



28 October 2015

Submission to the Tow Truck Review  
Essential Services Commission  
Level 37, 2 Lonsdale Street  
Melbourne VIC 3000

In reviewing the draft report that has been prepared by the Commission, on behalf of a number of clients within the Smash Repair Industry, Towing Industry and members of the VACC, we are extremely concerned with the recommendations made and the impact upon our clients.

The Commission believes that efficiencies can be achieved by allocating on a proximity basis, performance, insurance preferences and competitive bidding. Based upon this assumption, the closest tow truck to the accident gets the work. The fundamental problem with this is that if you have a depot next to the Tullamarine Freeway and you have 10 Tow Licences connected to that depot, it is logical that this depot will get the majority of allocations in the area.

Allocation by insurance preference would allow the insurance companies to monopolise the repair industry and severely reduce competition. The report already makes comments that insurance companies have selected repairers. By reducing the choice of where the damaged motor vehicle is taken for repairs will reduce competition and result in higher insurance premiums. Furthermore, the insurance companies already deal in false and misleading statements such as that only they can give you a lifetime guarantee of repair work by their authorised repairer.

When it comes to competitive bidding, this could lead to many smash repairers unable to compete in a market place where larger smash repairers have greater economies of scale. Furthermore, in an attempt to be competitive, will second hand parts be used by repairers, or will short cuts be taken when repairing motor vehicles?

The analysis which indicates that a proximity based allocation has multiple benefits is not quite correct. Clearance times are much more dependant upon traffic congestion to get to an accident. Presently, the allocation system provides certain job numbers based upon your territory. The proposal that is being put forward would result in territories not being applicable, but simply proximity of the tow truck to the motor vehicle accident. This will reduce the value of the Tow Licence and a number of operators will not be able to survive.

When it comes to a not at fault driver, the conclusion drawn is not incorrect. A not at fault driver has the right to have his car repaired as soon as possible with the ability to have a loan car so that he can carry on with his normal daily routine. An assessment is still prepared for the insurance company and the services of a highly qualified experienced assessor are engaged to verify the validity of the claim prepared.

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Draft Recommendations

How will it work if there are 3 depots within 4 kilometres from the motor vehicle accident?

By allowing the removal of depot, the entire market value of licences will be undermined

VicRoads should not be working with insurers as they have a vested interest in making sure that their approved repairers undertake repair work under guidance of the insurance companies

There is no consumer protection by VicRoads allowing an insurance company to instruct where repairs are to be undertaken. The destination should be entirely at the consumers' choice.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Frank Palermo', written in a cursive style.

**FRANK PALERMO**