of stakeholders' views, we conclude that current regulated accident towing fees are appropriate. We therefore recommend accident towing fees for the Melbourne controlled area are not changed beyond the annual adjustment mechanism.

3. Regulated storage fees

Recommendation 2: The current regulated storage fees for the Melbourne controlled area are appropriate and should not be changed beyond the annual adjustment mechanism.

Regulated storage fees for the Melbourne controlled area are in line with regulated fees in Sydney, Adelaide, Queensland and Perth.

Regulated storage fees are within range of unregulated storage fees for trade towing in Melbourne.

Our benchmarking indicates the current regulated storage fees for the Melbourne controlled area are appropriate.

We are required under section 212A(1)(a) of the Accident Towing Services Act to recommend to the Minister for Roads and Road Safety whether any amount the minister has previously determined for storage fees is appropriate.³²

This chapter outlines our assessment of the regulated storage fees for the Melbourne controlled area.

Stakeholders' views on current storage fees were mixed

The Insurance Council of Australia considered storage fees are appropriate.³³ In contrast, the VACC and AllCar Towing Group said fees are too low. The VACC suggested these fees be set at the same level as those in Perth.³⁴ It advocated a one-off administration fee (similar to that in Perth) be implemented to cover the administrative overhead costs associated with vehicle storage.³⁵

³² 'Storage fees' refers to the amounts charged for the service of storing accident damaged motor vehicles as per *Accident Towing Services Act 2007*, section 211(b).

³³ Insurance Council of Australia, Filenote of meeting with Essential Services Commission, 25 September 2024.

³⁴ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 21; AllCar Towing Group, submission to Essential Services Commission Accident Towing Fees Review 2025: Draft Report, 3 March 2025.

³⁵ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 21.

Benchmarking indicates current storage fees are appropriate

Our benchmarking indicates current regulated storage fees are appropriate. We considered a range of benchmarks for storage fees including:

- regulated storage fees for accident towing in other Australian jurisdictions
- unregulated storage fees for trade towing in Melbourne
- estimated storage fees based on land rental values in Melbourne.

Regulated storage fees are broadly similar in other Australian jurisdictions

Regulated storage fees in the Melbourne controlled area are in line with regulated storage fees in other Australian jurisdictions. Not all fees apply in each jurisdiction. For those that do, Melbourne fees are slightly higher than Adelaide but lower than Sydney, Queensland and Perth (see Table 6).³⁶ The difference in storage fees across jurisdictions is likely due to varying land rental values.³⁷

Table 6. Regulated storage fee (per day) by jurisdiction (2024–25)

	Car Under cover	Car Locked yard	Motorcycle Under cover	Motorcycle Locked yard
Melbourne controlled area	\$30.90	\$20.90	\$10.20	\$6.50
Sydney		\$35.20		\$16.50
Adelaide	\$28.00	\$16.00	Not applicable	Not applicable
Queensland		\$29.00	Not applicable	Not applicable
Perth		\$25.00		\$12.50

Note: Perth applies a one-off administration fee of \$88, that covers all requests and expenses incurred while a vehicle is stored in a yard.

Source: Essential Services Commission analysis.

The VACC proposed storage fees for the Melbourne controlled area be set at the same level as in Perth. Unlike Melbourne, Perth has only a single car storage fee that does not distinguish between locked yard and under cover storage. While the Melbourne locked yard storage fee is lower

³⁶ In Queensland, the first three days of storage of an accident-damaged vehicle is included in the base fee for accident towing services. Storage fees beyond the three days are subject to a requirement that fees are ‘reasonable’. However, the regulated storage fee for storing a private property motor vehicle in a holding yard is \$29.00 per day.

³⁷ For example, we analysed the rental value of commercial properties in Melbourne and Sydney, in areas which are known to contain towing depots or storage yards. Rental values in Sydney are substantially higher than in Melbourne for areas 10 km or less from the CBD and areas greater than 10 km from the CBD. See Appendix C for more information.

(\$20.90) than Perth's single car storage fee (\$25), the Melbourne under cover storage fee is higher (\$30.90). Given Perth's single fee is within the range of both Melbourne's fees, we do not consider any change to be necessary.

One-off administration fee is not necessary for Melbourne

The VACC suggested Melbourne's regulated storage fees include an administration fee as applies in Perth. This one-off \$88 fee, which is charged in addition to daily storage fees, covers all requests and expenses while a vehicle is stored in a yard.³⁸

In our view, there is no need for a similar one-off administration fee for Melbourne. This is because the type of costs it is meant to cover are accounted for elsewhere within Melbourne's regulated fee structure. These costs are mainly included in the base fee, which covers all relevant costs of an accident towing business.³⁹

Regulated storage fees are generally consistent with trade towing storage fees

Regulated storage fees in the Melbourne controlled area are within range of unregulated storage fees for trade towing in Melbourne (see Table 7).⁴⁰ The average storage fee for clearway towing (\$18.56) is lower than both regulated storage fees.

The average storage fee for abandoned (or derelict) vehicle towing (\$31.06) is higher than the regulated locked yard storage fee but similar to the regulated under cover storage fee.

³⁸ Department of Transport, Western Australia, <https://www.transport.wa.gov.au/licensing/maximum-charges-for-crash-towing.asp>, accessed on 24 March 2025.

This could include, but is not limited to, allowing the owner access to the vehicle within business hours, or moving the vehicle within the storage yard or to another storage yard owned/operated by a towing service provider.

³⁹ *Victoria Government Gazette*, 31 October 2014, No. S406, pp. 1–2

The base fee covers the cost of the first 8 kilometres of travel by the tow truck and all other relevant costs of an accident towing business, including but not limited to the costs of:

- (i) removing debris (including any spills)
- (ii) cleaning the tow truck, tools and equipment
- (iii) waiting time at the road accident scene
- (iv) taking photographs of the road accident scene
- (v) telephone calls and completing documentation relating to the towing of an accident damaged vehicle
- (vi) releasing the stored vehicle, which may include moving the vehicle to a location at the specified depot to enable it to be collected by the vehicle's owner or another towing operator on the owner's behalf and loading it onto another towing operator's tow truck for the purpose of that collection.

⁴⁰ Unlike accident towing storage fees, there is generally no distinction between vehicles stored under cover or in a locked yard for trade towing. This means only a single trade towing fee for either type of storage can be used as a basis of comparison.

3. Regulated storage fees

Table 7. Published storage fees for trade towing in Melbourne (2024–25)

Type of towing service	Council	Average storage fee (per day)
Clearway towing		
	Councils adopting Department of Transport and Planning fee	\$15.20
	Councils adopting a different fee	\$19.40
	All	\$18.56
Abandoned (or derelict) vehicle towing		
	Inner Melbourne	\$21.46
	Outer Melbourne	\$35.42
	All	\$31.06

Source: Essential Services Commission analysis.

Regulated storage fees accord with benchmarks based on land rental values

Regulated storage fees in the Melbourne controlled area are similar to benchmarks based on land rental values and storage utilisation.⁴¹

The estimated storage fees based on land rental values for Melbourne were between \$22.18 and \$31.73 depending on the utilisation rate and distance from the CBD (see Table 8). These are similar to the regulated storage fees.

Table 8. Estimated storage fees for Melbourne based on land rental values

As at 1 November 2024

	40% utilisation	45% utilisation	Average
10 km or less from CBD	\$31.73	\$28.21	\$29.97
Greater than 10 km from CBD	\$24.96	\$22.18	\$23.57
Average	\$26.80	\$23.83	\$25.32

Source: Essential Services Commission analysis.

⁴¹ See Appendix C for more information on how we estimated storage fees based on land rental values.

We recommend no change to storage fees beyond indexation

Based on our benchmarking analysis and consideration of stakeholders' views, we conclude that current regulated storage fees are appropriate. We therefore recommend storage fees for the Melbourne controlled area are not changed beyond the annual adjustment mechanism.

4. Productivity adjustment

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

We are required to recommend a value for the productivity adjustment factor. In doing this, we are guided by the 'default' 0.5 per cent specified in the Accident Towing Services Act.

The purpose of the productivity adjustment factor is to provide incentives for tow truck operators to improve their efficiency over time.

Despite declines of productivity associated with the coronavirus pandemic, there has been a recent up-tick in most productivity measures.

The default productivity adjustment factor of 0.5 per cent falls within the range of the measures we examined.

A rule in the annual adjustment mechanism which prevents fees from decreasing, has allowed tow truck operators to benefit from productivity gains rather than pass those savings on to consumers.

We did not find sufficient evidence to recommend a different productivity adjustment factor.

We are required under section 212A(1)(c) of the Accident Towing Services Act to recommend to the Minister for Roads and Road Safety a figure for the productivity adjustment factor to apply to fees.

This chapter summarises stakeholder views, explores how productivity has been changing in the Melbourne accident towing industry and explains the reasons for our recommendation.

The annual adjustment mechanism and our role

Regulated accident towing and storage fees are adjusted by an 'annual adjustment mechanism' each year according to a formula to account for changes in costs and productivity. (See Appendix D for more information on the formula and how the mechanism works.) The formula is set out in section 212H of the Accident Towing Services Act.

The formula includes a productivity adjustment factor, which the Accident Towing Services Act specifies is 0.5 per cent unless we recommend a different figure. It is designed to provide an incentive for tow truck operators to improve their efficiency over time, so that cost savings are passed on to consumers.

Our role is to recommend a figure for the productivity adjustment factor. In doing this, we are guided by the 0.005 (0.5 per cent) specified in the formula. It is effectively a 'default' and acts as a reference point. This means we consider whether the default is appropriate. If we find that it is not appropriate, we make a recommendation on what value the productivity adjustment factor should be.⁴²

The VACC disagrees with using a productivity adjustment factor

The VACC considered a productivity adjustment factor should not be used noting:

...much of the efficiencies within the industry have already been realised or are outside of its control and imposing further efficiency targets will impact on the long-term viability of the industry...⁴³

The VACC contended accident towing operators' ability to improve productivity is limited by multiple factors, including:

- the volume and allocation of output is not controlled by the industry
- rising operational and compliance costs
- increasing congestion is likely to be contributing to cost increases
- capital productivity is hampered by tight regulations (for example, legislation prohibiting towing operators from towing two vehicles via one truck).⁴⁴

Our role is to make a recommendation on the figure for the productivity adjustment factor only, not on whether the productivity adjustment factor should exist. We could consider a figure of zero which would have the same effect. However, the information available to us does not support moving to this.

⁴² Under section 212H of the *Accident Towing Services Act 2007*, the productivity adjustment factor is 0.5 per cent unless we recommend a different amount. We have not previously recommended a different figure.

⁴³ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 5.

⁴⁴ Ibid, pp. 23–24.

Recent data suggests current productivity factor still appropriate

While there have been declines in productivity growth, there was a recent up-turn in many of the productivity measures we examined. This suggests the current productivity adjustment factor is within the range of that which might be achieved in the accident towing industry.

The measures we used to estimate productivity changes in the accident towing industry included:

- **multifactor productivity and partial productivity** measures published by the Australian Bureau of Statistics (ABS)
- **partial productivity** measures derived from data specific to the accident towing industry.

Multifactor productivity measures capture all relevant inputs and outputs for the transport, postal and warehousing sector. Partial productivity measures capture either labour productivity or capital productivity separately.

Ideally, the measures we use would include all inputs and outputs that apply exactly to the accident towing industry in Melbourne. However, a complete set of information that is wholly representative of the accident towing industry is not available. Therefore, while one measure alone does not capture the accident towing industry in Melbourne exactly, together they may provide a better view on how productivity has changed.

