

June 24, 2022

MLA Janet Routledge
Chair of the Select Standing Committee on Finance and Government Services
Room 224, Parliament Buildings
Victoria, BC V8V 1X4

Via email: [REDACTED]

Re.: BC Trucking Association — BC Budget Submission

Dear Chairperson Routledge:

Thank you for the opportunity to provide input on the Province of British Columbia's 2023/24 budget. I am making this submission on behalf of the BC Trucking Association (BCTA)— a member-based, non-profit, non-partisan organization dedicated to advocating for and representing the commercial road transportation industry in BC. BCTA represents approximately 1,200 trucking and motor coach fleet members that operate over 13,000 commercial vehicles and employ over 26,000 British Columbians.

Our submission directly supports the Province's priorities, specifically:

- **Building a Stronger Environment for Our Future:** Medium- and heavy-duty commercial vehicles account for approximately 50% of BC's total road transportation emissions,¹ therefore supporting the reduction of our sector's greenhouse gas (GHG) emissions through ZEV charging and alternative fueling readiness and increased medium- and heavy-duty vehicle incentives will be crucial.
- **Building a Stronger Economy for Everyone:** Working with government to enable a provincial infrastructure investment that will not only promote a safer and more efficient movement of goods but also help to remove barriers to support women in our industry.

The BC road transportation industry is both a significant contributor to the provincial economy and a critical service provider supporting the quality of life British Columbians expect. Provincially, the industry generated approximately \$2.2 billion in revenue in 2021,² transporting approximately 92% of all consumer goods (by weight) in Canada and 46% of our global trade.³ These figures only encompass "for-hire" trucking and exclude "private" trucking (i.e., companies that transport their own goods), which are roughly equivalent in size.

In BC, there are about 26,000 trucking companies that collectively operate nearly 45,000 trucks and employ over 34,000 people. 87% of these BC trucking companies are small businesses operating five or fewer vehicles,⁴ or alternatively, only 22 of these companies employ 100 or more employees.⁵

Communities in BC benefit from the regular and reliable delivery of supplies, such as fuel, groceries, and daily commodities. While historically, the importance of our sector and impact on British Columbians lives was invisible, this was not the case during the numerous climate emergencies in 2021. Trucking was the only industry capable of transporting goods when rail and pipe were inaccessible. During these unprecedented times, our sector stepped forward, and traversed through unfamiliar roads and challenging weather conditions that increased travel by three

¹ BC Government, 2017 Provincial GHG Inventory

² Statistics Canada, *Gross domestic product (GDP) at basic prices, by industry, provinces and territories*. Table: 36-10-0402-01, 2021

³ Transport Canada, *Transportation in Canada 2019: Statistics Addendum*. Table EC4, 2019

⁴ Ministry of Transportation and Infrastructure, 2019 National Safety Code data

⁵ WorkSafeBC data

to four times compared to their normal routes. This was to ensure British Columbians had the supplies and food they needed to support their families during the wildfires and atmospheric river floods. Simply put, goods moved through BC from late November to late December 2021 was done primarily by our sector.

According to the Insurance Council of British Columbia (ICBC), approximately 60,000 heavy-duty vehicles (>11,794 kg GVW) and 156,000 medium-duty vehicles (>4,527 KG, <11,795 kg GVW) that support goods movement are ICBC commercially insured in BC. These medium- and heavy-duty (MHD) commercial vehicles produce approximately half of the GHG emissions from the province's road transportation sector. Although our sector has largely contributed to the climate emergency, the provincial government can directly influence emissions from heavy-duty commercial vehicles by:

1. Addressing the availability of charging infrastructure, alternative fueling stations, and vehicle incentives for low emission and zero emission vehicles;
2. Addressing the age of commercial vehicles;
3. Addressing barriers to enable women as commercial drivers in our industry; and
4. Addressing road congestion via infrastructure improvements.

Government Priority: Building a Stronger Environment for our Future

The trucking sector transports 92% of all consumer goods in our province, and over the past decade BC's transportation sector grew by an average of 4,049 MHD vehicles each year. The principal cause for growth in our sector is directly attributed to two factors:

- Growth in BC's population by approximately 580,000 over this period; and
- Growth in e-commerce, which nearly doubled in 2020 due to the COVID-19 pandemic.⁶

As a result of this growth, GHG emissions from BC's transportation sector grew by 27% over a decade (2007-2018), and BCTA modelling is forecasting growth of 17.3% by 2030.

