



**SUNCORP GROUP - SUBMISSION TO ESSENTIAL  
SERVICES COMMISSION**

**REVIEW OF ACCIDENT TOWING AND STORAGE FEES –  
DRAFT REPORT MARCH 2010**

April 2010

## Introduction

Suncorp welcomes the opportunity to comment on the recently released draft report – Review of Accident Towing and Storage Fees. Overall it supports the recommendations made in the Draft Review and looks forward to ongoing dialogue with the Essential Services Commission on how the towing industry regulation can be improved across Victoria.

The Suncorp Group is the largest general insurer in Australia (based on Gross Written Premium) and comprises a number of retail and commercial general insurance brands including GIO, AAMI, Vero, Suncorp, Just Car Insurance, Shannons, Bingle and Apia. These brands have a combined market share of the motor vehicle insurance market in Victoria of 40%. The group offers a range of motor vehicle insurance policies including Comprehensive and 3<sup>rd</sup> Party Fire & Theft. As a major insurer of motor vehicles the Suncorp Group is also a large user of the services of the tow truck industry and is therefore vitally interested in this review of industry fees and practices.

The overall purpose of this submission is to provide a balanced evidenced based response to the review. Furthermore it should be noted from the outset that the Suncorp Group is strongly in favour of a professional and efficient towing industry that enjoys a fee structure that is both fair and reasonable and ensures the sustainability of the industry. To achieve an equitable outcome for all stakeholders the Suncorp Group believes that a more transparent and effectively regulated industry is required. The desired outcome is to remove current anomalies and opportunistic practices that threaten the efficient functioning of the industry, result in additional costs for consumers and work against the interests of the majority of participants.

Response to Draft Recommendations

**Draft recommendation 1:**

We support a regulated and structured fee base across the towing industry and are comfortable with the methodology used in the review by the Commission.

**Draft recommendation 2 & 3:**

In our previous submission response to *Review of Accident Towing and Storage Fees Issues Paper, November 2009*, we outlined the excessive overcharging occurring under salvage and also highlighted the need to clearly define what could be charged back as salvage. As such we would welcome a both regulated charge and evidence being made available to substantiate the charge on request. It is recognised that operators may have had to cross subsidise towing costs with excessive salvage costs, but now as it is recommended that appropriate fees should be charged for initial tows etc. then it is appropriate to regulate these fees. This also aligns Victoria's practice to NSW, for example a tow truck driver will provide us with photographic evidence of salvage to support their demand for payment. Suncorp would also like to see direct credit recognised as a method of payment to tow truck drivers under the Accident Towing Services Act (**The Act**). The Act currently allows for tow truck drivers to ask to be paid immediately by cash, or credit/debit card, Suncorp would like for direct credit transactions to be approved as an acceptable payment method as well, as this is the modern and efficient method of payment that is preferred by large organisations. It also holds an advantage for the operators as direct credit payments can be cleared within 5 hours.

**Draft recommendation 4:**

In line with the draft recommendation 1, we would support the annual adjustment of regulated fees on 1 July 2011 each year thereafter in line with CPI.

**Draft recommendation 5:**

We agree and support to amending the *Accident Towing Services Act 2007* to conduct a thorough review by the Commission every four years.

**Draft recommendation 6:**

Regulated fees should continue to include a provision in the base fee for the costs associated with non-commercial tows though this should also form part of the proposed review in draft recommendation 5.

**Draft recommendation 7:**

We are pleased that the commission has recognised the changing characteristics of Melbourne in its expansion and development and agree that it's appropriate to review the boundaries to take into consideration areas such as the Mornington Peninsula, Melton and Geelong. In addition, Suncorp recommends that consideration be given to introducing a pricing structure similar to NSW's for metro and other areas. The advantage of this type of structure is that all providers have a stated pricing structure. This means that operators in non regulated areas currently, would have to adhere to a similar process to their counterparts in Melbourne, and would have to charge for towing (to both insurers and consumers) in a transparent, fair and reasonable way, rather than current practices where they do on occasion charge excessive amounts for tows.

For similar reasons, Suncorp would also like to see the re-introduction into **The Act** of the requirement for unregulated fees to be "fair and reasonable", which mirrors common law requirements. Suncorp's experience is that the removal of that requirement appears to have given tow truck operators the licence to charge unreasonable fees, as since 2007 there has been an increase of this occurring in non regulated areas – despite having no right to under the common law and other fair trading laws in Victoria.

**Draft recommendation 8:**

As with draft recommendation 7 we would support regulated accident towing and storage fees in the Geelong area and are happy to provide any information the Commission may wish for to demonstrate the ongoing issues with over charging.

The lack of regulated fees in the Geelong area is continuing to prove problematic, with some operators exploiting the system. Recent examples to support and highlight our concerns are contained in the table below:

Invoiced Description	Km's Travelled	Fee Charged First Tow
Leopold to South Geelong	9.9 km	\$350
Newtown to South Geelong	4.5 km	\$380
East Geelong to South Geelong	2.3 km	\$380

## **REVIEW OF ACCIDENT TOWING AND STORAGE FEES – DRAFT REPORT MARCH 2010**

In addition as we stated in our previous submission, some operators in Geelong are refusing to release vehicles until excessive fees have been paid in cash and one is refusing to take vehicles to where customers have requested them to go – for example, AAMI Customer Service Centres. As the area is unregulated and Vic Roads has no jurisdiction it has become difficult for insurers to manage towing costs to reasonably reflect the value of work done and leaves them exposed to being overcharged. This issue was exacerbated in 2007, when the requirement for “fair and reasonable fees” to be charged was removed from **The Act**.

### **Conclusion**

By implementing the recommendations suggested in the Commissions draft report, and our further recommendations in regards to regulating towing costs, in non allocation areas Suncorp is of the view that the towing industry in Victoria will represent best practice that will in turn protect the interests of consumers and ensure the sustainability of the industry into the future. This will represent a maturing of the industry bringing it into line with other related industries.

**Further information on this submission can be obtained from:**

**Annabelle Butler**

**Executive Manager: Public Affairs**

**Suncorp Personal Insurance**

**Phone: (03) 8520 1623**

**Mobile: 0425 294 903**