We estimated productivity growth for each measure over short, medium and long-term periods between 2013–14 and 2023–24. Table 9 shows a range of growth rates for the different measures we considered from -1.2 per cent to 8.3 per cent.

Table 9. Estimated productivity growth, 2013–14 to 2023–24

Measure	Time periods considered	Productivity growth per year (%)
Multifactor productivity using ABS transport, postal and warehousing sector	3, 5 and 10 years	-0.5 to 4.5
Labour productivity growth using ABS transport, postal and warehousing sector	3, 5 and 10 years	0.2 to 4.1
Capital productivity growth using ABS transport, postal and warehousing sector	3, 5 and 10 years	-1.2 to 5.0
Industry measures – tow truck utilisation and number of tows per licence	2, 3 and 5 years	0.8 to 8.3

Note: Growth rates are based on a compound annual growth rate: 2-year period is 2021–22 to 2023–24, 3-year period is 2020–21 to 2023–24, 5-year period is 2018–19 to 2023–24, and 10-year period is 2013–14 to 2023–24.

See Appendix D for further information on our productivity analysis.

ABS measures show productivity growth since the coronavirus pandemic

We observed a significant drop in all productivity measures during 2019–20, 2020–21 and 2021–22. This was likely due to the coronavirus pandemic. The transport, postal and warehousing sector recorded sharp declines in multifactor productivity and partial capital and labour productivity during these years (see Figure 2).⁴⁵

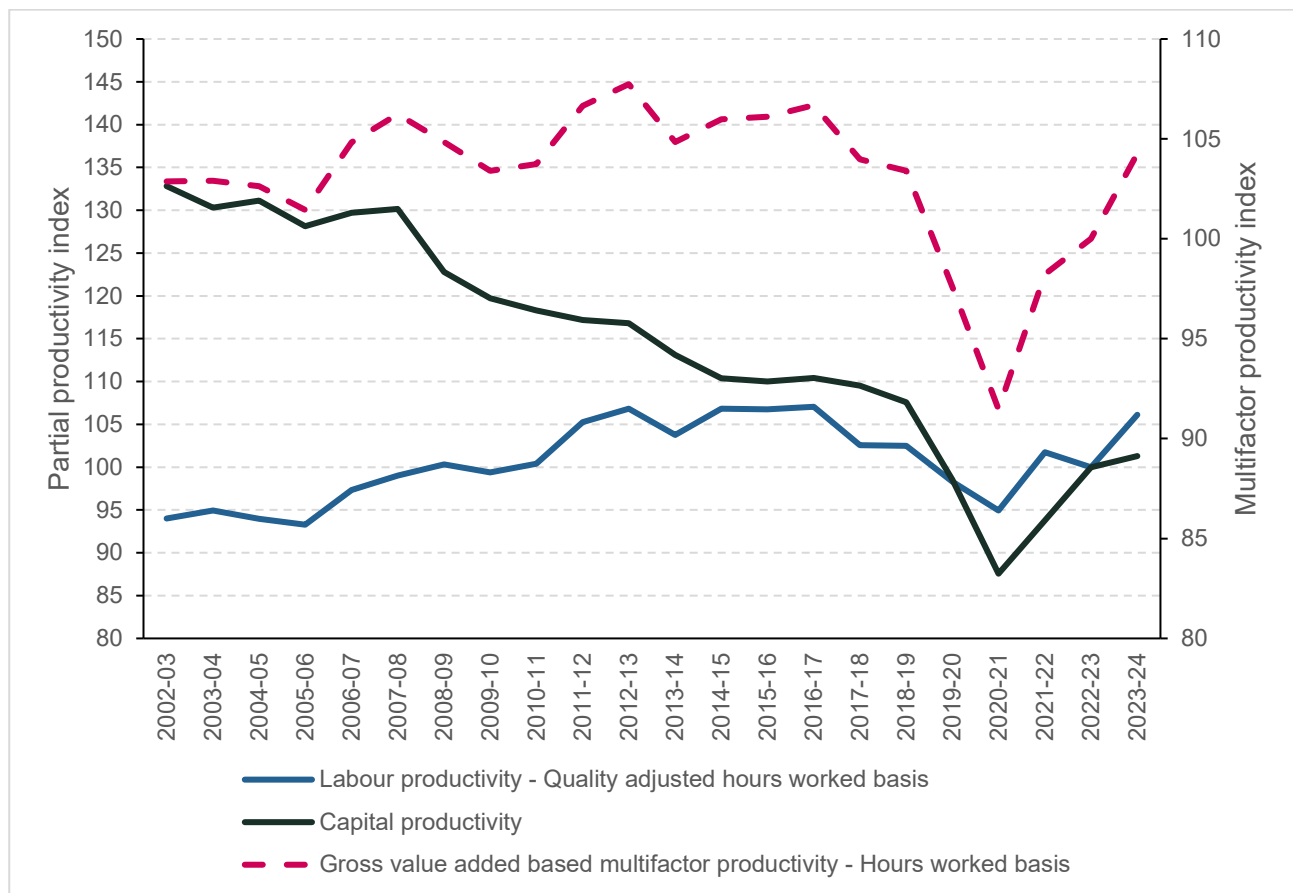
However, the measures indicate that productivity growth has been largely positive since 2021–22. At the present time, we are unable to ascertain whether this trend will be sustained.

As the Australia Bureau of Statistics data captures productivity growth in the transport, postal and warehousing sector Australia-wide, it does not reflect what is occurring in the accident towing industry in Melbourne alone.

⁴⁵ <https://www.abs.gov.au/statistics/industry/industry-overview/estimates-industry-multifactor-productivity/2020-21>, accessed 4 April 2025.

Figure 2. ABS Multifactor and partial productivity measures (2002–03 to 2023–24)

Transport, postal and warehousing sector



Source: Australian Bureau of Statistics.

Industry data shows mixed productivity growth results

We used three partial productivity measures specific to the accident towing industry in Melbourne:

- the number of accident tows per licence
- the number of accident tows per licensed truck
- the average time to complete an accident tow.

Overall, these measures show that there are more tows per licence and tows per licensed truck than in 2020, but the average time to complete an accident tow is longer than in 2020.

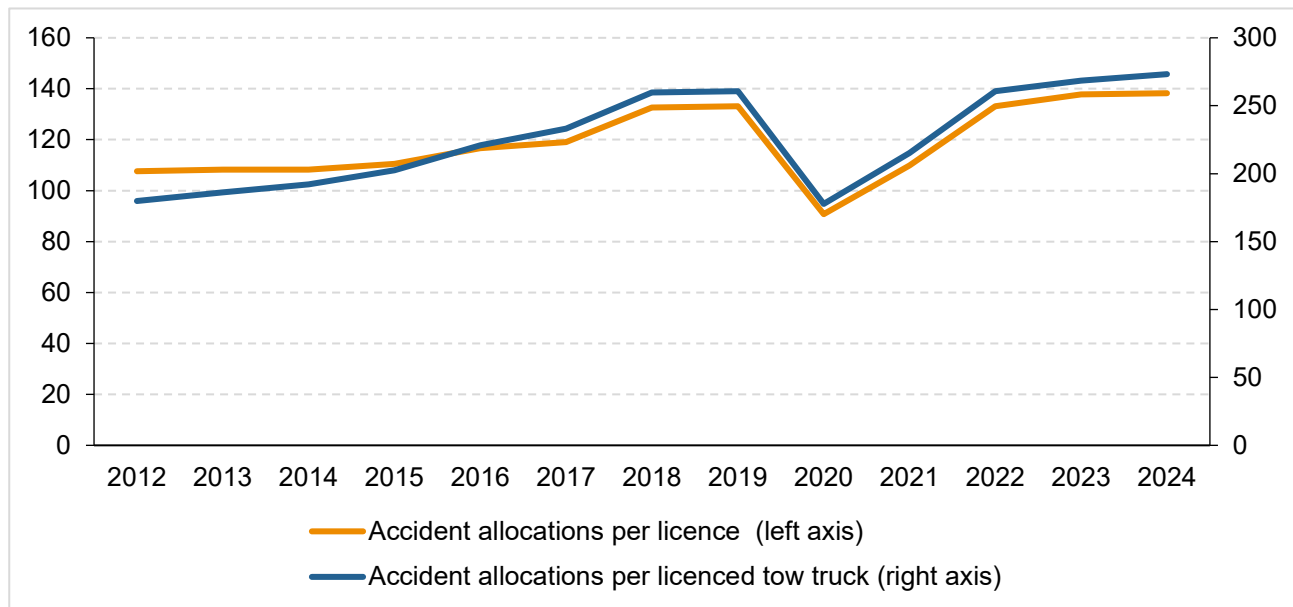
As these are partial measures of productivity, the results could be driven by other inputs. Further, the output does not include storage services or other business activities that might affect productivity (such as trade towing).

Accident tows per licence and licensed truck are higher

The number of accident tows per licence and the number of accident tows per licensed truck fell in 2020 but have since increased (see Figure 3).⁴⁶

For these two measures, we estimated productivity growth for two-year, three-year and five-year time periods between 2019 and 2024. The growth rates ranged from 0.8 per cent to 8.3 per cent.

Figure 3. Number of accident tows per licence and licensed truck



Source: Department of Transport and Planning.

Average time to complete an accident tow is longer

The average time to complete an accident tow fell from 78.2 minutes to 70.4 minutes between 2018 and 2020 but has since increased to 90.0 minutes (see Table 10).⁴⁷

The average time to complete an accident tow has increased by 6.5 per cent per year since 2021, on average.

⁴⁶ Despite similar movements, these two measures are different as some tow trucks use multiple licences. Some licences are not attached to specific tow trucks, allowing tow truck operators to flexibly manage their assets. Examining the number of licensed tow trucks would therefore be more useful than the number of tows per licence. However, the Department of Transport and Planning has not been able to provide updated data on the number of licensed tow trucks for this report.

⁴⁷ The average time to complete an accident tow is calculated as the difference between when a dispatch call is made to the depot and when the tow truck finishes transporting a vehicle to its destination. This includes the time to travel to an accident, the wait and work time at the accident scene and the time to transport a vehicle to its destination.

4. Productivity adjustment

Table 10. Average time to complete an accident tow (minutes)

	2018	2019	2020	2021	2022	2023	2024
Average time to complete tow	78.2	75.0	70.4	74.5	86.3	89.4	90.0

Note: The data excludes values less than 20 minutes and more than 600 minutes.

Source: Department of Transport and Planning.

Productivity factor had no impact because fees cannot decrease

Any impact the productivity adjustment factor may have on the accident towing industry has been more than countered over the last ten years, by a requirement that prevents regulated fees from decreasing.

Regulated accident towing and storage fees are adjusted by an ‘annual adjustment mechanism’ each year according to a formula to account for changes in costs and productivity. (See Appendix D.) This includes a requirement that fees will not be amended in a given year, if the formula results in lower fees.⁴⁸ Instead, accident towing and storage fees remain unchanged for the year in question. We refer to this as the ‘zero-price floor’ on price changes.

There is also no ‘catch-up’ requirement included in the formula. This means accident towing and storage fees increase again (after a year in which they were unchanged), once the formula results in a positive value. They do not pause to allow prices to reach parity or to ‘catch-up’.

