

Proposed Changes to Facilitate Economic Deregulation of the Intercommunity Passenger Transportation Vehicle Sector in Ontario

Background:

The Ministry of Transportation (MTO) recognizes the importance of the intercommunity passenger transportation vehicle (PTV) sector. To improve access for Ontarians to passenger services, MTO is committed to making it easier for bus carriers and those offering intercommunity passenger transportation services in vehicles with a carrying capacity of fewer than 10 passengers (U10) to do business in the province.

Since 1996, the *Public Vehicles Act* (PVA) and the *Ontario Highway Transport Board Act* (OHTBA), which governs the PTV sector, have largely remained unchanged. Under this regime, carriers received public operating licences for specific routes, which led to gaps in service and inconsistent services across the province. As time progressed, the licensing criteria protected carrier routes but created barriers to entry and restricted competition and innovation in the sector.

To address these challenges and deregulate the sector, the Government of Ontario repealed the PVA and OHTBA in December 2020, as part of Bill 213, the *Better for People, Smarter for Business Act*. Economic deregulation will remove the route protection barriers and create an open market, which will allow carriers more opportunities to provide passenger transportation services across the province. Modernization of the ICB sector is anticipated to increase transportation options, spur innovation through new service delivery models, and create new business opportunities.

MTO is committed to ensuring that economic deregulation will maintain and improve public safety through continued regulatory requirements for all PTVs, as outlined below (Proposed Changes). We invite you to submit your comments for consideration.

Proposed Changes:

1. Manage the risk of standing passengers on public vehicles with a capacity of 10 or more passengers:

For transit and intercity buses the regulatory regime for standing passengers that currently exists in the PVA would remain in place. That is, standing passengers would be permitted up to a maximum of one-third of the seated capacity of the bus for any route that crosses municipal boundaries.

MTO recognizes that the transit providers have asked for more flexibility in allowing standing passengers on inter-municipal routes, will continue to work with transit providers in this area to develop an approach that provides for the safety of standing

passengers, while complementing the objectives of service integration and a connected municipal transit regime.

Standing passengers would not be permitted on vehicles with a capacity of fewer than 10 passengers.

2. Updating insurance requirements:

Currently, public vehicles are subject to minimum insurance requirements governing drivers, vehicles, and operators.

This proposal is considering increasing minimum liability insurance requirements for PTV with a capacity of one-to-seven passengers, from \$1 million currently, to a proposed \$2 million. Insurance rates for vehicles with a higher passenger capacity are proposed to remain unchanged at their current minimum rates (\$5 million for vehicles with a capacity of eight-to-12 passengers, and \$8 million for vehicles with a capacity of 13 or more passengers).

3. Safety requirements for commercial vehicles with a capacity of fewer than ten passengers (U10):

Currently, operators of PTVs, which transport fewer than 10 passengers, are required to possess a minimum Ontario class “G2” Driver’s Licence, with a minimum age requirement of 18.

This proposal would require U10 drivers to possess for a full class “G” Driver’s Licence, or higher class, in addition to continuing to require a minimum driver age of 18.

Other considerations include requiring vehicle registration applicants offering U10 intercommunity passenger transportation services to ensure that the operating vehicle meets minimum insurance requirements, has a fire extinguisher, and receives twice-annual safety inspections.

A visual identifier would be affixed to the vehicle upon successful completion of a safety inspection and would need to be displayed on the outside of the vehicle to allow the travelling public to identify it as a legitimate intercommunity passenger transportation vehicle. A U10 identifier would be stated on the vehicle permit, and identified within the vehicle registration system, to support enforcement.

U10 requirements will only apply to vehicles providing inter-community passenger transportation for compensation. They would not apply to carpool vehicles and other vehicles that provide not-for-profit transportation services (e.g., religious groups providing volunteer transportation service). In addition, taxi and vehicle-for-hire providers are already subject to municipal safety regimes, and would be exempt from these requirements.

MTO will continue to consult with industry on future implementation of additional driver and/or vehicle requirements which may include zero blood alcohol, background/criminal record check requirements, and limiting driver hours of service.

4. Safety requirements for commercial vehicles carrying 10 passengers or more:

Currently, the *Public Vehicles Act* prescribes certain safety provisions that govern vehicle minimum specifications and state of roadworthiness. The intention is to retain and migrate these provisions into the *Highway Traffic Act*. MTO is considering modification to the emergency exit rules to recognize vehicles that comply with the exit requirements in the federal *Motor Vehicle Safety Act*.

This proposal would recognize the use of externally-affixed bicycle racks and allow for drawing trailers, without the need for a special permit for PTVs that meet specified weight and dimensional limits.

5. Update customer service and reporting provisions:

Currently, the *Public Vehicles Act* requires public notification of a service reduction for a minimum of 30 days and/or discontinuation for a minimum of 90 days of scheduled services. Notice must be provided to the Ministry of Transportation, the Ontario Highway Transportation Board, published in a newspaper within the affected area and posted at stopping places along the affected route. The purpose of the notification periods are to support the review and hearing process for route licensing under the *Public Vehicles Act*.

With the removal of the route licensing requirements and the resulting hearing process, the ministry is proposing to update public notification requirements to a minimum of 48 hours for any service changes within the operator's control and require a posting on the carrier's website and an email or SMS "text" to be sent to the ticketholder. The current requirement to post notification in a proximal newspaper would be removed, whereas notices at stopping places would be retained.

With the repeal of the *Ontario Highway Transport Board Act*, and corresponding dissolution of the Ontario Highway Transport Board, reporting to the Ontario Highway Transportation Board will no longer be required, which is estimated will save the PTV industry approximately \$7.2 million annually.

MTO is proposing the establishment annual data collection from the industry on routes served, vehicle fleets and ridership. This data would support the Ministry in its internal planning. Commercially sensitive data like ridership would be protected under the *Freedom of Information and Protection of Privacy Act*.

6. Expanding vehicle ownership for carpooling:

Currently, carpooling is excluded from regulation under the PVA. This allows an owner or lease holder with only one vehicle to carpool on commutes or to activities, including trips that cross municipal boundaries. The exemption applies as long as they do not receive compensation for the trip beyond covering their expenses, and that the passengers picked up and dropped off are incidental to their trip (meaning that they are not going out of their way to pick up and drop off passengers).

The exemptions for carpool vehicles from the U10 insurance and registration requirements would remain in place as part of this proposed regulatory package. In addition, this proposal would remove the limit on owning or leasing only one carpool vehicle. This would allow multiple rental vehicles to be used for carpooling purposes.

7. Other:

Amendments to the PVA, and its migration into the HTA will consequentially result in amendments to a number of Ontario regulations, which currently refer to the PVA.