

CTA SUBMISSION



The Senate of Canada Standing Committee on Banking, Trade and Commerce

Canadian Trucking Alliance

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About the Canadian Trucking Alliance

The Canadian Trucking Alliance (CTA) is a federation of provincial trucking associations. With over 4,500 member carriers, CTA represents a broad cross-section of the industry – all sizes, regions, commodity-based services and specialties. Our members employ approximately 150,000 Canadians and are responsible for providing about 70% of the country's road freight needs demanded by the economy.

About the Industry

Trucking is the dominant mode of freight transportation in Canada, moving approximately 90% of all consumer products & foodstuffs and almost two-thirds (by value) of Canada's trade with the United States. The industry generates over \$65 billion in revenues per year, with the for-hire sector accounting for over \$40 billion of that total. In terms of GDP, the transportation services sector represents 4.2% of total economic output, or \$53 billion. The for-hire trucking sector accounts for 31% of the total share – more than air (12%), rail (11%) and marine (2%), combined. The trucking industry is responsible for creating over 400,000 direct jobs in Canada – 300,000 of which are truck drivers. Nearly 1% of the Canadian population and over 1.5% of the labour force are truck drivers by profession. The for-hire segment of the industry produces roughly \$24 billion in personal income on an annual basis, which in turn generates \$4.2 billion in personal income taxes and \$4.1 billion in indirect taxes for government.

Dominance Based on Service

The simple reason trucking is the dominant mode of freight transportation is the flexible, timely, door-to-door service that only trucks can provide. Trucking works with all the other modes, but its major market is the time-sensitive delivery of small shipments of lighter-weight, high value-added products over relatively short distances. The just-in-time inventory system, which remains a key to Canada's international competitiveness, was built around the truck. Other modes – like rail and marine – dominate in the movement of heavier, bulkier commodities that are generally less time-sensitive over longer distances. Overall, the three modes would overlap or compete on a very small proportion of the freight market – certainly less than 5 per cent.

A Leading Indicator of Economic Activity

Trucking is a derived demand industry. As the economy goes, so goes trucking. As such, trucking is a good leading indicator of economic activity. Trucking is usually six months ahead in terms of any downturn or recovery in economic activity. Not surprisingly, current economic conditions, while not entirely negative (depending on the region and the commodity), are very sluggish, reflecting some recent deceleration in activity and uncertainty. Nevertheless, the longer-term outlook for the trucking industry is for continued growth and an even larger share of total transportation sector output.

Introduction

The Canadian Trucking Alliance is pleased to provide its testimony to the Standing Senate Committee on Banking, Trade and Commerce regarding internal barriers to trade. CTA understands that the committee is most interested in why these internal trade barriers exist and how they affect our sector. As directed by your study's terms of reference, CTA will provide you examples of regulatory issues that impede the movements of trucks across provincial boundaries as well as propose some measures to correct these issues.

Internal Barriers to Trade

CTA applauds the committee for taking on this issue. This is not a new challenge but one that has troubled our sector dating back to deregulation in the late 1980's. A large number of trucking fleets in Canada are engaged in inter-provincial movements, however, the rules governing the equipment and drivers engaged in this trade are written and enforced by each province separately. While in some cases differing regulations are appropriate given the conditions that exist in each jurisdiction, in other cases these differences do constitute barriers to fair competition and effective trade. In these instances, harmonization is essential. CTA would characterize the source of our issues within two key subject areas – The National Safety Code and Vehicle Weights and Dimensions.

National Safety Code

The National Safety Code (NSC) for trucks was introduced nearly 30 years ago as an antidote for the deterioration of truck safety as a result of economic deregulation. It ostensibly contains 16 national standards – everything from truck driver hours of service, to carrier safety ratings, to driver medicals, to trip inspections. However, after nearly three decades, many of the NSC standards have still not been uniformly adopted and/or enforced by the provincial governments. This is not an acceptable situation for government or industry. Items like hours of operation for truck drivers engaged in long-haul highway trucking should be uniform across the country. That is not the case. It took over a decade for all the provinces to agree on a new federal regulation governing the hours a truck driver must work and rest. With the movement to mandatory electronic logging devices by 2019, we fear the same pattern will re-emerge. After numerous examples over the years, CTA believes that it is time for everyone to admit the current policy development system is in need of a review. There appears to be a communication breakdown somewhere between the various levels of government and industry. Policy and political silos must be broken down, followed by strategic leadership, accountability and vision to resolve these issues.

Weights and Dimensions

Truck weights and dimensions standards also fall under provincial jurisdiction. The current "national" heavy truck standards are really a set of minimum standards that began their evolution in February 1988 with the establishment of a national MOU – all

provinces and territories are signatories. So, at the very least, a vehicle that meets the minimum MOU requirements can operate from coast-to-coast while provinces retain the authority to allow other truck configurations in their jurisdictions if they wish. With eight amendments since its inception, CTA believes that on balance the MoU concept has been positive for industry productivity. Yet it has also created configuration differences between jurisdictions and at times carriers view these differences as barriers to trade or, at the very least, a needless complexity to conducting business. This established process also creates challenges in developing jurisdictional consensus to examine and implement standards for new or special configurations that improve economic and environmental efficiencies. CTA is also concerned the current MOU standards have been slow to evolve and therefore have not fully accommodated new technologies and add-on devices that are proven to reduce air contaminant and GHG emissions. Where progress has been made, and agreements reached by all parties, provincial and territorial regulatory processes have slowed adoption. This matter will be further exacerbated by the 2018 Environment Canada regulation which will require or promote certain components on trucks that are not allowed in provinces due to regulatory restrictions.

Examples of environmental reduction equipment and components facing regulatory barriers that impede the free movement of trucking equipment include:

- New Generation Single Tires: Produce 3-10% fuel efficiency over conventional tires. Incorporated in MoU in 2008 at reduced weights which make their use coast-to-coast a non-starter. PQ, ON and MB only jurisdictions to date to overcome this issue outside of MoU process.
- Natural Gas Fuel Tanks for HDV: Class 8 trucks running on natural gas are over 20% more GHG friendly than conventional diesel equipment, yet they face operational weight penalties in all provinces except BC.
- Boat-tails: Aerodynamic devices that are placed on the back of trailers. Fuel savings 3-8%. Included in MoU in 2014; not yet fully implemented in all jurisdictions.
- 6x2 Technology: This is axle technology on tractors that could save the industry 3-5% on fuel. Most provinces have restrictions in place for their use.

Conclusion

CTA would welcome recommendations by the Standing Senate Committee on Banking, Trade and Commerce that would improve the development and implementation of inter-provincial trucking regulations in a manner that would improve our productivity.