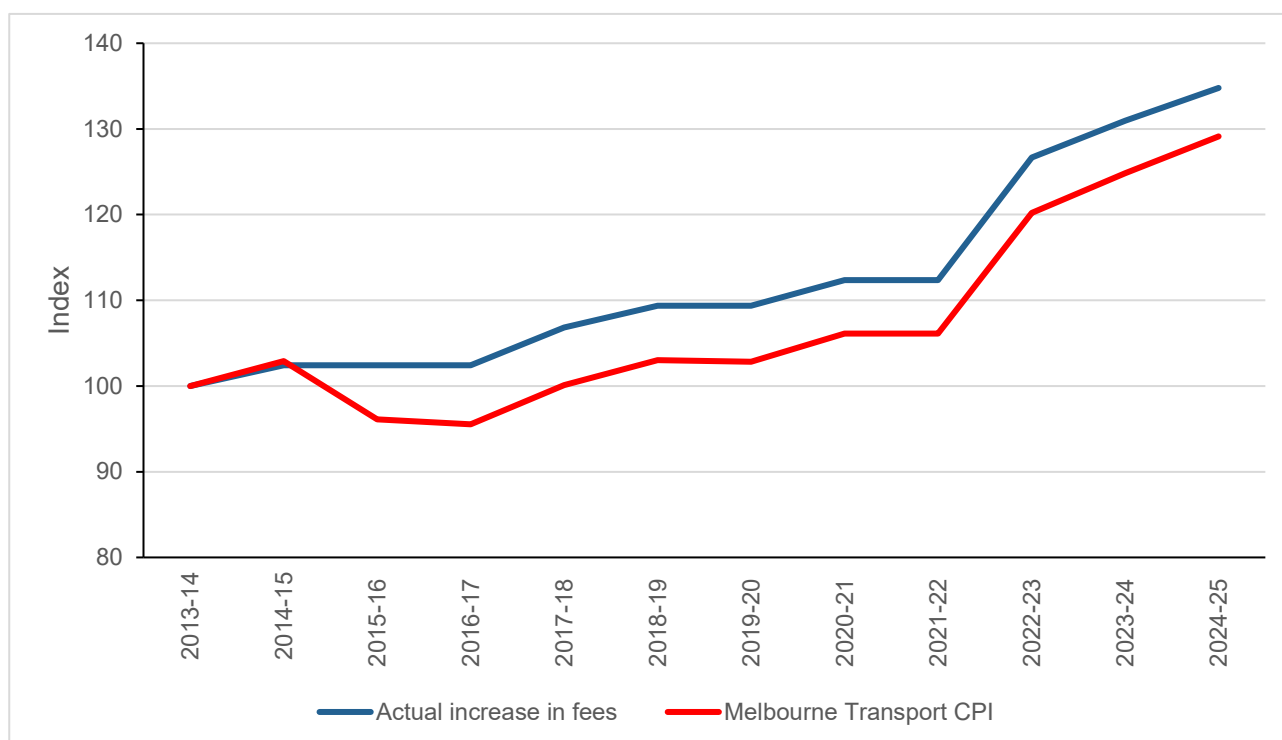
Figure 4 compares changes in regulated fees with changes in the Melbourne Transport consumer price index (CPI).⁴⁹ There were four occasions when the formula resulted in a negative value (2015–16, 2016–17, 2019–20 and 2021–22) yet the zero-price floor required the fees to remain unchanged. This and the lack of a ‘catch-up’ means the growth in fees has exceeded the growth in the Melbourne Transport CPI.

As a result, the productivity adjustment factor has had little impact over this period. It may also have limited to no impact in the immediate future depending on how the Melbourne Transport CPI moves.

⁴⁸ *Accident Towing Services Act 2007*, section 212H(3).

⁴⁹ The Melbourne Transport CPI (red line) in Figure 4 represents how regulated fees would have changed if there was no zero-price floor and no productivity adjustment factor.

Figure 4. Changes in regulated fees compared with Melbourne Transport CPI



Note 1: The 'Actual increase in fees' (blue line) is fee increases related to the annual adjustment mechanism only. It does not include the 47 per cent increase in regulated storage fees in 2018–19.

Note 2: Each point of the 'Actual increase in fees' (blue line) and Melbourne Transport CPI (red line) of a given year represents the annual change (March quarter to March quarter) of the previous year. For example, the Melbourne Transport CPI for 2023–24, is based on the annual change of 2022–23 (March quarter 2022 to March quarter 2023).

Source: Australian Bureau of Statistics; Essential Services Commission analysis.

We recommend the default productivity adjustment factor remains

Australian Bureau of Statistics data shows productivity growth declined during the coronavirus pandemic but appears to have rebounded since. Department of Transport and Planning data also suggests some productivity growth. While this does not provide conclusive evidence on the exact level of productivity growth that has occurred, we note the default productivity adjustment factor of 0.5 per cent falls within the range of the measures we considered.

As a result, the information available to us does not indicate a need to recommend a different productivity adjustment factor. We recommend it remains unchanged at 0.5 per cent.

5. Salvage fees

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

We did not receive detailed feedback that indicates the salvage fees being charged are unreasonable.

We are required under section 212A(1)(b) of the Accident Towing Services Act to recommend whether fees for storage and salvage services that are unregulated should be regulated and, if so, what regulated fees should be applied.⁵⁰

Fees for basic salvage services in the Melbourne controlled area are not currently regulated under section 211 of the Accident Towing Services Act. Instead, basic salvage fees must be a 'reasonable charge for the provision of that service'.⁵¹

This chapter outlines stakeholders' views and the basis for our recommendation.

Stakeholders' views on salvage fee regulation were mixed

We heard mixed views from stakeholders on salvage fee regulation.

The VACC contended that basic salvage services should not be subject to regulation.⁵² It noted sufficient protection against any unreasonable charging is already provided for in the Accident Towing Services Act.⁵³

⁵⁰ Salvage is the moving of an accident-damaged motor vehicle to a place on a road or road-related area or into an upright position (or both) so that it may be towed by a tow truck without assistance. Salvage may involve the use of additional tow trucks or equipment.

⁵¹ *Accident Towing Services Act 2007*, section 212I(1)(b).

⁵² Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 6.

⁵³ Victorian Automotive Chamber of Commerce, Filenote of meeting with the Essential Services Commission, 3 October 2024.

In contrast, the Insurance Council of Australia supports salvage fee regulation. It considers that the lack of regulated salvage fees at present is a ‘gap’ which is ‘susceptible to misuse by less scrupulous operators, which in turn may introduce unwarranted costs into the system’.⁵⁴

Amending salvage definition for electric vehicles out of our review scope

The VACC recommended the Victorian Government amend the definition of ‘salvage’ under the Accident Towing Services Act to include electric vehicles and noted that it will pursue this separately to this review.⁵⁵

We note that this is not a relevant consideration in our review, and we have not taken it into account.

No evidence to suggest salvage fees are unreasonable

We did not receive detailed feedback from stakeholders that indicates the salvage fees being charged are unreasonable that would justify more direct price regulation. We found no data or information to suggest otherwise.

We note salvage issues have previously been addressed by industry regulation. For example, there is a requirement in the Accident Towing Services Regulations 2019 for tow truck drivers to take photographs of salvage operations.⁵⁶ This may improve fee transparency and protect against unreasonable charging, given photographic evidence is provided to insurers and customers as proof of salvage. It is possible that industry regulation, rather than price regulation, may be suitable for other issues related to unreasonable salvage fees, should they arise.

We recommend salvage fees are not regulated

The information available to us does not support regulation of salvage fees. We recommend that basic salvage services not be subject to a price determination.

⁵⁴ Insurance Council of Australia, submission to the Essential Services Commission Accident Towing Fees Review 2025, 21 November 2024, p. 1.

⁵⁵ Victorian Automotive Chamber of Commerce, ‘Response to the ESC on accident towing, storage and salvage fees’, 6 March 2025, p. 6.

⁵⁶ Accident Towing Services Regulations 2019, regulation 43(9).

Glossary

Term	Definition
accident allocation scheme	A roster-based system for allocating accident towing jobs between tow truck licence holders. Separate schemes operate in the Melbourne controlled area and the Self-management area of Geelong.
accident damaged motor vehicle	A motor vehicle that has been damaged as the result of a road accident. (Definition as per section 1(3) of the Accident Towing Services Act.)
accident towing	The towing and storage of accident-damaged motor vehicles from road accident scenes. Accident towing and storage fees are regulated in the Melbourne controlled area.
annual adjustment mechanism	Each year, regulated accident towing and storage fees are amended according to a formula – the percentage change in the Melbourne Transport consumer price index (CPI)* less a productivity adjustment factor of 0.5 per cent. Fees are not amended if in a given year, the formula results in a lower amount. * For a given year, the percentage change is between the current March quarter and the previous March quarter.
breakdown towing	The towing of vehicles as part of the roadside assistance service offered by car insurance providers and car dealerships. Breakdown towing fees are not regulated.
clearway towing	The towing of vehicles illegally parked in designated clearway zones during specified times, under contract with the responsible authority. Clearway towing fees are not regulated.
Department of Transport and Planning	The accident towing industry regulator. The Department of Transport and Planning is the Victorian Government agency responsible for administering the Accident Towing Services Act.
depot	Premises from which accident tow trucks operate. A single depot may be shared by multiple accident towing service businesses.
driver	A person who drives a tow truck to accident scenes and performs the tow. Under the Accident Towing Services Act, drivers must be accredited by the Department of Transport and Planning.
heavy vehicle	A vehicle with a gross vehicle mass of more than four tonnes.

Term	Definition
impound towing	The towing of vehicles that are either abandoned, derelict or otherwise causing obstruction, as arranged by the local council. Impound towing fees are not regulated.
Melbourne controlled area	A declared area within metropolitan Melbourne. Accident towing and storage fees are regulated in the Melbourne controlled area.
operator	A person who owns or operates a tow truck business. Under the Accident Towing Services Act, operators must be accredited by the Department of Transport and Planning.
regular vehicle	A vehicle with a gross vehicle mass of less than four tonnes.
road accident	<p>An impact or collision of one or more motor vehicles:</p> <ul style="list-style-type: none"> (a) on a road or road related area, or (b) not on a road or road related area, if immediately before the impact or collision one or more of the vehicles involved in the impact or collision had been travelling on a road or road related area. <p>(Definition as per section 3 of the Accident Towing Services Act.)</p>
road accident scene	<p>An area within a 2-kilometre radius of a road accident.</p> <p>(Definition as per section 3 of the Accident Towing Services Act.)</p>
salvage	<p>Salvage, in the case of an accident damaged motor vehicle that, as a result of the accident:</p> <ul style="list-style-type: none"> (a) is in a location that is not a road or road related area (b) is embedded in a building or in an object that is not a motor vehicle (c) is overturned or on its side: <p>means the moving of the motor vehicle to a place on a road or road-related area or into an upright position or both so that it may be towed by a tow truck without assistance.</p> <p>(Definition as per section 3 of the Accident Towing Services Act)</p> <p>Salvage may involve the use of additional tow trucks or equipment. Specific salvage fees are not regulated, but fees are required to be 'reasonable'.</p>
secondary tow	Occurs when an accident-damaged vehicle is towed from the accident scene and delivered to the destination listed on the Authority to Tow docket and then is subsequently towed to another destination. Secondary tow fees are not regulated.

