

Distribution DIY: Building a Solid Foundation

This factsheet is one of a four-part series:

- *Distribution Partners: Working with Regional Carriers*, Agdex 845-26
- *Distribution Logistics: Getting Your Products to Market*, Agdex 845-27
- *Distribution DIY: Building a Solid Foundation*, Agdex 845-28
- *Distribution Consolidation: Working Together Along the Value Chain*, Agdex 845-29

These factsheets present innovative thinking and practical tips to help agricultural food producers and processors transport their goods to market. This factsheet explores the pros and cons of managing your own distribution.

As a producer or processor serving a base of customers, you may have flexibility about when to make your deliveries. As your business grows, it can be more challenging to meet your customers' delivery needs.

Sometimes, you may enjoy being on the road; other times you would rather be on the farm or at your facility creating the product. Other producers or processors might ask you to take their goods to similar locations. Clearly, you have reached a decision point: are you a producer, processor or a trucker?

This factsheet will cover the basics of "do-it-yourself" (DIY) transportation in Alberta:

- when transporting your own product makes sense
- what is involved in transporting goods for others

- the paperwork required for licensing, permits, certificates and carrier insurance
- managing legal load weights, safely securing cargo and trip inspections
- managing preventative vehicle maintenance

Driving your own goods, in your own vehicle

When delivering your own goods, you can manage trips around your other obligations. If your customers are located within a comfortable driving distance from your farm or production facility, you can maintain important face-to-face customer contact.

These factors may influence your decision to deliver your own product. If so, here are some steps to consider:

- investigate the cost of using your vehicle for business: fuel, repairs, additional insurance, etc.
- talk to an accountant about the tax implications of using personal vehicles for business and options for leasing
- calculate personal time spent delivering and compare it to what you (or others) could be earning on other business tasks
- get quotes from local or regional carriers; it may be worthwhile to pay someone else to distribute your goods

*Distribution DIY
(do-it-yourself)
can help you meet
delivery needs.*

Transporting for others: logistics and legalities

Delivering other producers' or processors' goods can bring additional income into the business. Be aware, though, that if you are delivering for *anyone* other than your *own* business, you are considered a commercial carrier.

The following issues may influence your decision on whether or not to haul for others:

- as a commercial carrier, you need a special license and may need to increase your insurance coverage or apply for additional certificates
- you will need to accommodate other producers' scheduling needs and may have to make deliveries outside your own shipping schedule
- you may need staff who can be dedicated to putting transport first now that someone else's needs will figure into your trip timing

Paperwork: covering your legal bases

Whether you will use your own vehicle to deliver your products, or register a commercial vehicle to do so, these following four issues are relevant.

1) Vehicle registration and driver's licenses

If you are transporting goods to your customers in a larger vehicle or truck, you may need more than the general Class 5 license. Licensing categories differ depending on the use and type of vehicle, so check the Alberta Government website for more information (go to http://www.servicealberta.gov.ab.ca/drivers_licence.cfm).

Alberta recognizes two classes of vehicles: private passenger and commercial. For private passenger hauling, no additional licensing, registration or insurance is required. If you want to take anyone else's products to market, you need a commercial license (and possibly other certificates).

2) Commercial vehicle certificates

If you operate a commercial vehicle in Alberta to transport goods, the Alberta National Safety Code requires you to obtain a Safety Fitness Certificate if the vehicle(s) you have registered falls into these categories:

- vehicle weighs 11,794 kg or more and is operated solely within Alberta
- vehicle weighs more than 4,500 kg and is operated outside of Alberta

Alberta producers and farm employees operating a farm-plated vehicle for their own operation are exempt from this certificate.

National Safety Code applications are available from a provincial registry agent or from Alberta Transportation's website at (go online to <http://www.transportation.alberta.ca/Content/docType276/Production/sfcapp.pdf>).

