

Bagri Brothers Enterprises Inc

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March 28th, 2020

Re: 2020 CTS License Renewal Submission

Attn: BC Container Trucking Commissioner,

As a current Container trucking license holder, and as a stakeholder of the trucking industry for the past 15 years, I would like to propose the following feedback.

The container trucking commissioner proposes a new requirement of a minimum of 10 CTS licenses for a company to apply for a license in the 2020 renewal. The impact of this will affect 13% of the truck licenses in the system will be eliminated as they would not be eligible to apply for a renewal.

From the information received during the consultations with the commissioner's office last week, it can be confirmed that the purpose of eliminating companies with less than ten truck tags is:

- Smaller companies have compliance/bookkeeping issues.
- There are too many trucks in the system.
- To Increase stability in the drayage sector.

However, the above issues require justification, as there are multiple other solutions available to resolve the issues.

Compliance and bookkeeping

Compliance of legislated rates between carriers and drivers/ I/O's arises a concern and is being taken very seriously by the commissioner's office. Bookkeeping records delay and complicate the audit process.

However, this cannot justify that ONLY carrier with less than ten trucks is having compliance and bookkeeping issues. A smaller carrier may have a lower-cost method of doing bookkeeping, which may take longer to generate records since it is a smaller operator with less staff. But fleets with more than ten truck tags can be seen breaching the compliance rates and not providing bookkeeping records on time either.

In November 2019, the BC CTC released an updated "The Drive" newsletter, which states, "Over **\$3.5M** in drivers pay returned to drivers to date". Over 90% of the driver's pay, which has been returned, is accumulated from fleets with more than ten truck tags. Fleets with less than ten truck tags are at a disadvantage since the least number of drivers were affected by rate compliance in smaller

carriers, and larger carriers had more drivers affected by the failure of accordance with legislated rates, WHICH affects the industry stability significantly higher than a small fleet.

Too many trucks in the system

The BC CTC mentions there are too many trucks in the system and not enough work for all the vehicles in the system. By eliminating fleets with less than ten trucks, the BC CTC believes it will stabilize the industry.

However, stabilization in the industry should not be achieved by driving companies, and I/O's out of business. The CTC should look at re-assigning truck tags within the system on a per truck basis within a fleet. There are multiple fleets in the system which have more trucks allocated to them, then the amount of work they have. These fleets are idling and causing instability within the industry. The CTC shall look at each truck within the system regardless of if it is a company truck or an I/O and see the utilization of that vehicle. Shall a truck be underutilized it should be pulled from that fleet immediately and offered to an efficient fleet that needs tags or eliminated from the system. This method will determine how much business each carrier has and, in detail, ensure that every truck within the system is operating with efficiency and determine the exact number of vehicles needed within the system.

The utilization metrics which are available through the Port of Vancouver are the most accurate ways to downsize and upsize fleets instead of driving companies out of business.

Increasing Stability in the drayage sector

BC CTC would like to see stability in the drayage sector by eliminating smaller fleets. The BC CTC is also allowing new carriers to apply for a CTC license and enter the drayage sector. This factor does not support stability as carriers which have been licensed since 2014 under the CTC are experienced and are aware of the legislated rates and requirements set out, are being driven out of the industry, and carriers which are new and have not dealt or experienced the effects of 1999,2005,2014 work stoppages are being offered to apply for a CTC license and operate and learn the ropes of the BC CTC as they operate. This will further affect the stability of the industry.

Additionally, our fleet of 7 trucks can be used as an example affected by the new CTC license requirements. We have been operating at the ports of Vancouver since 2007 and is a second-generation in the port trucking industry. Our fleet is representing the **top 1%** of the most efficient and utilized fleets within the drayage sector for the last year.

Our fleet has been audited and is rate compliant up to date and operates seven trucks double shift with 15 drivers and long-term equipment and land leases, which are dependent on the CTC license. We satisfy all the CTC license requirements up to date, except for the 10-truck condition. The new license is very unfair for operations under ten trucks such as us and many others, who are fully compliant and utilizing their fleets to a maximum and have requested to grow in the past. Still, the CTC has denied the request to increase fleet sizes.

The concern which the drayage industry has with the elimination of small businesses is that the commissioner has chosen to eliminate and drive companies out of business and lead towards

bankruptcy. All trucking companies, regardless of small or large fleets, have made investments that are now dependent on the BC CTC's office to issue renewal. Many small businesses have taken personal guarantees on their investments for real estate and equipment, which will impact the company and many families.

We want to request that the BC CTC grandfather all existing fleets within the system since they were in the system before the 2020 license agreement and have been licensed up to date. Shall a new carrier want to enter the drayage sector, it can purchase an existing fleet that is already compliant and licensed under the CTC, which will ensure that the rate compliance and stability is achieved.

Shall you have any questions, please feel free to reach out to me.



Yours truly,
Sharn Gill

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