Term	Definition
Self-management area of Geelong	A declared area consisting of Geelong and surrounding areas. Tow truck drivers may only attend an accident scene after receiving an allocation through the self-managed allocation scheme. Accident towing and storage fees are not regulated beyond a requirement to be 'reasonable'.
storage	Occurs when an accident-damaged vehicle is transported to the tow truck operator's depot and stored in a secure location to await repair or towing to another location.
trade towing	General towing and storage services that are not the immediate result of a road accident, including any tows following the delivery of an accident-damaged vehicle to the location specified on the Authority to Tow docket. Examples include breakdown, clearway, impound and secondary tows. Trade towing fees are not regulated.
unregulated area	For regular vehicle accident tows, refers to areas of Victoria excluding the Melbourne controlled area and the Self-management area of Geelong.

Appendix A: Accident towing industry reviews and regulation

This appendix provides an overview of the accident towing industry and our role in reviewing fees and making recommendations to the Minister for Roads and Road Safety.

What is accident towing?

Accident towing is the towing of damaged vehicles from road accident scenes.⁵⁷ There are three main parties who provide accident towing services:

- **depots** – a premise from which accident tow trucks operate
- **operators** – a person or corporation that owns or operates a tow truck business
- **drivers** – a person who drives a tow truck to the accident scene and performs the towing job.

Operators and drivers provide customers three distinct accident towing services. Although these have defined terms in legislation (see Glossary), we have given them practical expression here:

- **towing** – lifting and carrying a damaged vehicle from a road accident scene to the location requested by the vehicle driver or owner
- **storage** – storing a damaged vehicle in a secure location at the tow truck operator's depot to await repair or towing to another location
- **salvage** – moving a damaged vehicle into a position where it can be safely towed without assistance. Salvage is required when a damaged vehicle is not on a road or is embedded in a building or object (that is not another vehicle), is overturned or on its side. For some accident scenes, additional equipment or another vehicle may be required as part of this service.

Other types of towing

Any towing services that are not the immediate result of a road accident are referred to as **trade towing**. This can include:

- clearway towing
- abandoned (or derelict) vehicle towing
- breakdown towing

⁵⁷ Definition as per section 3 of the *Accident Towing Services Act 2007* (see Glossary).

- other general trade towing (for example, the towing of a vehicle from a depot to a smash repairer).

Trade towing is not regulated in Victoria due to the competitive nature of the sector and the ability of consumers to make informed choices relating to trade towing services.⁵⁸

How is accident towing regulated?

Accident towing services in Victoria are regulated under the *Accident Towing Services Act 2007*. The Accident Towing Services Act requires accident towing operators and drivers who are performing accident towing services to be licensed by the Department of Transport and Planning, the industry regulator.⁵⁹

Victoria's accident towing areas

Accident towing licenses are subject to geographical restrictions on where an accident tow can be performed. In Victoria, there are three geographic areas for accident towing, and regulation varies across these zones:

- the Melbourne controlled area (within metropolitan Melbourne)⁶⁰
- the Self-management area of Geelong (Geelong and surrounding areas)
- the remainder of Victoria.

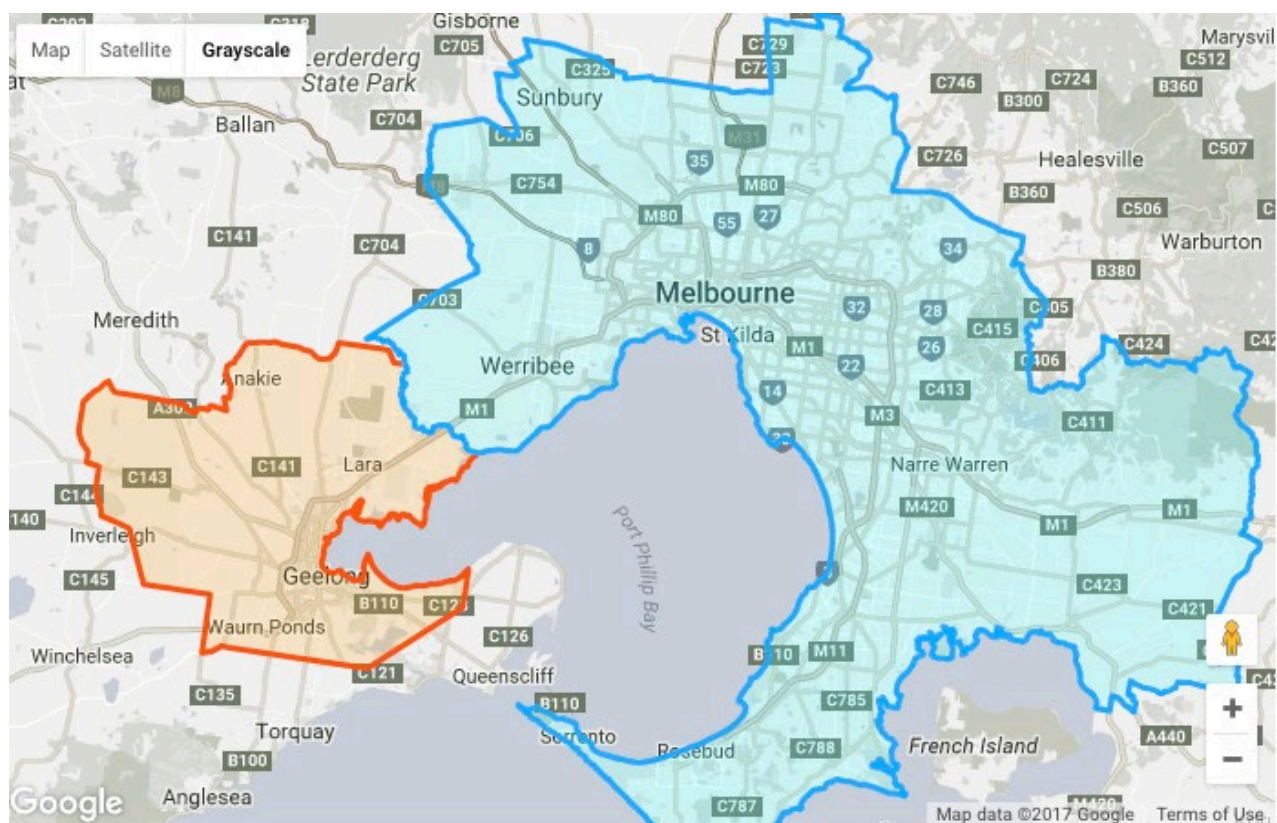
The Melbourne controlled area and Self-management area of Geelong boundaries are shown in Figure 5.



⁵⁸ Victoria Legislative Assembly 2007, Parliamentary debates, 19 April, p. 1153 (Tim Pallas, Minister for Roads and Ports).

⁵⁹ Licences are transferable – that is, they can be purchased or leased from an existing licence holder, subject to approval by the Department of Transport and Planning.

⁶⁰ As per section 46 of the *Accident Towing Services Act 2007*, the Secretary, Department of Transport and Planning may declare an area to be a controlled area. The Melbourne controlled area was declared in Gary Liddle 2010, *Declaration of controlled area*, Victoria Government Gazette, No. S 461 Tuesday 9 November 2010.

Figure 5. Victoria geographic boundaries for accident towing



 Melbourne controlled area
 Self-management area of Geelong

Source: Department of Transport and Planning 2024, Accident towing allocation map, accessed on 15 December 2024 at <https://transport.vic.gov.au/plan-a-journey/maps/accident-towing-allocation-map>

Melbourne controlled area

Road accidents in the Melbourne controlled area are assigned to tow truck drivers via an accident allocation scheme administered by the Department of Transport and Planning. The Department has contracted a third-party service provider to operate the call centre that allocates accident towing jobs to operators.

The accident allocation scheme has been designed for accidents to be responded to within 30 minutes and jobs to be shared evenly between tow truck operators.

The scheme functions on a roster basis. Each new job in a given zone of the Melbourne controlled area is allocated to the licence that has received the least allocations during a particular month.

See Appendix E for further information on licences, allocations and the performance of the accident towing industry.

Self-management area of Geelong and the remainder of Victoria

The accident allocation scheme in the Self-management area of Geelong operates on a roster basis, like the Melbourne controlled area. Accident towing jobs are allocated by an allocation body.

There is no formal allocation system for the remainder of Victoria. Tow truck drivers can attend any accident scene they are called to outside the Melbourne controlled area and the Self-management area of Geelong.

Accident allocation schemes for regular vehicles only

There is a distinction in the type of vehicles for the purposes of accident towing in Victoria:

- **regular vehicles** have a gross vehicle mass of less than four tonnes.
- **heavy vehicles** have a gross vehicle mass of four tonnes or more.

The accident allocation schemes for the Melbourne controlled area and the Self-management area of Geelong apply to regular vehicles only.

Who sets and regulates accident towing fees?

The Minister for Roads and Road Safety sets accident towing and storage fees for regular vehicles in the Melbourne controlled area.⁶¹

Each year, accident towing and storage fees are amended by an 'annual adjustment mechanism'. This is a form of indexation used to account for changes in costs and productivity in the sector.

The minister also has the power under the Accident Towing Services Act to determine a regulated fee for basic salvage services in the Melbourne controlled area. The minister has made no such determination yet.

The minister may only make a determination of accident towing, storage and salvage fees after receiving a recommendation from the commission and a separate report from the Secretary, Department of Transport and Planning.⁶²

The minister last made a determination of fees in the Melbourne controlled area in July 2019.⁶³

⁶¹ *Accident Towing Services Act 2007*, section 211.

⁶² *Accident Towing Services Act 2007*, section 212(1).

⁶³ The Hon Jaala Pulford MP 2019, *Determination of charges for the towing and storage of accident-damaged motor vehicles under section 211*, Victoria Government Gazette, No. S 280 Monday 1 July 2019.

Accident towing and storage fees for regular and heavy vehicles outside of the Melbourne controlled area are not set by a specific determination. That is, fee regulation does not apply. However, there is a requirement that fees be reasonable.⁶⁴

What is our regulatory role?

We are required to conduct and complete a review every four years and make a recommendation to the Minister for Roads and Road Safety about accident towing services and storage fees for regular vehicles in the Melbourne controlled area, including:⁶⁵

- whether accident towing and storage fees previously determined by the minister are appropriate
- a figure for the productivity adjustment of services that are or are to be subject to a determination made by the minister (see Appendix E for further explanation)
- whether a storage or salvage service for which no amount has been determined by the minister should be subject to a determination and if so, what that determination should be
- any other matter relating to accident towing services, the storage of accident damaged vehicles or salvage that the minister specifies in writing.⁶⁶

Matters not within scope of our review

The Accident Towing Services Act limits the scope of our review to accident towing services, storage and salvage fees in the Melbourne controlled area only. Matters not within scope of our review include:

- fees for heavy vehicle and trade towing
- changes to licence boundaries
- the functioning of the allocation system for accident towing jobs
- accident towing, storage and salvage fees in areas outside the Melbourne controlled area.

⁶⁴ *Accident Towing Services Act 2007*, section 212I(1)(b). In addition, section 212I (2) specifies factors that the court must consider when determining what is a 'reasonable' charge for the provision of accident towing services.

⁶⁵ See 212A(1) of the *Accident Towing Services Act 2007* for a full description of the commission's role.

⁶⁶ The minister has not specified any additional matters for us to consider in our Accident Towing Fees Review 2025.

Appendix B: Regulated accident towing fees benchmarking analysis

We considered a range of benchmarks for regulated accident towing fees in the Melbourne controlled area including:⁶⁷

- regulated accident towing fees in four other Australian jurisdictions: New South Wales (Sydney), South Australia (Adelaide), Queensland and Western Australia (Perth)
- unregulated trade towing fees in Melbourne: breakdown towing, abandoned (or derelict) vehicle towing and clearway towing.

