

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

VIA EMAIL: registrar@obcctc.ca

February 26, 2024

RE: 2024 CTS License Reform – Proposed Changes

Commissioner MacInnes,

Please accept this submission on behalf of HAP Transportation Group Ltd. (henceforth 'HAP') in response to the 2024 CTS License Reform Proposed Changes and the specific changes that will, in our belief, negatively affect our business and associated companies.

Of the proposed revisions noted in the 2024 License Proposal, HAP would like to draw your attention to the following sections, as there are concerns that the revisions will have negative unintended consequences.

Access to Facilities, Section 6.16

Access to Facilities section 6.16 notes that: the Licensee can only perform Container Trucking Services at a facility in the Lower Mainland approved by the Commissioner.

The proposed change does not specify what is an "approved" facility, and it is the belief of HAP that The Act and Regulations, specifically section 2

of the Regulations, note that the application is for container trucking services that require access to a marine terminal. Therefore, there must be a component of the container move that tie directly to marine transport.

The addition of Section 6.16 would result in the OBCCTC regulating container trucking services across the Lower Mainland that fall outside the intent of the Act and Regulations upon its creation and beyond the jurisdiction of the Commissioner.

HAP echo's the Port Transportation Association request that the addition of 'Access to Facilities, Section 6.16" be removed from the 2024 proposed CTS License.

CTA Appendix A, Section 1 (j)

The Proposed 2024 License Appendix A Section A 1(j) notes that: the Licensee must not cooperate in any way, directly or indirectly, with a non-licensee who performs unregulated off-dock container trucking services between facilities and locations within the Lower Mainland.

Comments on this topic should be prefaced with the fact that the OBCCTC should be aware that to date, there is no available list available or common industry knowledge of every carrier within Canada and the United States that may perform unregulated off-dock services, as the intent of the Act and Regulations and CTS License was to enforce payment regulations for Vancouver port containers and their related off-dock moves. A list of such type would be extensive and require continuous updates to remain current.

A licensee should not be penalized for working with non-regulated companies, especially when there are many container movements that fall well outside of the OBCCTC jurisdiction.

In many circumstances, highway carriers are using chassis of local licensees to service customers of local licensees. When the highway carrier is returning the empty container to a dry terminal, unfortunately sometimes it arises complaints that a licensee is using an off-dock carrier for local work when it's actually highway work.

Unfortunately, these complaints then initiate an OBCCTC investigation, and the local licensee then has to bear the burden a) the risk of not being eligible for additional tags and b) saddled with the administrative costs associated with an unnecessary investigation, which can often take months to complete.

Examining the situation above further, that unrelated party, may or may not be engaged in unregulated off dock work unbeknownst to the local licensee. Appendix A point 1(j) appears to now makes it the responsibility of the licensee to investigate and request confidential information relating to the business operations of the "non licensee" and if that non licensee does not cooperate (as it has all grounds not too, not being bound by a CTS License) the licensee will be penalized or impacted by that should the OBBCTC decide that the non-licensee is/has participated in unregulated off-dock activities.

As there are no grounds for a non-licensee to provide their confidential business information if they are not regulated, how can a licensee obtain solid confirmation of this information in order to satisfy the OBBCTC's proposed amendment?

As per the Executive Summary provided with the 2024 CTS License Reform proposed changes, the addition of Appendix A item 1(j) speaks specifically about:

1. No longer allowing shared yard and/or dispatch services:

In the Lower Mainland, specifically throughout the municipalities of Surrey and Delta, truck parking lots have been created in BC Hydro fields beneath the power lines. These lots are shared between many non licensed carriers, licensed carriers, and a wide variety of trucking companies or heavy equipment companies.

It must be questioned why a Licensee would be penalized for utilizing parking in a shared lot. Additionally, with the high costs of real estate in Vancouver and surrounding municipalities many licensees do not have their own truck parking lots and rely on sharing or renting space from other corporations with excess space who rent out spots to any interested company. The owner of the space ultimately decided who they rent to; as a tenant you cannot tell your landlord of who to and who not to share with to remain compliant with the CTS License terms; and for the OBCCTC to suggest that a Licensee move to remain complaint shows a naïveté of the current landscape. HAP would kindly guide the OBCCTC to connect with Canadian Trucking Association of British Columbia, which has been working to bring awareness to a lack of available space for truck parking within the Lower Mainland.

