

towing oversupply

TURF WARS ERUPTING

by Ian Groat

One sure sign that the collision repair trade is in somewhat of a decline is the arrival of literally hundreds of new tow truck operators in both urban and rural areas, all of whom are searching for a quick hook and a fast buck it seems.

The South African Towing and Recovery Associations which is a division of the MIF in its own right are not pleased with the development. They feel those opportunistic sling back tow drivers are causing more harm to an industry dogged by the same legislative vacuum as that of the infamous taxi industry.

Taxis transport approximately 60% of South Africa's working commuters with scant regard for vehicle safety or proper vehicle servicing.

It's been over 10 years since the Department of Trade and Industry first took towing under its investigative spotlight, but as of now the Government continues to calmly sit on its hands and do nothing to legislate a way forward - when clearly a mandate does exist to cap or mandate the entry of new players into a market where already there exists colossal overtrading situation.

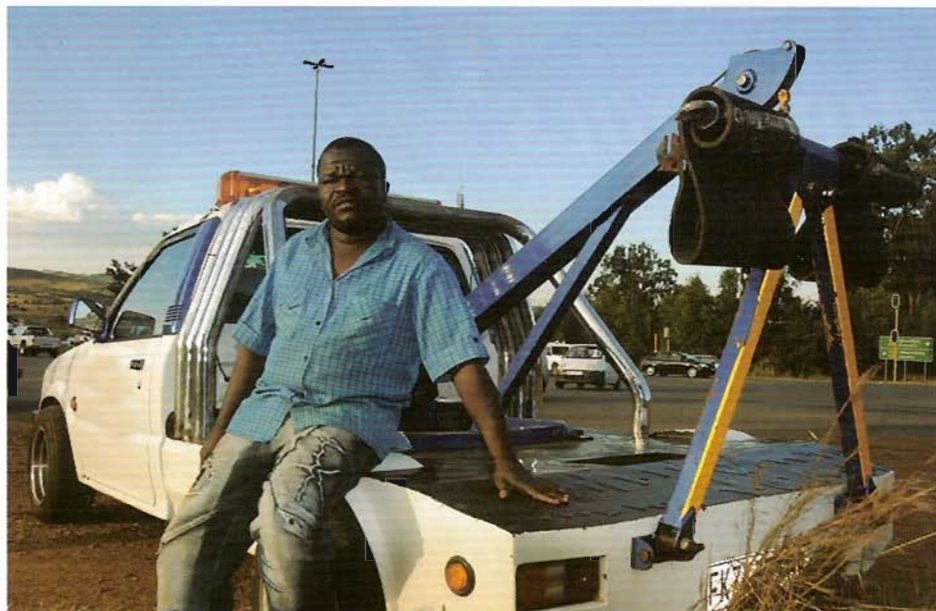
Major national towing organisations like SATRA, 1st Road Emergency and the AA in Gauteng as well as Jumbo in KZN, are unable to say just how many new operators exist, but reports in one small area like Ennerdale, Lenasia and perhaps Soweto, high pressure conflicts are taking place. This is unacceptable for the average motorist caught up in an accident scene, where towing operators are openly in dispute as to whom should get the hook and damaged, undriveable vehicle.

Last year the BTA Towing Association of Soweto were in open dispute with local operators in Lenasia and Ennerdale about towing any vehicle out of Soweto that was damaged, because they claimed that they were not able to gain entry to Lenasia and Elderado Park accident scenes. This squabble continues to fester.

Towing is split on vehicle damage into three separate areas and the heavy duty truck recovery, because of its high end investment, appears to be behaving itself in the market place. Trade pulls for mechanical breakdowns are also carried out at way under the accident recovery rate, but ballooning prices which last year were held at R1500 on average for a 20km pull have now shot up to R2500 in total clearance charges.

Any brave soul who asks why, just has to look at petrol and diesel prices at all time highs along with increased mortgage and bank rates. Demand for opportunistic disposable income from all quarters has never been higher.

Police say some industry insiders set the cost for a tow-operator at around R600. This is just to make the pick up resulting in the first greased palm often being at the pick up point. Some



Meet Naphtal. He gets the privilege of working two 4 hour shifts per day, seven days a week. Where he once towed up to 6 cars a week in the deep South, he only racked up three pulls last month because of a chronic over supply of operators.

insurance companies have capped the tow costs, but please don't be so naive as to believe that that's the end of the graft and corruption.

The game is still live as, armed with their cell phones, drivers often start to hawk the wreck to a friendly body shop that will often pay more to receive the damaged vehicle in stock. The sheer accident load often has the police responding to an accident call-out only if a fatality takes place. In most cases accident scenes are a free for all.

Therefore, the overtrading problem gets to become a major problem. Current levels average eight reported accidents across South Africa per day. From this figure one could deduce that we could be in a real-life situation of being 60% down on the normal traffic accident rate right now, translating to the probability of more overtrading than ever taking place in the future.

Certainly what has added another dimension to this explosion of sling back tow operators where the entry level has remained low has been the DTI. Access to short-term industry supply for small towing operators was mandated in February 2006. This has released a sea of prospective towing operators into the already muddy waters of the private towing and recovery industry.

Make no mistake about just how dangerous this job can be. People get killed on an all too regular basis as drunken drivers wipe out accident survivors at the side of the road. I, for one, will never forget just how scary it gets having done a one-night stint as a passenger in a tow truck. I quickly found out that this was not the life for me.