Our analysis of towing fees is explained in detail in this appendix.

Regulated accident towing fees are broadly similar in other jurisdictions

We compared regulated accident towing fees in the Melbourne controlled area with regulated accident towing fees in New South Wales (Sydney), South Australia (Adelaide), Queensland and Western Australia (Perth). The regulated fees for these jurisdictions are shown in Table 11.

We did not include the regulated accident towing fees for non-metropolitan areas of New South Wales as we do not consider these fees to be relevant to the Melbourne controlled area.

We also note that the regulated accident towing fees in Queensland apply to both metropolitan and regional areas. This differs from Melbourne where the regulated accident towing fees apply to the metropolitan area only.

⁶⁷ 'Accident towing fees' refers to the amounts charged for accident towing services per the *Accident Towing Services Act 2007*, section 211(a).

Table 11. Published regulated accident towing fees by jurisdiction (2024–25)

	Melbourne controlled area	Sydney	Adelaide	Queensland	Perth
Base fee					
Business hours	\$272.80	\$331.10	\$375.00	\$419.05	\$485.00
After hours surcharge	\$93.10	20%	\$66.00	Not applicable	\$138.00
<i>Included in base fee</i>					
Distance	8 km	10 km	20 km	50 km	50 km
Waiting and working time	All waiting and working time	All waiting and working time	30 minutes waiting and working time	All waiting time 60 minutes working time	All waiting and working time
Salvage	Not included	All basic salvage; 30 minutes other	Included in 30 minutes waiting and working time	Not included	Not included
Storage	Not included	Not included	Not included	3 days	Not included
Distance fee					
Distance fee (per km)	\$4.30	\$7.70	\$3.00	\$8.35	\$4.40
After hours surcharge	Not applicable	20%	\$2.00	Not applicable	Not applicable
Distance measured	Operator depot to tow destination	Accident site to tow destination	Operator depot to tow destination	Accident site to tow destination	Accident site to tow destination
Business hours	8 am to 5 pm	8 am to 5 pm	7.30 am to 5 pm	Not applicable	8 am to 5 pm

Source: *Victoria Government Gazette*, 11 June 2024, No. S 304; <https://www.fairtrading.nsw.gov.au/buying-products-and-services/buying-services/motor-repairs/tow-truck-fees-for-light-vehicles>; *South Australian Government Gazette*, 9 March 2023, No. 16, p. 517; <https://www.tmr.qld.gov.au/business-industry/accreditations/tow-truck-licensing-scheme#max-reg-tow-charges>.

As shown in Table 11, the structure of regulated accident towing fees is broadly similar across Australian jurisdictions generally comprising a ‘base fee’ which includes a specific distance and a ‘distance fee’ for any kilometres travelled beyond the included distance.

We estimated a 'standard' accident towing fee for each jurisdiction

As each jurisdiction's published fees are not directly comparable, we estimated a 'standard' accident towing fee for each jurisdiction. To estimate the 'standard' accident towing fee, we made the following assumptions:

- A total travel distance of 22 kilometres (of which 17 kilometres is the tow distance).
- A total tow time of 90.0 minutes, of which 33.0 minutes is travel time and 57.0 minutes is 'waiting and working' time at the scene.
- An average speed of 40 kilometres per hour.
- 46 per cent of jobs occur during business hours and 54 per cent of jobs occur after hours.⁶⁸

We accounted for jurisdictional differences where possible

There are some key differences in fee structures across jurisdictions including:

- The base fees in Melbourne, Sydney and Perth include all waiting and working times, while Queensland includes all waiting times and 60 minutes of working time, and Adelaide includes 30 minutes of waiting and working time.
- The base fees in Sydney and Adelaide include some allowance for salvage, while Melbourne, Queensland and Perth do not.
- The base fee in Queensland includes three days of storage, while Melbourne, Sydney, Adelaide and Perth do not include any storage.
- The distance included in the base fee varies from eight kilometres in Melbourne to 50 kilometres in Queensland and Perth.
- In Melbourne and Adelaide, the distance travelled is measured from the towing depot to the tow destination (that is, it includes travel to the accident scene), while in Sydney, Queensland and Perth, the distance is measured from the accident scene to the tow destination.

To account for some of these differences to make a like-for-like comparison with Melbourne, we made the following adjustments:

- The base fee in Queensland includes three days of storage, so we subtracted three days of storage (at \$29.00 per day) from the Queensland base fee.

⁶⁸ The business hours for South Australia are longer than for all other jurisdictions. We have assumed 49 per cent of jobs occur in business hours and 51 per cent of jobs occur after hours in South Australia, compared to 46 and 54 per cent in all other jurisdictions.

- The distance is measured from the towing depot in Melbourne and Adelaide, and from the accident scene in Sydney, Queensland and Perth, so we applied the distance fee to the **total travel distance** in Melbourne and Adelaide, and the **tow distance** in Sydney, Queensland and Perth (after taking into account the distance included in the base fee for each jurisdiction).
- The base fee in Adelaide includes only 30 minutes of waiting and working time, so we added an additional 27.0 minutes of waiting and working time for Adelaide.⁶⁹

The estimated 'standard' accident towing fee for each jurisdiction is shown in Table 12. The estimated 'standard' fee in the Melbourne controlled area is much lower than Adelaide and Perth and slightly lower than Sydney, but higher than Queensland.

Table 12. Estimated 'standard' accident towing fees by jurisdiction (2024–25)

	Business hours	After hours	Weighted average
Melbourne controlled area	\$333.00	\$426.10	\$383.25
Sydney	\$385.00	\$462.00	\$426.56
Adelaide	\$438.00	\$538.00	\$489.42
Queensland	\$332.05	\$332.05	\$332.05
Perth	\$485.00	\$623.00	\$559.49

Source: Essential Services Commission analysis.

We consider the adjustments outlined above make the benchmarks across jurisdictions comparable. However, we acknowledge there were limits to the adjustments we could make. For example:

- We did not make an adjustment for salvage, which is included in the base fee for Sydney and Adelaide.
 - We did not have sufficient information on salvage requirements in each jurisdiction to make the necessary adjustment.
 - This may result in the estimated 'standard' fee being overestimated for Sydney and Adelaide.
- We have not accounted for the fact that tow truck operators in Melbourne have a relatively higher degree of certainty in relation to accident towing jobs through the accident allocation scheme.

⁶⁹ The 'waiting and working time' fee in Adelaide is charged on a per hour or part thereof basis, therefore we have added the charge for one hour of waiting and working time.

- We subtracted three days of storage from the base fee in Queensland.
 - In practice, customers do not have the option to do this. Regardless of whether they require storage, they would be charged more than the estimated 'standard' fee.
- The regulated fees in Queensland apply to both metropolitan and regional areas, with the latter less likely to be comparable to the Melbourne controlled area.

We also accept that there are some challenges in standardising the distance travelled. Accident towing jobs in Adelaide, Queensland and Perth are likely to be longer distances on average, than those in Melbourne and Sydney. This is reflected in the longer distances included in the base fees in these jurisdictions.

Regulated accident towing fees are expectedly higher than unregulated trade towing fees

We compared regulated accident towing fees in the Melbourne controlled area to trade towing fees for breakdown towing, abandoned (or derelict) vehicle towing and clearway towing in Melbourne. Trade towing services are unregulated in Victoria.

Breakdown towing and general trade towing fees

Tow truck operators compete for the general towing of vehicles as customers can seek quotes from several operators to obtain the most appropriate service for their requirements (for example, the cheapest service or convenience).

The cost of a trade tow will depend on the type of tow required and a range of factors including the type of vehicle, distance and destination of the tow, and the time and day of the tow.

We obtained five online quotes from tow truck operators in the Melbourne area which indicated that the current market price for general trade tows similar in conditions to a standard accident tow was between \$132 and \$220, with an average of \$188. This is much lower than the regulated accident towing fee (\$383).

Abandoned (or derelict) vehicle towing fees

Local councils are responsible for clearing vehicles which have been deemed to be abandoned, are derelict or causing obstruction. To do so, they generally have a contract (often arranged via commercial tender) with a tow truck company or operator who will be responsible for these tows.

A 'release fee' is charged to retrieve an abandoned (or derelict) vehicle that has been towed and impounded. This release fee generally includes a towing fee component and an administration fee component. Most councils publish the release fee in their annual budget. Some councils publish the disaggregated towing fee and administration fee.

For 2024–25, five councils in the Melbourne area published towing fees ranging from \$192 to \$358, with an average of \$276 (see Table 13). The towing fees for these five councils are lower than the regulated accident towing fee in Melbourne (\$383).

Table 13. Published towing fees for abandoned or derelict vehicles by council (2024–25)

Council	Towing fee
Darebin City Council	\$300.00
Knox City Council	\$358.00
Manningham City Council	\$197.10
Melbourne City Council	\$335.00
Nillumbik Shire Council	\$192.00
Average	\$276.42

Source: Darebin City Council, Annual Budget 2024–25; Knox City Council, Annual Budget 2024–25; Manningham City Council, Annual Budget 2024–25; Melbourne City Council, Annual Budget 2024–25; Nillumbik Shire Council, Annual Budget 2024–25.

Clearway towing fees

Clearway towing is the towing of a vehicle parked in a clearway marked as a tow-away zone during the posted restricted times. All clearways on major roads within 20 kilometres of Melbourne’s CBD are tow-away zones. Clearway towing in Melbourne is mainly operated by the Department of Transport and Planning. However, some councils manage clearway towing in their respective municipalities instead.

Similar to abandoned (or derelict) vehicle towing, a ‘release fee’ is charged to retrieve a vehicle that has been towed from a clearway zone and impounded. This release fee generally includes a towing fee component, administration fee component, and storage fee component.⁷⁰

Most councils in Melbourne have adopted a release fee which has been negotiated by the Department of Transport and Planning. Four councils have negotiated a different release fee.

Unlike abandoned (or derelict) vehicle towing, no councils publish the disaggregated towing fee and administration fee for clearway towing. Therefore, we have used the towing fee as a proportion

⁷⁰ For the councils adopting the Department of Transport and Planning fee, the release fee includes five days of storage. For the four councils adopting a different release fee, the release fees include two days of storage. A separate storage fee is applied per day after the included days.

of the release fee for abandoned (or derelict) vehicle towing as a proxy to estimate the towing fee for clearway towing. Our analysis shows councils that publish a towing fee and administration fee for abandoned (or derelict) vehicle towing, the towing fee accounts for 47 per cent, on average, of the release fee.

To estimate the towing fee for clearway towing, we:

- estimated the storage fee component as the published storage fee multiplied by the number of days of storage included in the release fee⁷¹
- estimated the release fee without storage as the published release fee less the estimated storage fee component
- estimated the towing fee as 47 per cent of the release fee without storage.

The estimated towing fee for the councils adopting the Department of Transport and Planning release fee is \$157, and ranges from \$203 to \$221 for the four councils adopting a different fee (see Table 14). These are lower than the regulated accident towing fee in Melbourne (\$383).

⁷¹ While the release fee for councils adopting the Department of Transport and Planning fee includes five days of storage, for the purposes of our comparison, we have assumed that the average number of days in storage is two, therefore we have deducted only two days of storage from the release fee to estimate the towing fee.

