

MOTION – March 23, 2022

Moved by: Councillor Parrish

Seconded by: Councillor Carlson

WHEREAS the **Towing and Storage Safety Act (TSSEA)** received Royal Assent on June 3, 2021 as part of the Moving Ontarians More Safely Act;

WHEREAS the TSSEA was the result of increased costs for customers, low industry standards and unqualified drivers over the GTA;

WHEREAS the Mississauga Model featured prominently in the Task Force Study leading up to the TSSEA as an excellent model for province-wide standards;

WHEREAS the TSSEA in fact incorporates many of the current by-laws in effect in Mississauga;

WHEREAS the regulations governing the application of the Act are unknown at this time but a **Summary of Proposal** (attached) released March 4, 2022 would indicate all regulations and administration will be taken over by the Province with no role for our local by-law staff;

WHEREAS municipalities were given until April 1, 2022 to make comments;

WHEREAS The Towing Industry Advisory Committee (TIAC) met March 21, 2022 and expressed concern at the lack of consultation with the industry as well as the short timelines for the committee to formulate comments for City Council to review and submit;

WHEREAS the timelines for Proposed Regulations coming into effect are well into the future, leaving a lengthy window of opportunity to comment well beyond April 1, 2022:

- January 1, 2023 Enhanced Commercial Vehicle Operator Record (VOR) requirement for tow trucks
- July 1, 2023 Registration of tow truck owners, tow truck drivers and vehicle storage operators
- January 1, 2024 Introduction of new standards of practice and customer protections

WHEREAS the Summary of Proposed **TSSEA Regulations** is causing concern amongst the TIAC members as well as City staff in regards to the Province completely taking over the supervision of a local industry that is functioning fairly, working competitively and serving the citizens of Mississauga well;

THEREFORE BE IT RESOLVED:

1. That the Mayor, on behalf of the Council of the City of Mississauga, request an extension for comments to the Province to June 1, 2022.
2. That the Ontario Minister of Transportation, or a senior representative, appear before the next TIAC Committee to respond to questions from its members.



Towing and Storage Safety and Enforcement Act (TSSEA) Regulations

Regulation Number(s):

TBD

Instrument Type:

Information

Bill or Act:

Towing and Storage Safety and Enforcement Act; Highway Traffic Act

Summary of Proposal:

Tow operators provide an essential service on Ontario's roads. Each day, vehicles are towed for breakdowns, illegal parking, or motor vehicle collisions.

The Ministry is proposing regulations under the TSSEA and the Highway Traffic Act that outline requirements for industry to follow and how the TSSEA will be overseen. The proposed regulations apply to Ontario-based operators and drivers and will:

- Identify certificate requirements and the process to obtain and maintain certificates
- Set out customer protection standards, including procedures for consent forms, estimates, and invoices, and ensuring rates are charged in accordance with rate schedules
- Set out industry standards, including requirements for photographs and record keeping, restrictions at collision scenes, and notification procedures
- Remove most tow operator exemptions from existing CVOR requirements, e.g., daily inspection and annual vehicle inspections for smaller vehicles, record keeping, assuming responsibility for drivers
- Introduce minimum vehicle requirements for tow trucks
- Specify how the Ministry will oversee the TSSEA

The TSSEA is anticipated to replace the current oversight requirements under municipal regimes.

If approved, the proposed requirements would be rolled out in three phases to help transition the sector to the new oversight model:

Phase 1 - effective January 1, 2023: Application of CVOR requirements that apply to other commercial motor vehicles. There will be no change to the Hours of Service exemptions.

Phase 2 - effective July 1, 2023: registration will be required for tow operators, tow truck drivers, and vehicle storage operators to obtain a certificate required to operate in the sector. The Ministry will be authorized to revoke, suspend or cancel a certificate under the TSSEA for non-compliance. An application and renewal fee will be applied. Entities that provide more than one of the regulated services (tow operation, tow truck driving, vehicle storage) will be required to hold a separate certificate for each service. The ministry will consider options for reduced fees for multiple certificate holders.

Phase 3 - effective January 2024: modernized customer protection requirements and standards of practice for the sector.

On June 29, 2020, in response to growing violence, corruption and criminal activity in the towing industry, the province announced the establishment of a task force to develop a comprehensive provincial regulatory regime for Ontario's towing industry. The task force identified the following policy objectives for a new regulatory framework:

1. Promote road user and tow operator safety to prevent deaths and injuries on Ontario's roads
2. Improve customer protections to ensure drivers are treated fairly after they experience a collision or a breakdown
3. Create a level playing field with clear requirements that allow legitimate operators to prosper
4. Enhance intelligence gathering and enforcement and take action against unethical actors
5. Reduce crime and fraud throughout the towing cycle

Resulting from the towing task force's work, the government introduced the Towing and Storage Safety and Enforcement Act, 2021 (TSSEA), as part of the Moving Ontarians More Safely Act, 2021. The Act received Royal Assent on June 3, 2021.

Analysis of Regulatory Impact:

Ongoing issues plague the towing and storage sectors due to a subset of nefarious actors who might engage in insurance fraud, inflate invoices, or threaten and intimidate customers. There have been incidences of crime, including arson, assault, and homicide. Tow operators have been found stunt driving and driving on highway shoulders, posing significant road safety risks for Ontario road users. Combined, these issues have damaged the sector's reputation and undermined market competitiveness.

The Ministry has heard that, without intervention, these issues might lead to:

- Tow operators going out of business due to an uncompetitive market, difficulty attracting new talent, and potentially being bought by nefarious actors in the sector;
- Nefarious actors growing in number and expanding across the province;
- Escalation of violence; and
- Rising costs for insurers and customers.

To address these challenges, the Towing and Storage Safety and Enforcement Act (TSSEA) received Royal Assent on June 3, 2021. MTO is now proposing a series of regulations under the TSSEA and the Highway Traffic Act to:

- Identify certificate requirements and the process to obtain and maintain a certificate (e.g., requiring background checks, driver training);
- Set out industry and customer protection standards, including procedures for consent forms, estimates, notification, and invoices, ensuring rates are charged in accordance with rate schedules (TBD), and record keeping requirements; and
- Remove most tow operator exemptions from existing Commercial Vehicle Operator's Registration requirements.

Anticipated Costs

The existing municipal licencing system creates an annual average present value cost of \$1.5 million for the towing and storage industry. The proposed regulations under the TSSEA and the HTA are estimated to result in additional annual average present value compliance costs for the sector of up to \$5.0million, of which \$1.5 million are administrative costs. These costs result from certificate fees, training and education, vehicle inspections, and the time required to complete the application process, keep records, notify the Ministry, and cooperate with inspections. To minimize financial impacts to the industry, the Ministry is considering multiple certificate fee options which will be the subject of future consultation.

Anticipated Benefits

The proposed regulations are expected to significantly reduce fraud and overbilling in the sector, improve competition, improve road safety, increase customer confidence, reduce the potential for vehicles being held hostage, and reduce intimidation, violence, and crime, among other benefits. The annual average present value of these benefits is estimated at approximately \$12.0 million (pending further ministry analysis). The Ministry used all currently available data sources to estimate this value. The Ministry is continuing to engage stakeholders to help further identify the extent of cost savings and fraud reduction that could be achieved through the proposal.

All cost and benefit estimates are preliminary and subject to change as the Ministry refines its analysis and receives additional input.

Further Information:



[APPENDIX 1 – Summary of Proposed Regulatory Requirements](#) (Download Adobe Reader)

Proposal Number:

22-MT0013

Posting Date:

March 2, 2022

Comments Due Date:

April 1, 2022

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