

# Port Transportation Association

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To the Attention of Michael Crawford  
Office of the British Columbia Container Trucking Commissioner  
1085 Cambie St.  
Vancouver, BC  
V6B 5L7

Re: Response to CTS License Reform 2020 - Consultation Final Package

Mr. Crawford,

We are writing to you today in response to the March 5, 2020 issuance of the amended CTS license reform.

We would first like to take this opportunity to thank you for taking the time to engage with stakeholders throughout the licence reform process. It is duly noted that the consultation process that took place appeared to be genuine in its entirety.

The PTA notes that while the OBCCTC has changed course regarding the minimum number of tags required to apply and renew licenses, the cancelation of the policy that currently enables smaller companies to operate by way of holding joint licenses inadvertently places these companies at a significant risk for closure.

The reasoning for the forecasted closure of small companies due to this policy change, is that smaller companies will be placed with the burden of having to shoulder the entire amount of annual TLS and bond fees. This presents a challenge to marginal fleets, as they will be tasked with having to generate enough revenue to service all of the company's variable and fixed costs without having an adequate number of trucks to be able to accomplish that.

The crux of the challenge is that it sets the stage for smaller companies to look for ways to cut costs. The PTA is concerned that some companies may be tempted with the notion that the only way that they will be able to stay in business, would be to somehow circumvent the system. The very idea of this, does not sit well with members of PTA, although we have recognized that this is a risk that could potentially take place.

Recent PTA meetings have all resulted in the same conclusion between members regarding the feasibility of operating a compliant TLS trucking company with less than five trucks while shouldering the entire TLS fee - success would be unattainable.

We have also noted that while the OBCCTC has allowed current joint holders the option to apply individually, individual TLS companies who are able to apply financially then face OBCCTC fleet utilization review. Per previously noted concerns, we feel the OBCCTC fleet utilization graph inaccurately determines poor fleet utilizations therefore deeming small TSL fleets ineligible despite meeting all other set requirements.

TLS companies large and small have faced significant challenges over the past year beginning with the changes to PMR, rocky trade relations between Canada and China, the Indigenous blockades and most recently the Covid-19 virus. These challenges have immediate effects on fleet utilization and therefore have the potential to harm larger fleets and once risk pushing out the smaller fleets upon application reviews.

Finally, PTA members would like to express their concerns over the OBCCTC reducing the number of tags by 200-300 tags. It is our understanding that the reduction of tags will not affect the I/Os, and therefore it will be company trucks removed from the TLS system. Our members have made serious financial investments in compliant trucks, employees, and systems. By reducing the number of tags and removing the option of joint holders, we foresee financial hardship for TLS companies and the potential to see numerous smaller TLS companies fail.

It is with these conclusions, that we propose that if the OBCCTC follows through with the cancelation of joint licenses, the OBCCTC replaces it with a policy that would actually make the potential of running a small TLS company attainable. As is, the current rate structure is not realistic in conjunction with the removal of joint holders.

We certainly believe that it is not the intention of the OBCCTC to inadvertently shut down smaller businesses by way of canceling the joint application policy, or cause financial hardship to those who have company owned trucks currently in the TLS system through a reduction of tags.

In response to this belief, the PTA would like to request that OBCCTC research costs and investments associated with owning a small company that holds a TLS, prior to finalizing policy. For example, costs such as emission compliant trucks, ICBC insurance, cargo insurance, fuel and most importantly, the disproportionate TLS fees should joint licenses be removed.

The PTA believes that research by the OBCCTC of this nature would be significantly important information in moving forward with policy decisions and provide the OBCCTC with a better position to be able to ascertain if a business plan that is presented to them is even viable.

Upon request, we are willing to submit our own research compiled from various members of the PTA to further the discussion and prove our belief that under the proposed changes a small TLS company would not be viable.

The PTA thanks you for your attention and review of our concerns, and kindly asks for your response within five business days.

Sincerely,

Members of Port Transportation Association