

February 27, 2020

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

RE: CTS License Reform

Thank you for allowing us the opportunity to provide feedback in regards to the Final License package and Tag Policy that is proposed for Spring 2020. After careful review of the documents we do not agree with all the proposed changes. Below is a list of items that we do not agree with and reasons why. We would like the commissioner's office to reconsider these items before the License Package and Tag Policy is finalized.

1. License term:

The current structure of a two-year term does not work for the industry because it does not allow for stability and growth. We propose the term to be extended to 5 years because this will better align companies to have organic growth due to the nature of the market. Most financing terms require companies to make a minimum commitment of 5 years when it comes to equipment financing, banking loans and minimum lease terms. Without extending the license terms it makes it next to impossible for companies to grow organically and strategically plan for the future in terms of contracts and updating equipment/trucks beyond 2 year. Extending the term to 5 years better supports the commissioner's mandate to create stability in the industry.

2. New Companies:

We strongly disagree with the proposal to accept new companies for the CTS License as this counters the commissioner's mandate to regulate the number of tags vs industry demand. At the consultation session it was noted that the commission's office will only accept new companies if the target tags issued is not met. As an existing CTS company, we believe that the current companies should be allowed the opportunity to grow in size and receive the purposed tags rather than the addition of new companies.

3. Minimum Number of Trucks:

We disagree with the new requirement for minimum of 10 trucks. The commissioner's office stated that reason that this was proposed was because the smaller companies have difficulty providing the necessary paperwork to ensure compliance with the CTS rules. After a quick review of the commissioner's audit outcomes online, we see that company size was irrelevant because many companies of various sizes have issue with compliance. The number of trucks a company has is not an indication of operational efficiency and due diligence. The number of trucks is irrelevant if a company does not have the protocols and choose not to be comply with the CTS rules. This new minimum truck requirement will arbitrarily remove over 200 truck tags from the system.

4. Fee structure:

The current tiered fee structure penalizes smaller companies and small business. If a company does not require 15 Tags they are still required to pay the minimum fee. We propose that companies should pay a fixed fee per truck. This will balance the financial burden on companies in the CTS system.

5. Grandfathered Clause:

If the commissioner's office moves forward with the proposal to allow additional companies and a required minimum of 10 trucks then this will only be supported if a "grand-father" clause is implemented for the companies that are already apart of the CTS system. The current companies in the CTS system will be grand-fathered and will continue to operate based on the current number of trucks.

6. Amalgamation & Company Transfers:

The current proposed agreement does not clearly indicate how to allow for the share transfer for companies and/or amalgamation. We propose that the commissioner's office provide language in the agreement which indicates how best to facilitate an amalgamation of companies and/or share transfers. There should be clear mechanism in place and guidelines that companies can follow to ensure that the process is supported by the CTS system and commissioner's office.

In conclusion, we thank you for the opportunity to provide feedback before the changes are implemented. We appreciate the commissioner's office allowing for additional conversation and providing a deeper dive into the changes proposed during the round table consultation sessions. As stated, multiple times over the past weeks, these changes have a drastic consequence on small business. Owners like us have been in the industry for 30 year and this will affect our companies who are our families which include our drivers, office staff, partners and community relationships. This is a family business and we take pride being a part of the industry and would like to leave a lasting mark for our children to carry forward. We would like our feedback to be included in the Final License Agreement.

Sincerely



Gurveen Bath

Principal