As for shared dispatch services, it should be noted that like many sectors such as IT, there has been a shift in the industry to

transition dispatching services to third party companies operating outside of North America.

Dispatch for some trucking companies is primarily contracted to companies with employees based in India or Pakistan who have been trained on various dispatching and reservation systems, for a charge flat fee per employee. These services are provided to Licensees, as well as many Canadian and US trucking companies that are non licensees and considered unregulated off-dock providers.

This once again poses the concern that a Licensee may inadvertently be in violation of the CTS agreement under Appendix A Section 1(j), as which companies are utilizing the same dispatch service are confidential, and there are no legal means to obtain this information for the purposes of a CTS License, nor could a company ask or force a dispatch service to limit their clientele to the confines of the CTS License terms.

1. No longer allowing chassis sharing:

There is a vast network of chassis sharing at this time across the railroads, shippers, dedicated chassis rental companies and CTS Licensees.

All of the above noted parties exchange chassis; the railroad provides their own chassis as well as also has their own CTS, how can they determine who dropped off or is using their chassis for off dock work, as sometimes it's cheaper to pay the railroad detention/chassis charges as there are none available for rent, so how will that impact the compliance of the CTS holder?

Some Shippers in the Lower Mainland provide their chassis and only require tractor service from licensees, it cannot be identified who's using the chassis as it can change many hands without record. For example, when a carrier drops the chassis, the customer may contact any other licensee or non-licensee to do the next move, a licensee may not be able to access the GPS or movement of that chassis.

Additionally, licensees rent out their chassis to other licensees, or highway carriers to offset the cost when business is slow or there is a surplus of chassis available.

Many licensees also have a chassis rental business and provide rental of chassis and trailers to the public. Requiring full details from the party renting the equipment including move by move details of what the chassis was used for to satisfy any OBCCTC inquiry, falls well outside of any typical rental transaction.

Chassis rental is a legal business, and the decision of a licensee to rent out equipment to optimize the use falls outside of the OBCCTC jurisdiction to implement any restrictions.

HAP believes that the intended purpose of Appendix A 1(j) is both an overreach in jurisdiction and will create significant instability across the industry.

CTS Licence Appendix D, Required Information

Under the CTS Licence Appendix D, the OBCCTC has expanded the required information, not just for Licensees, but all Related Persons of the Licensee who performs in part or in full container trucking services.

Per the Act and Regulations, the OBCCTC is obligated to share details with both the Vancouver Fraser Port Authority and the Government.

With privacy and security at top of mind, HAP echoes the PTA in the request that the OBCCTC provide the following information before further comment can be made:

- What security is in place to safeguard the details that are being requested.
- Why is the additional information being requested on the 2024 License term, and the intended use by the OBCCTC and/or any outside parties.
- Are companies are being made aware of when and what information is being shared.

CTS Licence Schedule 3, Licensee Consent

As a CTS Licensee, companies sign a consent to allow the VFPA and/or the OBCCTC to disclose personal company-related information obtained through the licensing process. In recent decisions posted to the OBCCTC website, there has been specific mention of Licensee's customer names and/or shipper or receiver information in Decisions that fall outside of the given consent.

Not only is this a concern from a business confidentiality standpoint, as once is posted on the website it becomes open to the public, including competitors, but there have been concerns raised that at the time of posting, OBCCTC does not

have consent from those names businesses to include their names within a Decision that is then posted publicly.

While not noted within the 2024 License Proposal, HAP would like to request that companies with significant history of operations at Vancouver Fraser Port Authority be grandfathered in to the 2024 License term.

HAP has invested heavily in capital projects and business expansion over this license term and these expenses tie directly to the ability to maintain continued operations as a CTS License holder. These investments should be considered when awarding the 2024 License and tag allotments.

HAP thanks you for your consideration and looks forward to continued opportunities to engage with the OBCCTC as the 2024 Licensing process continues.

Sincerely,

A handwritten signature in black ink, appearing to be "John", written over a horizontal line.