Table 14. Published release fee and estimated towing fee for clearway towing

As at 24 March 2025 (rounded to nearest dollar)

	Release fee	Estimated storage fee component	Estimated administration fee	Estimated towing fee
Councils adopting Department of Transport and Planning release fee	\$361	\$30.40	\$174	\$157
Melbourne City Council	\$490	\$35.20	\$239	\$215
Port Phillip City Council	\$485	\$56.00	\$226	\$203
Stonnington City Council	\$500	\$32.18	\$246	\$221
Yarra City Council	\$460	\$31.80	\$225	\$203
Average (all)	\$459	\$37.12	\$222	\$200
Average (councils adopting different release fee)	\$484	\$38.30	\$234	\$211

Source: Essential Services Commission analysis.

Appendix C: Regulated storage fees benchmarking analysis

We considered a range of benchmarks for regulated storage fees for accident towing in the Melbourne controlled area including:⁷²

- regulated storage fees for accident towing in other Australian jurisdictions
- unregulated storage fees for trade towing in Melbourne
- estimated storage fees based on land rental values in Melbourne.

Our analysis of unregulated storage fees and land rental values is explained in detail in this appendix.

Regulated storage fees are broadly similar to trade towing storage fees

Storage fees for clearway towing

Most councils have adopted a storage fee for clearway towing which has been negotiated by the Department of Transport and Planning. Four councils have negotiated a different storage fee. The storage fees are shown in Table 15.

For councils adopting the Department of Transport and Planning fee, the storage fee is applied after five days of storage. For the other four councils, the storage fee is applied after two days of storage.

⁷² 'Storage fees' refers to the amounts charged for the service of storing accident damaged motor vehicles per the *Accident Towing Services Act 2007*, section 211(b).

Table 15. Published storage fees for vehicles towed from a clearway zone

As at 24 March 2025

Council	Storage fee (per day)
Melbourne City Council	\$17.60
Port Phillip City Council	\$28.00
Stonnington City Council	\$16.09
Yarra City Council	\$15.90
Councils adopting Department of Transport and Planning fee	\$15.20
Average (all)	\$18.56
Average (councils adopting different storage fee)	\$19.40

Source: Essential Services Commission analysis

The clearway towing storage fees are slightly lower than the regulated locked yard storage fee (\$20.90) and much lower than the regulated under cover storage fee (\$30.90).

Average storage fees much lower if outlier excluded

Port Phillip City Council has a storage fee that is significantly higher than all the other councils (\$28.00). If we exclude this council, the average storage fee for all councils is \$16.20. While the average for the remaining three councils charging their own storage fee is \$16.53. Both these average fees are much lower than the regulated locked yard and under cover storage fees.

Storage fees for abandoned (or derelict) vehicle towing

Local councils negotiate contracts with towing operators to provide towing of abandoned (or derelict) vehicles. Some councils publish the storage fee for abandoned (or derelict) vehicles that have been towed and impounded.

Storage fees for abandoned (or derelict) vehicles vary greatly by council, ranging from \$12.50 to \$60.00 per day with an average of \$31.06 (see Table 16). This is similar to the regulated under cover storage fee in Melbourne (\$30.90), but much higher than the regulated locked yard storage fee (\$20.90).

We note that the storage fees for outer Melbourne councils are generally higher than for inner Melbourne councils. This is counterintuitive as we would expect land rental rates to be lower in outer Melbourne councils. The average storage fee for outer Melbourne councils is \$35.42 (higher than both regulated storage fees) compared to \$21.46 for inner Melbourne councils (similar to the regulated locked yard storage fee, but lower than the regulated under cover storage fee).

Table 16. Published storage fee for abandoned (or derelict) vehicles by council (2024–25)

Council	Storage fee (per day)
Boroondara City Council	\$12.50
Casey City Council	\$25.00
Darebin City Council	\$48.00
Frankston City Council	\$60.00
Kingston City Council	\$31.00
Manningham City Council	\$32.60
Maribyrnong City Council	\$54.50
Maroondah City Council	\$30.00
Melbourne City Council	\$23.78
Melton City Council	\$23.65
Merri-bek City Council	\$21.00
Monash City Council	\$34.90
Nillumbik Shire Council	\$29.00
Port Phillip City Council	\$28.00
Stonnington City Council	\$18.00
Yarra City Council	\$25.00
Average (all)	\$31.06
Average (inner Melbourne councils)	\$21.46
Average (outer Melbourne councils)	\$35.42

Regulated storage fees are consistent with estimated storage fees

The value of land and associated rental prices are a major contributor to the costs of storing vehicles. We estimated storage fees based on land rental values using an approach similar to that applied by the Independent Pricing and Regulatory Tribunal (IPART) of New South Wales in its

2014 review of tow truck fees and licensing. We used the same proportion of storage fee to land value that IPART applied.⁷³

To calculate the estimated storage fees, we:

- collected publicly available rental values for commercial properties in Melbourne and Sydney in areas which have storage or towing depots
- converted the rental values to **rent per square metre per annum**
- calculated the **average rent** for properties 10 kilometres or less from the CBD and greater than 10 kilometres from the CBD
- converted the average rent to an estimated storage fee using a 40 per cent and 45 per cent level of storage utilisation.⁷⁴

As shown in Table 17, the average estimated storage fee for Melbourne is \$25.32. This is higher than the regulated locked yard storage fee (\$20.90) but lower than the regulated under cover storage fee (\$30.90).

The estimated storage fees are higher for Sydney compared to Melbourne at all distances and utilisation rates. The estimated storage fee for Melbourne is \$29.97 for 10 kilometres or less from the CBD and \$23.57 for greater than 10 kilometres (see Table 17). For the equivalent areas in Sydney, the estimated storage fees are \$46.63 and \$39.35.

⁷³ IPART 2014, *Review of tow truck fees and licensing in NSW: Transport – Final Report*, December, p. 96.

⁷⁴ We used the same proportion of storage fee to land value applied by the Independent Pricing and Regulatory Tribunal (IPART) of New South Wales in its 2014 review of tow truck fees and licensing. One limitation of this approach is that IPART estimated a recommended maximum storage fee based on what it considered the more efficient storage operators who had storage utilisation rates of 40 to 45 per cent. We have not made any assessment as to whether these are reasonable and appropriate storage utilisation rates for the Melbourne controlled area.

Table 17. Estimated storage fees for Melbourne and Sydney based on land rental values
As at 1 November 2024

	40% utilisation	45% utilisation	Average
Melbourne			
10 km or less from CBD	\$31.73	\$28.21	\$29.97
Greater than 10 km from CBD	\$24.96	\$22.18	\$23.57
Average	\$26.80	\$23.83	\$25.32
Sydney			
10 km or less from CBD	\$49.73	\$43.88	\$46.63
Greater than 10 km from CBD	\$41.66	\$37.03	\$39.35
Average	\$44.23	\$39.32	\$41.77

Source: Essential Services Commission analysis.

Appendix D: Productivity analysis

Regulated fees are adjusted each year by a set formula

Each year, regulated accident towing and storage fees in the Melbourne controlled area are amended by an ‘annual adjustment mechanism’ to account for changes in costs and productivity in the sector. The formula for this adjustment is set out in section 212H of the Accident Towing Services Act:

$$A \times \left(\frac{B}{C} - D \right)$$

where:

- **A** is the regulated fee for the previous year
- **B** is the most recent March quarter value of Melbourne Transport consumer price index (or CPI)⁷⁵
- **C** is the previous year March quarter value of Melbourne Transport consumer price index
- **D** is the productivity adjustment factor, equal to 0.005 (unless we recommend a different value).

What our role is and what we take into consideration

Our role is to recommend a figure for the productivity adjustment factor. In doing this, we are guided by the 0.005 (0.5 per cent) specified in the formula. It is effectively ‘a default’ and acts as a reference point. This means we consider whether the default is appropriate. If we find that it is not appropriate, we make a recommendation on what value the productivity adjustment factor should be.⁷⁶

How the formula for adjusting regulated fees works

The formula for adjusting regulated fees is a form of a ‘CPI minus X’ price regulation. It is intended to increase fees in line with changes to costs, while providing an incentive for businesses to continually improve their efficiency.

⁷⁵ The Melbourne Transport consumer price index is available at Australian Bureau of Statistics, 6401.0 – Consumer Price Index, Australia, Table 9.

⁷⁶ Under section 212H of the *Accident Towing Services Act 2007*, the productivity adjustment factor is 0.5 per cent unless we recommend a different amount. We have not previously recommended a different figure.

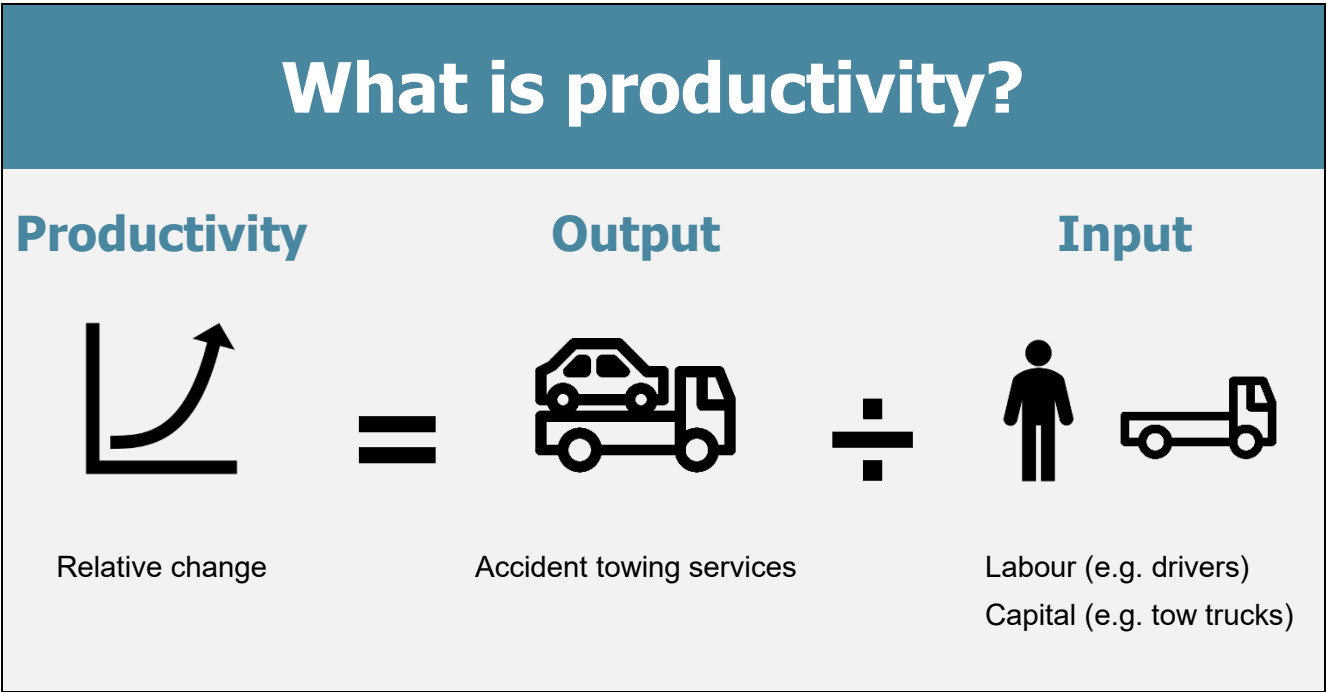
For the Melbourne accident towing industry, the CPI measure is the Melbourne Transport consumer price index. This means accident towing and storage fees will increase in response to transport related price rises in Melbourne, such as fuel and vehicle maintenance.

