

MEMO / NOTE DE SERVICE



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TO: Community and Protective Services Committee

DESTINATAIRE : Comité des services communautaires et de protection

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SUBJECT: UPDATE ON REGULATIONS IMPACTING THE TOW INDUSTRY

OBJET : FAISABILITÉ ET LES IMPACTS DE LICENCES SOCIÉTÉS DÉPANNEUSE

EXECUTIVE SUMMARY

As a result of the 2013 staff report on the *Feasibility and Impacts of Licensing Tow Truck Companies*, the City of Ottawa petitioned the Government of Ontario to develop and enact legislation intended to offer consumers additional protection when using tow truck and vehicle storage providers, as well as to reduce costs, prevent fraud and increase road safety. The Province has since undertaken a comprehensive review of

the tow truck industry and introduced new regulations, which took effect January 1, 2017, to ensure that tow and storage providers have authorization from the consumer before towing or storing a vehicle; publicly disclose rates and payment options; notify consumers where their vehicle will be towed; and a number of other consumer, safety and insurance requirements.

RÉSUMÉ

À la suite du rapport du personnel de 2013 sur la faisabilité et les répercussions de la délivrance de permis aux entreprises de dépannage, la Ville d'Ottawa a demandé au gouvernement de l'Ontario d'adapter sa législation pour mieux protéger les consommateurs ayant recours à des services de remorquage et d'entreposage de véhicules, ainsi que pour réduire les coûts, prévenir la fraude et accroître la sécurité routière. Depuis, le gouvernement provincial a entrepris un examen complet de l'industrie du remorquage, puis a présenté de nouvelles règles – en vigueur depuis le 1^{er} janvier 2017 – exigeant que les fournisseurs de services de remorquage et d'entreposage obtiennent l'autorisation du consommateur avant de fournir les services; mettent à la disposition du public la liste de leurs tarifs et les modes de paiement; informent le consommateur de l'endroit où sera remorqué son véhicule; et respectent d'autres exigences relatives aux services aux consommateurs, à la sécurité et aux assurances.

PURPOSE

At the Community and Protective Services Committee (CPSC) meeting of March 24, 2011, a motion was carried on the [Feasibility and Impacts of Licensing Tow Truck Companies](#) (ACS2011-CMR-CPS-00005). Staff was directed to review the feasibility and impacts of licensing tow truck companies, including the regulation of rates, and report back to committee.

A report on the *Feasibility and Impacts of Licensing Tow Truck Companies* (ACS2013-COS-CPS-0013) went to committee and Council in 2013, and motion 57/2 was carried, which directed:

That the City of Ottawa petition the Government of Ontario to expedite its work with respect to the towing industry, in particular the licensing of the industry with a view to implementing solutions for reducing costs, preventing fraud, increasing road safety and enhancing consumer protection; and

That staff be directed to work in cooperation with the province and the auto insurance industry to help move this endeavour forward, with a view to implementation as soon as possible, and keep Council apprised of any developments and/or barriers in this regard.

This memo provides an update on the work conducted in relation to the tow industry, as well as an update on regulations recently implemented by the Province of Ontario.

BACKGROUND

A staff report entitled the *Feasibility and Impacts of Licensing Tow Truck Companies* was considered at City Council in 2013. As part of that report, staff undertook work to review the feasibility and impacts of licensing tow trucks, including meetings with Supply Management and Ottawa Police Service to review issues, options and available data; meeting with Intact Insurance to further explore issues, including the impact on the insurance industry as well as rates charged to the insured; and benchmarking with other municipalities.

The 2013 staff report also discussed the Province's work in the provision of a comprehensive review of the tow truck industry, which resulted in the development of recommendations in four key areas: prevention, detection, enforcement and regulatory roles. At the time the report was written, the provincial budget had only just been approved and the particulars about the nature and timing of the implementation of recommendations was not yet known.

DISCUSSION

Since the 2013 staff report, the Province of Ontario developed, and later introduced, new legislation for the towing industry, namely by way of amendments to the [Consumer Protection Act, 2002](#). These regulations took effect January 1, 2017 with the intent to reduce costs, prevent fraud, increase road safety and enhance consumer protection in the tow industry. Tow and storage providers are now regulated to ensure the following:

- have permission from the consumer, or someone acting on their behalf, before towing or storing a vehicle
- publicly disclose rates and other information, such as the provider's name and telephone number on the tow truck, as well as in places of business
- accept credit card payments from consumers, and not insist on cash only
- notify consumers where their vehicle will be towed

- allow consumers to access their towed vehicles to remove personal property at no charge
- give consumers an itemized invoice listing the services provided and costs before receiving payment
- disclose if they are getting a financial incentive for towing a vehicle to a particular vehicle storage facility or repair shop,
- maintain minimum insurance coverage including general liability insurance of \$2 million, customer vehicle insurance of \$100,000 and \$50,000 cargo insurance,
- maintain authorization and disclosure records, invoices, copies of insurance policy, and current statement of rates for three years, among other requirements.

Tow truck drivers must obtain an appropriate license from the Ministry of Transportation of Ontario. The Province has also taken steps to improve the safety of tow trucks and their operators by including tow trucks in the Province's existing Commercial Vehicle Operator's Registration (CVOR) system, which it is responsible for monitoring and enforcing.

The City's Traffic and Parking By-law (2003-530) further prevents a tow truck from parking, or making an offer for tow service, within 100 metres of a vehicle involved in a collision. This provision is enforced by Ottawa Police Service. Further, in the event of a collision for which a police report has been filed, the Police may be contacted for follow-up, as the towing of vehicles with Police authorization is regulated through a tender that includes prescribed fees.

The Ontario Ministry of Government and Consumer Services also allows consumers to [submit complaints](#) to the ministry; these complaints are monitored to track patterns of misconduct by a business or sector. The ministry may mediate or investigate complaints if the business violates a law that they are responsible for.

CONCLUSION

It would be premature for the City of Ottawa to pursue the implementation of a municipal licensing regime for towing given that there are already a number of regulations in place to protect consumers. The relatively new provincial regulations, which have similar objectives of consumer protection and public safety, have not yet been assessed for effectiveness. It would be prudent, instead, to educate residents on the new regulations and their rights and protection as consumers.

Staff will continue to monitor the implementation of the new provincial regulations and engage the Province to review the communications strategy in place to increase public and industry awareness thereof. Enforcement practices will also be discussed with law enforcement agencies. Finally, staff will consult with key stakeholders on potential options to address and ascertain the extent of ongoing concerns. Staff will report back on this work in the next Term of Council when Emergency and Protective Services department brings forward its By-law Review work plan.

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cc: Anthony Di Monte, Emergency and Protective Services