Unfortunately, there are no simple solutions to reducing emissions from the commercial road transportation sector. While significant progress has been made to reduce passenger vehicle emissions, this is not the case for heavy-duty vehicles as heavy-duty zero emission vehicle (ZEV) options remain in very early development. While we are beginning to see more zero- and near-zero emission commercial vehicles becoming available in the light- to medium-duty and bus/coach ranges, zero emission and near-zero emission heavy-duty vehicles (classes 7 and 8) remain scarce. In addition, these vehicles currently only have a range capacity of approximately 17-19% of its diesel equivalent (~400 km). Although we are pleased that pilots for zero- and near-zero emission vehicles have begun in BC, and that the majority of original equipment manufacturers now have MHDZEVs available for order, we do not anticipate seeing significant adoption in our sector until late this decade.

The reason for this delay in industry adoption is due to the following:

- Based on a range availability of 400km, only heavy-duty commercial vehicles that operate locally (e.g., within 160 km from home terminal and return to terminal at the end of each day) would be able to adopt a ZEV. This currently only represents 22.1% of BC's heavy-duty commercial vehicle fleet;
- At present, no commercial charging or alternative fueling stations (e.g., hydrogen) that could accommodate a heavy-duty commercial vehicle are available; and

⁶ <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00064-eng.htm>

- The cost of zero emission MHD vehicles can be more than four times the cost of that of its diesel equivalent, exclusive of charging infrastructure. For example, a conventional city Class 8 day cab tractor on average costs approximately \$135,000-\$200,000 whereas an electric Class 8 day cab tractor with a 400 km range costs approximately \$580,000 — a price differential of up to \$445,000. While the incentive through the provincial Specialty Use Vehicle Incentive (SUVI) program of up to \$100,000 per vehicle is appreciated, we are requesting it be increased to \$150,000 to better encourage early adoption of ZEVs and align more closely with the rebates provided for ZEVs in other jurisdictions (such as Quebec which is providing incentives up to \$175,000 per vehicle).

Until the above issues are addressed, programs such as the CleanBC Heavy-duty Vehicle Efficiency Program, which in its first three years has been successful in removing the equivalent of 8,376 passenger vehicles off our roads across North America, is critical to supporting our collective actions to address the climate emergency.

1. Charging Infrastructure for Low Emission and Zero Emission Vehicles

The CleanBC Roadmap to 2030 will establish targets for the commercial transportation industry to reduce energy intensity of goods movements by 10% in 2030, 30% by 2040 and 50% by 2050. To support these targets and accelerate the increased uptake of low emission and zero emission vehicles, further investments in charging and alternative fuel infrastructure are critical to decarbonizing the transportation sector and transitioning to a low-carbon future.

We applaud the government in its commitment to having 10,000 public EV charging stations in BC by 2030 and the Go Electric Public Charger Program, where applicants can receive up to 50% of project costs, to a maximum of \$80,000 per station. However, continuing the development of a publicly accessible network of charging stations and alternate fuel refilling facilities is paramount prior to the adoption of ZEVs in our industry. Fleets must have confidence in charging and refueling availability along their route. Geographical coverage, adequate capacity, accessibility and other barriers must be addressed to accelerate the market entry of next generation clean energy vehicles.

As previously stated, 87% of our industry are small, medium sized companies that operate five or less trucks and only 22.1% of our sector operates locally. Alternatively, 77.9% of our industry operates in part or full as a long-haul operator navigating through the province of BC and into other jurisdictions. Therefore, to effectively support the adoption of zero and low emission vehicles, it is critical that commercial charging and refueling stations be deployed throughout the province.

Based on recent survey by BCTA, we request that initial priority for charging facilities and alternate fuel refilling stations should be given to:

- The Lower Mainland, most notably along the Highway 15 and 13 to connect movement of goods north/south; and
- The Highway 1/5 corridor, which is BC's primary artery connection to/from the rest of Canada.

2. Commercial Vehicle Age

The level of emissions from heavy-duty trucks is determined by engine and fuel standards set and enforced by the federal government. As the vast majority of trucks in Canadian fleets are manufactured in the United States for the US market, the standards in Canada closely mirror those in the US. In the early 2000s, aggressive emission reduction targets were set for truck model years (MY) 2004, 2007 and 2010 by the US Environmental Protection Agency and harmonized in Canada by Environment and Climate Change Canada. The initial emphasis was on reducing "smog," including pollutants such as nitrogen oxides (NOx), particulate matter (PM) and hydrocarbons (HC) from heavy trucks. Through sophisticated emission control systems, heavy trucks today produce virtually smog-free exhaust.