3) Carrier insurance

The Safety Fitness Certificate requires you to carry cargo insurance coverage between \$600 and \$32,000 (depending on the vehicle's total weight) and maintain at least \$1 million public liability insurance. Detailed insurance requirements are set out in Sections 24 and 25 of the Commercial Vehicle Certificate and Insurance Regulation (go to http://www.qp.alberta.ca/documents/Regs/2002_314.pdf).

More information on provincial carrier services can be found online at <http://www.transportation.alberta.ca/3110.htm> or contact your insurance provider to find out more.

4) Hauling outside the province

If you plan to transport agricultural goods into other provinces, territories or the United States, you must register with the International Registration Plan, a North American agreement for sharing commercial vehicle registration fees. Under the Plan, license fees are paid to jurisdictions where fleet vehicles are operated, but only one license plate and one cab card is issued for each registered fleet vehicle.

For more information, contact Alberta Transportation Prorate Services at 403-297-2920, or visit their website (go to <http://www.transportation.alberta.ca/561.htm>).

Managing your load

To ensure vehicles are operated safely, *Alberta's Commercial Vehicle Safety Regulation* outlines safety standards for commercial vehicles in Alberta. Below are three key requirements governing types of loads, how to secure goods and schedules for inspections and maintenance.

1) Legal vehicle weights

To preserve highway infrastructure and ensure public safety, Alberta Transportation has legal requirements for maximum vehicle weights, taking into consideration a variety of factors such as how a vehicle is loaded by dimensions and weight per axle. Go to the website at <http://www.transportation.alberta.ca/3870.htm> for more details.

2) Securing cargo

Vehicles that transport goods on Alberta's highways must secure the goods so that the load cannot leak, spill, blow off, fall through or be dislodged from the vehicle. Nor can the load shift within the vehicle so that the vehicle's stability or maneuverability is affected. A guide to cargo securement in Alberta can be found at the following website: <http://www.transportation.alberta.ca/Content/docType276/Production/Module12.pdf>

A copy of the National Safety Code can be purchased through the Canadian Council of Motor Transport Administrators (go online to <http://ccmta.ca/en/publications/resources-home>).

3) Trip inspections

In Alberta, it is a legal requirement to implement visual and written maintenance inspections on a vehicle at regular intervals. Although requirements vary according to the weight of the vehicle, some guidelines include the following:

- **Annual inspections by a licensed facility:** for commercial vehicles over 11,793 kg
- **Weigh scales:** commercial vehicles over 4,500 kg must report in, even if not loaded
- **Log books:** required if the vehicle is over 11,793 kg

Maintaining a safe vehicle

Under *Alberta Transportation's Commercial Vehicle Safety Regulation* (http://www.qp.alberta.ca/documents/regs/2009_121.pdf), a vehicle with a Safety Fitness Certificate must follow a written maintenance and inspection program (including leased vehicles).

Although farmers are exempt from the Safety Fitness Certificate requirements, an inspection/maintenance program is highly recommended for catching minor glitches before they become major problems.

A helpful guide for inspecting your vehicle can be found starting on page 28 of Alberta Transportation's online *Driver Guides* (<http://www.transportation.alberta.ca/1869.htm>).

More information on maintenance and inspection programs can be found on the Alberta Transportation website (go to <http://www.transportation.alberta.ca/3188.htm>). Precede OHS also offers safety consulting; visit their website (<http://www.precedeohs.com/>) and click on "Transportation Compliance."

Alberta Transportation has a wide variety of information on carrier services, vehicle safety, commercial vehicle enforcement, transport engineering, prorated services, driver programs and more on their website (go to www.transportation.alberta.ca).

For more information about distribution for agricultural food producers and processors, see the factsheets on "Distribution Partners," "Distribution Logistics" and "Distribution Consolidation."

For a comprehensive study about food distribution along the value chain in Alberta, visit the Alberta Agriculture and Rural Development website www1.agric.gov.ab.ca and search "Distribution of Local Food: Best Practices."

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