

Friday, 29 October 2015

Dr Ben-David  
Chairperson  
Essential Services Commission  
Level 37/2 Lonsdale Street  
MELBOURNE VIC 3000

Email: [towtruckreview@esc.vic.gov.au](mailto:towtruckreview@esc.vic.gov.au); [publications@esc.vic.gov.au](mailto:publications@esc.vic.gov.au)

**FAO: Dr Ron Ben-David - Chairperson ESC**

Dear Dr Ben-David and fellow Commission members,

Thank-you for the opportunity to provide a submission to the Essential Services Commission's ('ESC') review of accident towing regulation.

As detailed in a call to the ESC's office on 19<sup>th</sup> October, our business is not directly involved in the towing industry. However, as a provider of replacement vehicles to drivers involved in an accident, comments on our industry have been included in the submissions of some review participants. Accordingly, we are pleased to submit this letter to provide clarification on the role of replacement vehicle providers. We understand this information may be publicly released and we welcome the opportunity to speak with the Commission directly, if required.

CompassCorp ('Compass') is a Sydney head-quartered hire car company that has been in operation for over 10 years, employing more than 170 staff who manage approximately 1,700 vehicles across Australia. We have been operating in Victoria since October 2014 and are a fully paid-up member of the VACC, and abide by their code of ethics. Compass is also a provider of outsourced accident management services to a range of premium vehicle dealership networks, vehicle manufacturers and insurance brokers.

A major component of Compass's business is the provision of like-for-like replacement hire vehicles to drivers who have been involved in an accident. Primarily, these are not-at-fault drivers, although we also supply vehicles to at-fault drivers and vehicles for general hire. The replacement vehicle industry is widely referred to as the 'credit hire' industry, as there are typically no out-of-pocket expenses for not-at-fault drivers who receive a replacement vehicle. Reasonable costs associated with the hire of a like-for-like replacement vehicle are the responsibility of the negligent party in an accident.

The credit hire industry is built on the long-standing and well-established legal principle of demurrage. Nothing about the key service proposition of credit hire operators is a 'scam' or unlawful. There is an extensive base of case law governing the proper application of the law to the industry. Compass prides itself on being a transparent, well-governed and ethical organisation that assists consumers in accessing their legal entitlements.

Compass did not tender an initial submission to the Commission because review of the key considerations in the Terms of Reference, as noted below, indicated the Commission was not intending to examine and report on the credit hire industry:

1. Whether towing fees should be regulated;
2. The appropriateness of existing towing boundaries establishing the Melbourne controlled and Geelong self-management areas; and,
3. The appropriateness of the current accident allocation schemes.

Having reviewed the draft report and the independent submissions, Compass is concerned that the Terms of Reference have been extended in some submissions to attempt to include a de facto

review of the credit hire industry based on conjecture and statistically meaningless analysis. Review of the credit hire industry is outside the scope of the Review. Any recommendation made that impacts the ability of operators in the credit hire industry to trade in the ordinary course of business should be based on proper diligence of the industry and in direct consultation with all industry participants and stakeholders.

Consistent with any fledgling industry, Compass acknowledges that there is room for improvement in the perception of the credit hire and that there may be market participants who aren't acting in the best interests of consumers. We would welcome a constructive and informed discussion on the industry which is premised robust analysis and consultation.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'James Fraple', with a large, sweeping flourish extending to the right.

James Fraple  
CEO  
CompassCorp Pty Ltd