While the aggressive emission-reduction targets set by the US and Canadian governments were successful in virtually eliminating smog emissions from heavy trucks, the irony is that these reductions came at both an environmental and financial cost. The technology developed to meet the 2007 and 2010 emission standards increased the average purchase price of a truck by about \$12,000,⁷ which, when coupled with the higher fuel consumption of these vehicles, translates directly into higher operating costs. Additional unintended and negative consequences included engine reliability issues that, on average, resulted in seven additional days of downtime annually for unanticipated repairs (relative to pre-2007 trucks) and cost companies \$4,300 per truck per year.⁸ Higher regular maintenance costs added another \$1,900 per truck per year. On top of that, the emission control devices increased the tare (i.e., empty) weight of a truck by roughly 400 kg, reducing payload capacity by an equivalent amount, and cost industry another \$2,650 per truck each year in foregone productivity. The total increase in operating costs of a 2010 or newer “smog-free” truck is approximately \$8,850 per truck per year, or \$71 million per year for the entire fleet of 2010 and newer trucks in the province of BC.⁹

Vehicle reliability of a “smog-free” MHD vehicle was not achieved until model year (MY) 2016. However, the vast majority of vehicles on BC’s roads are older. The average MY of a heavy-duty vehicle operating in BC is 2009, and the average for medium-duty vehicles is 2010.¹⁰ Of interest, approximately 10% of BC’s commercial vehicle fleet are pre-2006 and therefore are not only emitting between 4 to 6% more GHG emissions than fleets made up of 2017 or newer model years, but also have little-to-no emission control for harmful smog emissions.

BCTA therefore requests government support for the commercial road transportation industry in reducing its environmental footprint by taking steps to accelerate fleet turnover. Specifically, we request that the provincial government provide a PST credit/exemption, similar to the one provided for Production Machinery and Equipment, for MY 2017 and newer heavy-duty trucks (i.e., defined by MoTI as a vehicle weighing 11,795 kg or more) and motor coaches. Trucking is a significant contributor to GHG emissions, and incentives from PST exemptions would be crucial to assisting the BC Government to meet its climate objectives. This initiative would recognize that MY 2017 and newer vehicles are not only smog free but more fuel efficient, with substantially lower GHG emission intensity than its predecessors.

Government Priority: Building a Stronger Economy for Everyone

3. Expanding Opportunities for Women through Infrastructure Investments

Based on BCTA's 2022 Compensation Survey, women currently make up only 3.4% of all Class 1 drivers operating on BC’s roads. Based on the same survey, the vacancy rate of commercial drivers in BC is 18.4%, which is triple the provincial average of 6.1%.

While BCTA and its members have made significant efforts to help recruit and retain women in our industry, a recent BCTA Women in Trucking survey showed that 59% of respondents raised significant safety concerns from being on the road and 35% of respondents cited significant concerns with rest areas (e.g., lack of rest areas and for those available, not having sufficient lighting or amenities to foster a safe working environment).

We recognize that there are challenges that industry will need to respond to, such as becoming more responsive to work-life balance and improving the general perception of trucking; however, the road is our commercial drivers’ workplace, and it is critical the Province take a more active role in supporting an accessible and safe network of

⁷ Canadian Trucking Alliance (2015). *Considerations for a Made in Canada Phase II GHG Regulation for Heavy Trucks (Draft - August 2015)*.

⁸ J.D. Power & Associates (2011). *U.S. Heavy Duty Truck Engine and Transmission Study* and BC Trucking Association (2014). *Modern Engine Emission Control Technology and Its Impact on Productivity and Operating Costs in the Trucking Industry*.

⁹ Ibid.

¹⁰ Insurance Corporation of British Columbia, 2020 Commercial Fleet Insurance data.

rest areas. Doing so will not only support a more resilient industry that supports women but will also enable a more efficient movement of goods, which is central to reducing our sector's GHG footprint.

4. Building Infrastructure for a Growing Province

Despite significant investment made by the Province to 4-lane Highway 1 from BC to AB, approximately 190 km of road will remain a 2-lane highway after the completion of the current scheduled projects including: Salmon Arm West, Chase, Fort Road to Tappen Valley, and Kicking Horse Canyon Project.

