

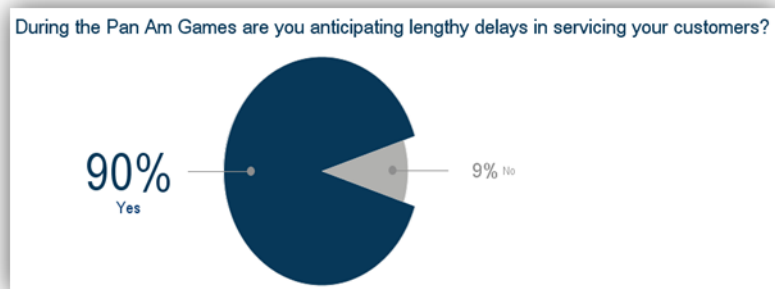


OTA Pan Am Games Survey Shows Carriers are Concerned, Some Considering Inventive Ways to Manage the Congestion, Others Considering Surcharges

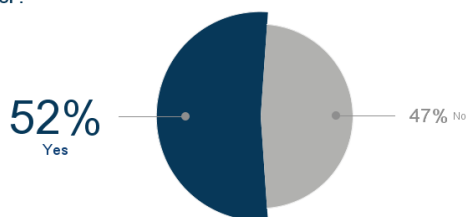
¹In response to requests from media, politicians, and other associations, OTA circulated a survey to members to collect industry views concerning transportation planning during the upcoming Pan Am Games. The survey responses confirm there is significant concern among carriers that expected delays will affect their ability to service customers. Furthermore, while carriers are considering some vigorous and inventive approaches to manage the congestion (including, possibly, surcharges), it's clear from the survey that trucking companies who have been able to engage more proactive customers have had better success planning a cooperative transportation strategy and putting contingencies in place.

Survey respondents overwhelmingly echoed the concerns OTA has been hearing more generally from the larger carrier community as well as Toronto businesses and the media. Nearly 90% of respondents indicated they are anticipating increased

congestion and lengthy delays during the Games. In fact, with the influx of tourists and Games participants in the GTA during those weeks, some carriers predict a boost in the volume of goods being shipped, which would only add to the delays. A few carriers said they expect to be at 100% capacity and manpower utilization during the Games – a difficult scenario to manage during the summer months.



If yes, have you tried to develop an alternative/ off peak delivery plan with your customer?



customer engagement or willingness to admit the Games may have a meaning impact on the carrier's ability to service them" as the main reason.

Despite the widespread consternation, only 52% of respondents were able to develop some sort of alternative strategy in anticipation of the Games. A majority of the other half of respondents who were less successful in developing a strategy cited the "lack of

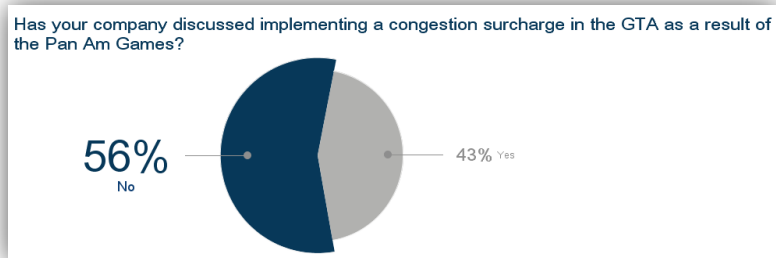
¹ Graphs may not equal 100% due to rounding.

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Those who have managed to work more proactively with their customers indicated a variety of approaches. Some carriers informed customers that normal 'guaranteed' levels of service would be cancelled during the Games. Others have suggested to customers that added flexibility for appointment times needs to be ensured while the Games are on. Some are attempting to switch delivery schedules to off-peak times. However, as stated, customers' lack of engagement was mentioned to be a significant hurdle to this approach for some carriers. Respondents pointed out that schedules and delivery times are completely controlled by the customer and adjustments can only be made if the customer is willing to accommodate the changes.

More creative solutions cited include reaching temporary arrangements with customers to share the cost of using Hwy 407 ETR during the Games period. Other carriers (43%) indicated they have either implemented or discussed applying a 'surcharge' during



the Games as a means to recoup the anticipated cost increases resulting from congestion. However, how 'surcharge' was defined or how it would be applied varied widely among respondents. Some suggested that a geographical approach is being considered, with a flat rate surcharge within the GTA. Other carriers submitted they may only look to apply a surcharge to customers or consignees based in close proximity to busy Games venues since increased congestion costs are most likely to ensue from those deliveries. A separate model where surcharges could be applied only on days where significant events were taking place, was also mentioned by some carriers, while others said they would be billing for detention and holding for freight not loaded or unloaded in a timely manner.

Overall, when examining the data and accompanying comments provided by respondents, it's clear that some carriers are having much better luck working with their customers and strategizing in anticipation of the Games than others. In comparing customers' ability or willingness to work with service providers to those in the Vancouver area in the run-up to the Olympics, respondents said GTA-based shippers and receivers are lagging in their level of preparedness. For the most part, carriers are looking to customers to share some of the costs. Several respondents suggested they would not deliver to customers during the Games who refuse to bear at least a part of the burden.

While time will tell how much of an impact the Games will actually have on traffic and operations, it's apparent the Pan Am Games is amplifying carriers and customers' long-held concerns associated with GTA traffic, congestion and goods movement.

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Demographics:

The overwhelming majority of carriers that responded to the survey were for-hire carriers at 78.05%; private fleets comprised 14.63%; couriers and 'other' at 2.4% each. The majority at 85% of both respondent groups service both shippers and receivers in the GTHA or general Games area. Just over 6% of respondents are based in the United States.