For a 0.5 per cent productivity adjustment factor, tow truck operators must improve their productivity by at least 0.5 per cent to recover the price increases associated with accident towing.

What it means to improve productivity

Productivity growth measures how inputs change relative to outputs (as represented in Figure 6). For example, this could mean how the cost of tow trucks (a capital input) and drivers (a labour input) are changing relative to the amount of revenue tow truck operators receive from accident allocations (an output). In this case, productivity would improve when the cost of tow truck operators’ inputs decreases, while increasing or maintaining the same amount of revenue.

Figure 6. Productivity illustration



In practical terms, tow truck operators may improve their productivity by:

- consolidating their operations into fewer depots
- increasing the ratio of accident towing licences to tow trucks, so to service a greater number of accident allocations with each tow truck
- using existing resources to engage in other services, such as trade towing.

We used a range of measures to estimate productivity changes

We used a range of measures to estimate productivity changes in the accident towing industry in Melbourne. Our measures are based on data from the Australian Bureau of Statistics (ABS) and the Department of Transport and Planning.

We used both multifactor and partial productivity measures. Multifactor productivity measures capture all relevant inputs and outputs. Partial productivity measures capture only labour productivity or capital productivity.

Ideally, the measures we use would include all inputs and outputs that apply exactly to the accident towing industry in Melbourne. However, a complete set of information that is wholly representative of the accident towing industry is not available.

This means there is no direct measure of the productivity adjustment factor, which is an estimate of future productivity changes. However, the measures we used provide an indication of how productivity has changed over the period from 2013–14 to 2023–24. Each measure has advantages and disadvantages.

ABS measures suggest productivity growth since coronavirus pandemic

We used a range of multifactor and partial productivity measures for the transport, postal and warehousing sector, published by the ABS.

We calculated three productivity growth rates for each measure to estimate how productivity changed over the short, medium, and long-term periods between 2013–14 and 2023–24.

We calculated the productivity growth rates in two ways:

- **quality adjusted hours worked:** measures hours worked and changes in quality, such as education achievement and experience.
- **hours worked:** measures hours worked only.

Table 18 shows a range of productivity growth rates for the different ABS measures we considered from -1.2 per cent to 5.0 per cent.

Table 18. Estimated productivity growth rates using ABS productivity measures

Productivity measure	2020–21 to 2023–24	2018–19 to 2023–24	2013–14 to 2023–24
Gross value added based multifactor productivity – quality adjusted hours worked basis	4.3%	-0.1%	-0.3%
Gross output based multifactor productivity – quality adjusted hours worked basis	0.2%	-0.5%	-0.4%
Gross value added based multifactor productivity – hours worked basis	4.5%	0.2%	-0.1%
Gross output based multifactor productivity – hours worked basis	0.3%	-0.4%	-0.3%
Labour productivity – quality adjusted hours worked basis	3.8%	0.7%	0.2%
Labour productivity – hours worked basis	4.1%	1.1%	0.6%
Capital productivity	5.0%	-1.2%	-1.1%

Note: The productivity growth rates are based on a compound annual growth rate.

Source: Australian Bureau of Statistics, Essential Services Commission calculations.

The multifactor productivity measures suggest that, over a five-year and ten-year period, the range of productivity growth ranged from -0.5 per cent to 0.2 per cent. Over the short-term three-year period, multifactor productivity growth ranged from 0.2 per cent to 4.5 per cent.

The partial productivity measures provide an indication that capital inputs may be driving overall productivity growth. For all time periods, labour productivity growth ranged from 0.2 per cent to 4.1 per cent, and capital productivity growth ranged from -1.2 per cent to 5.0 per cent. Partial productivity growth in the last three years ranged from 3.8 per cent to 5.0 per cent, reflecting the recovery since the coronavirus pandemic.

As the ABS data captures productivity growth in the transport, postal and warehousing sector Australia-wide, it may not reflect productivity growth in the accident towing industry in Melbourne.

Industry data shows mixed productivity growth results

Given the limitations of the ABS data, we used Department of Transport and Planning data to calculate three partial productivity measures specific to the accident towing industry in Melbourne:

- the number of accident tows per licence
- the number of accident tows per licensed truck
- the average time to complete an accident tow.

As these are partial measures of productivity, the results could be driven by other inputs. Further, the output does not include storage services or other business activities that might affect productivity (such as trade towing).

Accident tows per licence and licensed truck are higher

We used Department of Transport and Planning data to calculate the number of accident tows per licence and the number of accident tows per licensed truck.

We note that the Department of Transport and Planning was unable to provide data on the number of licensed trucks between 2018 and 2022. We kept the number of licensed tow trucks constant at 215 for these years (based on 2017 data). Recent data then showed the number of tow trucks was 216 in 2023 and fell to 213 in 2024.

The number of tows per licence and the number of tows per licensed truck fell in 2020 (due to the coronavirus pandemic) but returned to pre-pandemic levels by 2022 and have continued to increase since. Despite similar movements, these two measures are different as some tow trucks use multiple licences.⁷⁷

We estimated productivity growth for these two measures for two-year, three-year and five-year time periods between 2019 and 2024. As shown in Table 19, the growth rates for these measures ranged from 0.8 per cent to 8.3 per cent.

Table 19. Annual growth in accident tows per licence and licensed truck

Partial productivity measure	2022 to 2024	2021 to 2024	2019 to 2024
Change in accident tows per licence	1.9%	7.9%	0.8%
Change in accident tows per licensed truck	2.4%	8.3%	0.9%

Source: Department of Transport and Planning.

⁷⁷ Some licences are not attached to specific tow trucks, allowing tow truck operators to flexibly manage their assets. Examining the number of licensed tow trucks would therefore be more useful than the number of tows per licence. However, the Department of Transport and Planning has not been able to provide updated data on the number of licensed tow trucks for this report.

Appendix E: Accident towing industry performance

This appendix outlines our analysis of Department of Transport and Planning and Australia Bureau of Statistics data. We examined the performance of the accident towing industry since 2018. This may, in part, indicate whether existing regulated fees are too low or too high.

Our analysis suggests that over the period from 2018 to 2023:

- demand for accident towing services increased, while supply remained stable
- revenue for accident towing services increased at a faster rate than costs (as measured by the Melbourne Transport consumer price index)
- service quality may have declined.

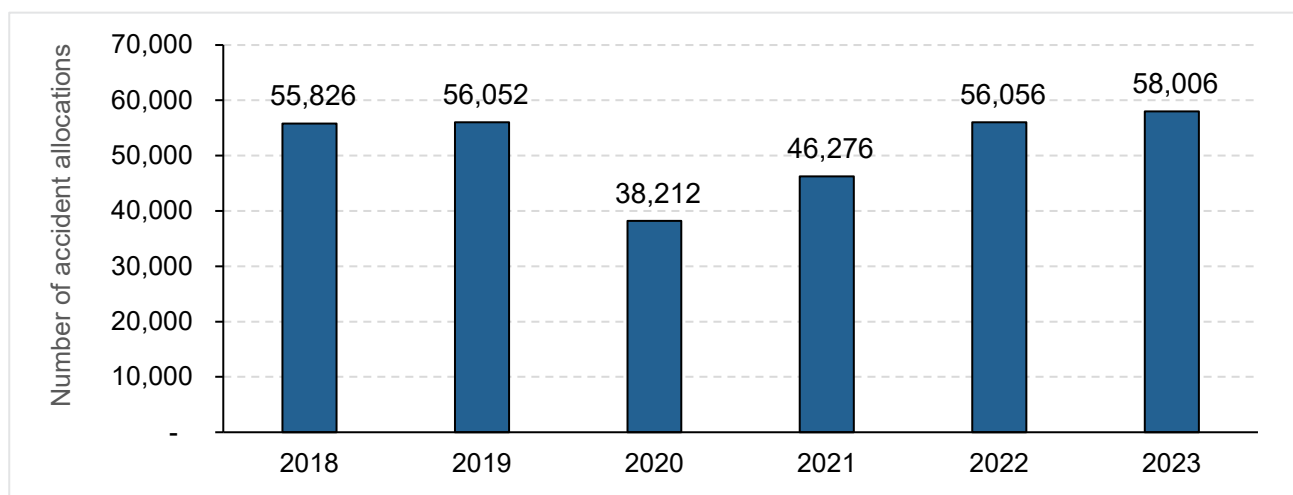
Demand is up but supply is stable

The number of accident allocations has increased since 2018, while the supply of licences has remained unchanged. There has been some consolidation of operators over this period. As a result, the number of accident allocations per operator is higher than in 2018.

Demand for accident towing has returned to pre-pandemic levels

Between 2018 and 2023, the average annual increase in accident allocations was 0.8 per cent. We note the number of accident allocations was lower in 2020 and 2021 due to the coronavirus pandemic but returned to pre-pandemic levels by 2022 (see Figure 7).

Figure 7. Accident allocations in the Melbourne controlled area



Source: Department of Transport and Planning.

Supply of licences did not change, but the number of operators declined

While the number of accident allocations increased between 2018 and 2023, the number of licences in operation remained constant, at 421. As such, the number of accident allocations per licence increased each year over this period, except in 2020 (see Table 20).

There has been some consolidation of operators, decreasing from 97 in 2018 to 80 in 2023. Over this period, the average annual increase in the number of accident allocations per operator was 4.7 per cent.

Table 20. Number of accident allocations per operator and licence

	2018	2019	2020	2021	2022	2023
Number of operators	97	94	91	80	78	80
Number of licences	421	421	421	421	421	421
Number of tows per operator	576	596	420	578	719	725
Number of tows per licence	133	133	91	110	133	138

Source: Department of Transport and Planning.

The number of licences held by each depot has remained relatively stable since 2018 (see Table 21).

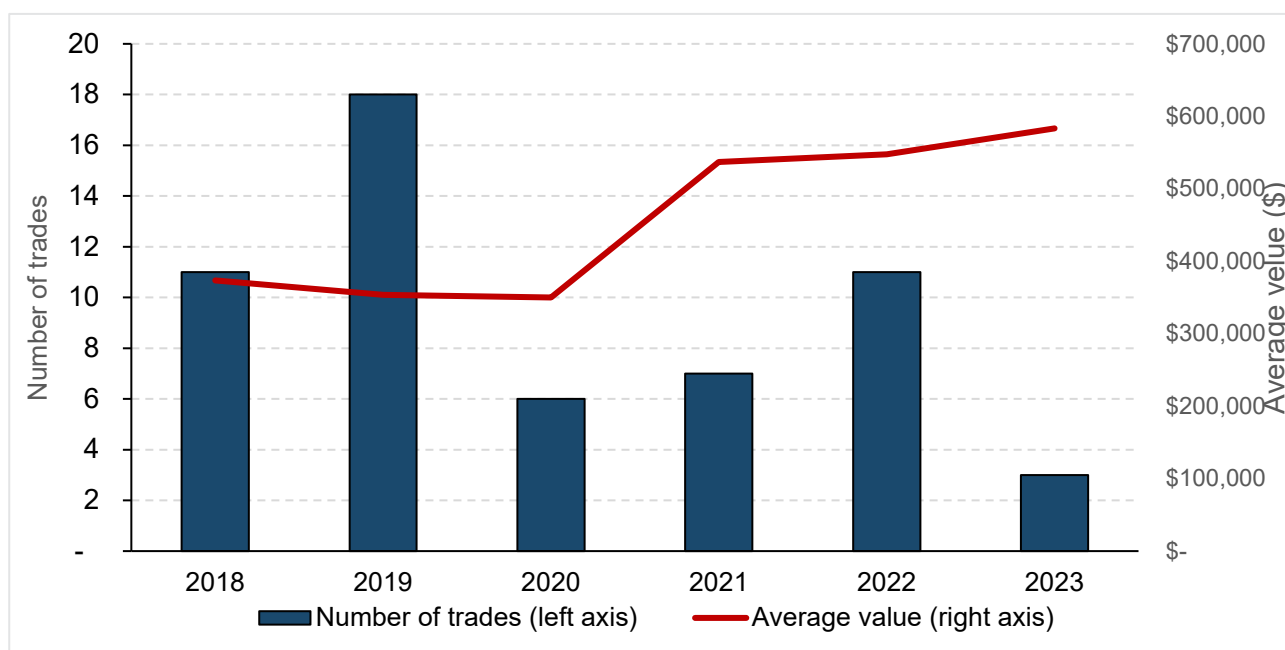
Table 21. Number of licences held by each depot

Licences per depot	2018	2019	2020	2021	2022	2023
5 or fewer	15	16	16	16	16	16
6 to 10	15	16	16	16	17	16
11 to 15	9	8	8	11	11	11
16 to 20	3	3	3	2	2	2
21 or more	3	3	3	2	2	3
Total depots	45	46	46	47	48	48

Source: Department of Transport and Planning.