It's way too dangerous for long-term survival.

Clearly, this out-of-control invasion of

pirate sling back recovery vehicles urgently needs to be legislated against. With prices on recovery going through the roof, short-term insurance companies must be pulling their hair out to keep prices at reasonable levels for the average tow. Recovery prices are heading for the R3000 mark for a normal recovery tow in urban areas. More and more questionable costs are causing the end cost to balloon even higher. Government must get off its fat, collective rear-end and legislate on some of the thorny issues that have never been taken care of. The turf wars will get ever bigger as no official mandate exists to curb this dark underworld of oversupply in the towing trade.

Accident Towing - History

The towing industry's roots were embedded with the introduction of the first motor cars on to South African roads during the relatively early days of the last century. It has grown apace with the motor industry and today there are around eight million vehicles on our roads and thousands of tow trucks servicing these vehicles stranded by breakdowns or accidents.

For most of this time and up until the mid-1970s garages and motor dealerships owned and fielded tow trucks as part of their service offering to the motorist. As time passed this was not enough and independent towing businesses began appearing around the country to service the needs of the ever-growing motoring population.

Tow trucks and equipment were sourced in and imported from the USA and UK. Around this time the industry equipment and vehicles were almost entirely modelled on the USA and UK

A HISTORY OF ACCIDENT TOWING

1900 'S - 1995

industries - difficult and expensive to acquire and maintain. As a result, the entry bar to the industry was high, thereby substantially limiting the growth of entrants into the industry.

During the mid-70s this all started to change as enterprising local boys began building tow trucks on Ford F250, Chevy C10 and Dodge platforms. Entry levels were more easily overcome and the number of tow trucks on the road began to grow substantially along with the horsepower of their engines.

And so began the modern accident runner phenomena as it suddenly became: "Hey Boet. Check this out man! No fancy education, no trade, only a little money, big nuts, a bigger hunger, my tow truck and a scanner and I'm into my own business with scarce competition. Making money towing accident damaged cars is easier than taking sweets off a lightie. Let the good times roll!" And roll they certainly did - for a time.

The growth of the accident running sector of the towing industry exploded after the introduction of the Ford Courier and various other Japanese one-ton bakkies in the early 80s - especially when intrepid Johannesburg tow trucker Daantjie Stander showed horns and installed high-performance Chevy V8 into the rather pedestrian Ford Courier.

He converted it to do duty as a light tow truck capable of hysterical speeds and handling ability as the race to be first at the accident scene became increasingly competitive. The result? A quagmire of overtrading and rampant exploitation of the motorist.

The accident runner sector of the towing industry is a microcosm of the much larger taxi industry and is beset with almost all the same fundamental structural problems.

The heavy duty towing sector has remained relatively unchanged structurally over the years and remains an elitist niche market within the towing industry protected by high entry level barriers due to the huge infrastructural and equipment costs and expertise requirements.

SATRA was born on 26 November 1986 when a group of committed heavy duty towing operators, having identified the need to unite and structure the fragmented yet vibrant and growing industry formed the South African Towing and Recovery Association (SATRA) to give the industry a much-needed collective voice and represent the industry's needs and welfare.

It would also address the growing challenges facing the industry and industry stakeholders on a national level, while at the same time networking and building relationships within the international brotherhood of towers.

Four years later, during 1990, SATRA

was formalised as an organisation in terms of Section 21 of the Companies Act and remained active for the next five years building camaraderie, holding national tow shows, embarking on group tours to the USA and networking internationally. At the same time it lobbied Government and other local industry stakeholders to recognise towing as an industry in its own right.

During 1993 SATRA was represented on the Harmful Business Practice Committee (HBPC) and SATRA's then secretary, Aukie Keyser was Chairman of the HBPC which produced a Code of Conduct for the towing industry.

Shortly after the transition to our new democracy the Department of Trade and Industry (DTI) proposed a Tow Truck Bill to regulate the towing industry. This followed intense lobbying from SATRA and other industry stakeholders participating on the HBPC.

By the end of 1994 the proposed Bill had come to naught and SATRA was left to try and self-regulate the towing industry without support and limited resources.

Funding of SATRA was from the outset and still remains difficult, as the industry itself fails to recognise the true and intrinsic value of a strong industry representative body. It was this core of founding members who gave freely of their time and generously provided the necessary finances out of their own pockets for the period 1986 to 1994 to sustain SATRA.

After eight years of great personal sacrifice and cost to their own businesses and being unwillingly and in some instances unable to continue making personal sacrifices for the greater good of an unresponsive industry, the founding members of SATRA took the collective decision to migrate the association into the Motor Industries Federation's (MIF) business chamber with the hope and expectations that SATRA's long-term sustainability and financial viability would be nurtured in this big brother environment. This unfortunately proved not to be.

The MIF, while providing administrative resources and accommodation to SATRA, did not do so freely and quite correctly expected the membership of SATRA to pay its own way and contribute to the costs of administration and accommodation as did the other 12 participating motor industry associations housed within the MIF's Business Chamber at that time.

With the failure of the membership to respond appropriately, SATRA fell into dormancy during 1995 during which time it lay in the custodianship of the then incumbent chairman and founding member Win van Wetten of van Wetten's Breakdown's of Nelspruit.