Improvements to provincial infrastructure play a critical role in reducing GHG emissions from BC's road transportation sector, while at the same time making roads safer for all users. For example, a government-conducted traffic analysis on the Highway 1 segment immediately west of 264 Street in Langley found the traffic congestion on this highway segment results in 1.2 million hours of delays for commuters, commercial traffic, and tourists annually. The daily traffic volume in this corridor is extremely high at more than 80,000 vehicles. Of these vehicles, about 6,000 are commercial trucks carrying goods and cargo that are vital to the provincial economy and Canada's Asia Pacific Gateway. When these goods are stuck in traffic, there are significantly higher transportation related GHG emissions and costs, resulting in more expensive goods for BC consumers.

Based on ICBC statistics, the number of crashes along the Highway 1 corridor between Langley and Chilliwack doubled from 510 total crashes in 2015 to 1,100 total crashes in 2017. A major contributing cause of this increase is attributed to congestion due to a lack of infrastructure capacity.

Moreover, this segment of highway has several physical barriers that restrict the size (i.e., height) of the vehicles and freight it can accommodate. BC ports serve as the Pacific Northwest's major consolidation centre for breakbulk cargo such as forest products, steel, and machinery. However, Highway 1 height clearance issues impede breakbulk cargo transportation through BC ports, either for export or import. They are a contributing factor in diverting as much as 85% of imported project cargo loads (i.e., over-dimensional loads requiring permits) destined for western Canadian provinces to US ports, mostly to the Port of Houston. Transit of these shipments through US ports can add up to 14 extra days at sea (for goods originating from Asia) and another 15 extra days by land, resulting in a significant and unnecessary increase in transportation related GHG emissions. Furthermore, due to the underpass height obstructions along Highway 1, such as the Glover Road Underpass (4.41 m), Trinity Rail Underpass (4.3 m), 232 St. Underpass (4.45 m), 248 St. Underpass (4.52 m), and 264 St. Underpass (4.6 M), oversized loads travelling through BC are required to navigate through municipal and residential roads.

BCTA regularly surveys its members to identify the top infrastructure priorities for BC's commercial road industry. Based on our 2021 Infrastructure Priorities Survey, BCTA requests that the government consider the following infrastructure improvements in its upcoming budget:

- Six-laning Highway 1 from 264 Street in Langley to Hope, to accommodate current and future road demands in a manner that promotes road safety and efficient movement of people and goods;
- An additional berth at the BC Ferries Duke Point Terminal to provide increased commercial capacity on sailings between Nanaimo and Tsawwassen;
- Improve and add rest areas that accommodate commercial vehicles throughout BC, in conjunction with the establishment of charging and alternative fueling, which is crucial to supporting our sectors reduction of GHG, encouraging women to enter our sector, and improving the health and safety of all drivers;
- Upgrade the Brunette Interchange by separating the main crossing of Highway 1 into two corridors for local vs. regional/provincial traffic and increasing all height clearances to at least 6m; and
- In support of the movement of oversized loads and opening up western Canada's trade competitiveness, ensure that all provincial infrastructure projects be built to the following standards:

- All overpasses be upgraded to a minimum height clearance of at least 6m, and exit/onramps be configured to allow oversized vehicles to remain on the provincial road network.

In summary, BCTA requests support from the provincial government to invest in provincial infrastructure, and help the trucking industry reduce its GHG emissions by:

- Developing a reliable and widespread low-emission and ZEV charging or refueling network;
- Increase specialty use vehicle incentives (SUVI) for medium- and heavy-duty commercial vehicles from \$100,000 per vehicle to \$150,000 per vehicle to offset the high purchase price, support early adopters and align more closely with incentives being provided in Quebec (up to \$175,000);
- Promoting accelerated turnover of heavy commercial vehicles, including both trucks and motor coaches with a gross vehicle weight of 11,795kg or more, to MY 2017 and newer by providing a PST input tax credit/exemption; and
- Improving provincial infrastructure to support the commercial road industry, with emphasis on reducing our sectors GHG emissions and safety and accessibility for women and all drivers in our industry.

If you require additional information, please contact me or BCTA's Vice President, Cory Paterson at CoryP@BCTrucking.com or 604-888-5319.

Sincerely,



Dave Earle
President and CEO

e: DaveE@BCTrucking.com

m: 604-787-1335

cc.: Honourable Selina Robinson, Minister of Finance
Honourable Rob Fleming, Minister of Transportation and Infrastructure
Honourable George Heyman, Minister of Environment and Climate Change Strategy
Honourable Bowinn Ma, Minister of State for Infrastructure
Kaye Krishna, Deputy Minister of Transportation and Infrastructure
Heather Wood, Deputy Minister of Finance
Kevin Jardine, Deputy Minister of Environment and Climate Change Strategy