There was little change to the structure of the industry based on the number of licences transferred over time. Figure 8 shows the number of licence trades ranged between three and 18 from 2018 to 2023.

Figure 8. Average value and number of licences traded



Note: All licence trades are self-reported and are not verified by the Department of Transport and Planning. We have removed outliers that we suspect have not been entered correctly.

Source: Department of Transport and Planning.

Figure 9 also shows that the average transfer price for licences has increased significantly.

However, the value of an accident towing licence can be difficult to assess for a variety of reasons:

- **Licences are not readily traded** – Accident towing licence holders require the Department of Transport and Planning’s approval to transfer a licence. In addition, licences can only be traded between registered and accredited tow truck operators.
- **Expected profit streams differ between allocation zones** – Each accident towing licence is associated to a particular geographic zone, which will have a different number of expected accident allocations each year.
- **Reliability of the Department of Transport licence sale data** – Not every licence transfer has a specified price in the data we have sourced from the Department of Transport and Planning, so the dataset is not a complete picture of the licence transfer values. It is also unclear whether the reported licence transfer values include other items in the sale, such as vehicles, equipment, goodwill, or other assets included with the purchase.
- **Licences provide access to unregulated revenue sources** – Licence values may also be influenced by the financial viability of services that are unregulated. For example, we previously identified that licence values are partly driven by the ability to secure smash repair work from accidents.

Estimated revenue has grown faster than costs since 2018

As regulated fees and accident allocations have been increasing since 2018, estimated revenue for accident towing services has increased over this period. At the same time, the costs in the industry (as measured by the Melbourne Transport consumer price index) have been volatile from year-to-year and increasing at a slower rate than estimated revenue.

Estimated revenue increased in response to higher fees and more accident allocations

Between 2018 and 2023, estimated revenue increased by 5.7 per cent per year, on average. This was driven by increases in both regulated fees and the number of accident allocations. As the number of licences did not change over this period, the estimated revenue per licence also increased.

We note estimated revenue was lower in 2020 and 2021 due to the coronavirus pandemic but was higher than pre-pandemic levels by 2022 (see Table 22).

Table 22. Estimated revenue for accident towing in the Melbourne controlled area

	2018	2019	2020	2021	2022	2023
Estimated revenue	21,132,262	22,153,096	15,774,449	19,362,064	24,974,462	27,859,296
Estimated revenue per licence	50,195	52,620	37,469	45,991	59,322	66,174
Annual increase	15.0%	4.8%	-28.8%	22.7%	29.0%	11.6%

Note: This assumes that the average accident tow includes 22 km travel distance and no storage, and 46 per cent of jobs occur during business hours.

Source: Essential Services Commission analysis.

Costs have increased

We estimated changes in costs for the accident towing industry using the Melbourne Transport consumer price index published by the Australian Bureau of Statistics. We also considered the Melbourne insurance and financial services index, and the Melbourne wage price index, which estimates changes in labour costs.

Table 23 shows the changes in the Melbourne Transport consumer price index, its cost component indices, the Melbourne insurance and financial services price index and the Melbourne wage price index.

While the cost indices have been volatile from year-to-year, all indices increased over the long-term. Between 2018 and 2023, the average annual increases in each cost component ranged from

1.2 per cent to 5.7 per cent. This is lower than the average annual growth in estimated revenue over the same period (5.7 per cent per year).

Table 23. Annual percentage changes in cost indices

	2018	2019	2020	2021	2022	2023	Average
Transport	4.3%	1.2%	-2.9%	7.8%	11.0%	3.3%	4.0%
Private Motoring	4.3%	1.0%	-3.0%	8.1%	11.2%	3.3%	4.0%
Motor vehicles	-1.2%	2.0%	1.0%	7.0%	5.8%	2.9%	3.7%
Spare parts and accessories	1.6%	1.5%	2.3%	-0.02%	8.0%	9.7%	4.2%
Automotive fuel	12.0%	-1.5%	-11.4%	18.7%	24.5%	2.5%	5.7%
Maintenance and repair	1.7%	3.0%	4.4%	1.5%	5.8%	3.4%	3.6%
Other services	3.8%	1.8%	-1.8%	1.4%	2.4%	2.4%	1.2%
Urban transport fees	4.0%	3.3%	0.7%	-0.1%	2.6%	5.0%	2.3%
Insurance and financial services	1.4%	0.3%	1.7%	-0.2%	4.1%	8.0%	2.7%
Wage price index	2.3%	2.6%	1.5%	2.0%	2.9%	3.8%	2.6%

Note: The changes have been calculated by comparing the sum of all index values in each calendar year. The wage price index used is the 'quarterly index; total hourly rates of pay excluding bonuses; Victoria; Private; All'.

Source: Australian Bureau of Statistics, CPI Table 5 and Table 9, WPI Table 3b.

Stakeholders' views on changes in costs

The Victorian Automotive Chamber of Commerce and AllCar Towing Group raised concerns about the rising cost pressures facing the accident towing industry, such as fuel, labour, maintenance, rent and insurance.⁷⁸

⁷⁸ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, p. 10; AllCar Towing Group, submission to Essential Services Commission Accident Towing Fees Review 2025: Draft Report, 3 March 2025.

The VACC further noted that the commission has relied on general CPI measures to determine cost changes rather than indices specific to the accident towing industry, contending that this approach does not accurately represent the full range of costs faced by accident towing operators.⁷⁹

While there are advantages and disadvantages to all cost indices, there is no index that can completely capture the costs faced by the accident towing industry in Melbourne. Rather than relying upon a specific index, we have considered them in aggregate to identify any general patterns or possible trends. As such, we maintain that the major costs of the industry, though volatile at times, have not changed significantly (that is, in excess of revenue).

Service quality since 2018

The Department of Transport and Planning provided data on the number and type of investigated complaints received in relation to accident towing operators. Trends in the number of complaints (in total or on a specific topic) may indicate service levels are increasing or decreasing in the industry.

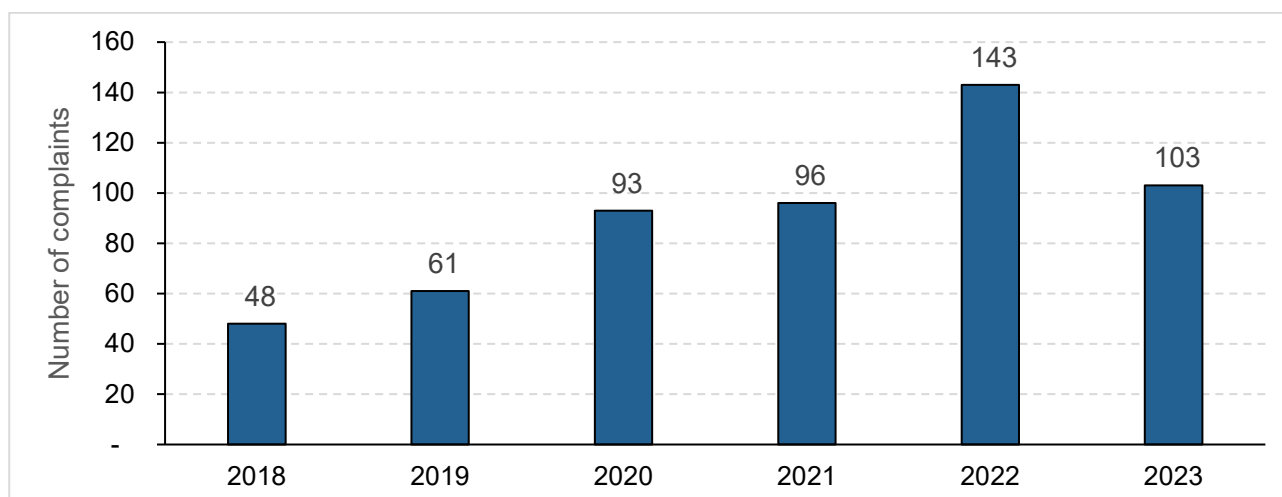
We understand the Department of Transport and Planning does not record the number of complaints in relation to simple matters that are resolved without requiring an investigation. For example, if resolution is reached by contacting an operator to inform them that they cannot charge a particular fee. Therefore, the complaints data presented in this section does not reflect the total number of complaints in relation to the accident towing industry.

As shown in Figure 9, the number of investigated complaints increased from 48 in 2018 to 143 in 2022 and then dropped to 103 in 2023. The number of complaints in 2023 was more than double that in 2018, which suggests service quality in the accident towing industry may have declined.

However, as the data is not reported in a consistent and complete way, we cannot conclude whether changes in this measure reflect actual changes in service quality or issues with data quality.

⁷⁹ Victorian Automotive Chamber of Commerce, 'Response to the ESC on accident towing, storage and salvage fees', 6 March 2025, pp. 10–11.

Figure 9. Number of complaints made in relation to accident towing operators



Source: Department of Transport and Planning.

AllCar Towing Group suggest contrary service quality improvements

Despite some data suggesting a possible decline in service quality, AllCar Towing Group referred to recent improvements in service quality in its submission:

In recent years, we have made significant financial investments to improve service levels and modernise our operations. These investments include upgrading our fleet with state-of-the-art towing equipment, enhancing our depots to improve operational efficiency, and implementing advanced dispatch technology to streamline response times. Additionally, we have prioritised staff training and development to maintain the highest industry standards, ensuring that every driver is equipped with the necessary skills to handle accident scenes safely and professionally.⁸⁰

Response time data is not collected

Tow truck drivers are required to take reasonable steps to arrive at an accident scene within 30 minutes of accepting an accident allocation. We are unable to assess how the number of accident allocations meeting this requirement is changing over time. This is because data on response

⁸⁰ AllCar Towing Group, submission to Essential Services Commission Accident Towing Fees Review: Draft Report, 3 March 2025.

times is not collected – despite tow truck drivers being required to notify the accident allocation call centre when they have arrived at an accident scene.⁸¹

⁸¹ As per clause 37(8) of the Accident Towing Services Regulations 2019.