



February 17, 2020

The Office of the BC Container Trucking Commissioner
1085 Cambie Street
Vancouver, British Columbia
V6B 5L7

RE: CTS Licence Reform Submission – (CTS Licence Reform: 2020 Licence Application Process & Tag Management Policy)

Dear Mr. Crawford,

Thank you for the opportunity to provide our comments regarding the proposed changes to the CTS License for 2020 and thank you in advance for your consideration of the following submission.

Upon review of the CTS Licence Reform: 2020 Licence Application Process & Tag Management Policy, MDW Express does not support the following proposed changes:

- The increase to the minimum truck requirement for licensees to 10 trucks;
- The prohibition of consolidation; and
- The consideration of a previous licence holder's historical compliance with the *Container Trucking Act* during the request for TLS tags.

Increase to the Minimum Truck Requirement

Under the proposed policy, it is mandatory for all applicants to have a minimum of 10 trucks (company-owned or sponsored) that are eligible to receive a truck tag. This is an increase of 5 trucks (or 100%) from the previous minimum truck requirement. The new proposed minimum truck requirement raises the following questions/concerns:

- What is the basis for the need to increase the minimum requirement 10 trucks? How was the number of 10 trucks determined? How does this change meet the OBCCTC's goals?
- The increase to the minimum requirement puts the livelihood of the existing licensees that will not meet the new requirement at risk. Licensees have invested a significant amount of time, resources, and money into their business to progress towards/maintain its compliance with current policies and to develop its business case for more truck tags.

Suggestion: MDW Express suggests no change to the minimum truck requirement of 5 trucks. The OBCCTC should determine the optimal TLS tag target and re-allocate tags accordingly to the existing licensees. During the allocation process, OBCCTC should consider each licensee's tag request business case and the fleet utilization and efficiency as stated in the Tag Evaluation Criteria to determine the number of tags each licensee should receive.

Prohibition of consolidation

Under the proposed policy, Licensees are not able to consolidate in order to meet the minimum requirement of 10 trucks as the acquired licensees will exit TLS at the end of the current licence term. This further mitigates any opportunity for the current licensees with less than 10 TLS truck tags to continue to operate at the port. Both licensees are existing successful applicants that should not have to re-apply upon consolidation and risk being rejected.

Suggestion: In the instance of two current licensee's consolidating, the OBCCTC should consider the number of consolidated tags when assessing if the licensee meets the minimum truck requirement.

Consideration of Historical Compliance

Under the proposed policy, the OBCCTC has included compliance history of prior licensee's as a component of its evaluation criteria for applicants. This proposal raises the following questions/concerns:

- New applicants are not subject to the same criteria as the existing licensees creating an unfair evaluation process for the existing licensees.
- As there are no criteria to assess the compliance of the new applicants, there is a risk that new successful applicants may not reduce the non-compliance rate and could potentially result in more audits and use of resources. Over the past five years, many existing licensees have put time and resources towards implementing controls that maintain its compliance.
- The licensee has already been penalized and paid its penalties in accordance with the policies in effect during its period of non-compliance and should not face further consequences for matters which have been settled.

Suggestion: MDW suggests the removal of compliance history from its evaluation criteria as it create an unfair evaluation process for existing licensees.

Other: Increase of Term Length to 5 Years

Requiring businesses to re-apply and possibly not receive TLS tags every 2 years makes businesses in this sector undesirable to investors. Additionally, it is difficult for a business to provide commitments to customers regarding future volumes when there is a re-occurring uncertainty regarding level of accessibility (if any) to the port after such a short term.

Suggestion: MDW suggests increasing the term length from 2 years to 5 years.

We hope you take this feedback into consideration.

Sincerely,

Bill Chohan
MDW Express Transport Ltd.