

**Task Force on
Transportation and Industrial Relations
Issues
in the
Ports of Vancouver**

**Written Submission
of the British Columbia Trucking Association
August 24, 2005**

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1. Introduction

The British Columbia Trucking Association (BCTA) appreciates the opportunity to make a submission to the Task Force outlining the issues and concerns related to the port transportation network in the Lower Mainland. These are important issues that impact the local, regional, provincial and national economies as the Lower Mainland seaports are Canada's gateway to the Pacific.

The 2005 withdrawal of services by independent contractors or owner-operators¹ was a stark reminder of the extent to which many of BCTA's member companies are affected by the activities of marine terminals in the Lower Mainland. The impact on local drayage firms is obvious. Less obvious is the harm to the scores of trucking companies that transport containers directly to and from points outside the Lower Mainland or that de-stuff containers locally and transport the contents to customers outside the Lower Mainland. All of these companies rely on the smooth functioning of the transportation supply chain.

It is important to note that the five-week dispute that paralysed the Lower Mainland ports was not a "labour" dispute involving companies and their workers.² Rather, this was a business-to-business dispute involving trucking companies and owner-operators about the latter's compensation, which was being reduced by increased congestion at terminals and rising fuel prices. It is also our view that the dispute brought to the forefront serious and profound problems within the port transportation network that manifested themselves through a withdrawal of services by owner-operators because this was their only means of gaining attention for their concerns. Because the underlying problems are complex and overlapping, simply addressing owner-operator compensation will only mask the former and reduce the apparent and obvious need to implement fundamental change to address these critical concerns.

As such, BCTA is providing what we hope the Task Force considers to be a clear, objective outline of the port transportation network and some of its historic challenges to aid in the development of a long-term, sustainable strategy to improve the network. We believe that this is

¹ Owner-operators are essentially one man-one truck operators considered small businesses for tax and other purposes. They are allowed to, but generally do not, hire employee drivers or own more than one truck.

² Most of the owner-operators participating in the dispute were not under a collective agreement and therefore were not conducting an illegal strike.

vital given the projected continued growth of container traffic through the Lower Mainland ports.³ The remainder of this submission will provide support for this perspective.

As an organization whose mandate is to represent its members on public policy issues, BCTA was not a party to the recent container truck dispute and did not take a position on the dispute. Moreover, BCTA has no view respecting what is, or is not, fair and appropriate remuneration for owner-operators. BCTA's role was limited to providing the B.C. and federal governments with information regarding how a similar dispute at the Port of Montreal in 2000 was resolved and urging the provincial government to use the full force of the law to protect those trucking companies, their employees and owner-operators from blockades, threats, damage to property and violence incurred by those attempting to gain entry onto port property. These companies were not parties to the dispute and desperately wanted to continue to serve their customers.

Finally, over the last few years, BCTA has made it a priority to exhort to its members, as costs of such things as insurance premiums, vehicle maintenance and fuel has risen, to raise freight rates and/or introduce fuel or assessorial surcharges to ensure that they will receive an adequate return on investment and are able to maintain their fleet and compensate their workers and owner-operators. In the case of fuel surcharges, BCTA has urged its member companies who use owner-operators to pass on the entire amount to the latter in recognition of the importance in supporting their owner-operator partners and that the cost of fuel is fully borne by owner-operators. We have also urged the shipper community to recognise the need for compensatory rates.

2. About the BC Trucking Association

BCTA is the recognized voice of the commercial motor carrier industry in B.C. Formed in 1913, BCTA's objectives are to advise its members on all matters affecting the commercial motor carrier industry, promote and protect the rights and interests of the owners of motor carrier companies, and promote just and fair government regulations and enforcement thereof.

BCTA members include trucking companies hauling every conceivable type of freight requiring road transportation, including manufactured goods, dry and liquid bulk products, forest products, household goods, and general freight on both for-hire (hailed for compensation) and private (the carriage of one's own freight) bases. BCTA also represents many waste management companies, many charter and scheduled bus companies in British Columbia, ready-mixed concrete transporters, a number of courier companies and the Northern BC Truckers Association. Some of our members are among Canada's largest trucking companies, but the majority are small to medium sized, B.C.-based enterprises. Many of our member companies have historically provided local and long-haul transportation services to and from Lower Mainland ports. BCTA also has Associate Members that provide goods and services to the trucking and bus industries.

BCTA currently represents about 800 truck, bus, waste management, ready-mixed concrete and courier fleets and over 200 industry suppliers. About 13,000 vehicles are operated by BCTA members in B.C. BCTA motor carrier members employ about 26,000 people in B.C. and generate approximately \$2.3 billion in revenue in the province annually.

³ Container volumes at B.C. seaports are expected to grow from 2 million 20-foot equivalent units (TEUs) to between 5 million and 7 million TEUs by 2015. Container volumes at the Port of Vancouver are projected to more than triple to nearly 5 million TEUs within 15 years.

BCTA is affiliated with similarly constituted trucking associations in the other Canadian provinces and with the Canadian Trucking Alliance, which is based in Ottawa.

3. Background

Before considering the three issues that the Task Force has asked to be addressed by the August 24, 2005 deadline, we are providing background information about the 1999 and 2005 owner-operator disputes and about the local container drayage market and trucking industry business models. We believe that this information is necessary to illustrate the complexity of the issues facing the Task Force, as well as the fact that the underlying issues in the dispute have been longstanding.

3.1 Underlying Conditions Leading to 2005 Dispute

In 1999, owner-operators serving the Lower Mainland ports withdrew their services for about one month, citing essentially the same issues as in 2005, including rising fuel prices. Owner-operators purportedly were not receiving adequate compensation to cover their labour or capital and fixed operating costs⁴ (i.e., insurance and vehicle licensing) because increasing congestion and wait times at terminals were cutting into the revenues of owner-operators who were being compensated on a revenue share basis.⁵ This was because owner-operators' compensation was typically based on a revenue split with the trucking company,⁶ the latter being solely responsible for setting the freight rates charged leaving owner-operators with no control over their revenues. This problem was compounded by extreme competitiveness in this sector, which led to extremely competitive freight rates.

The 1999 dispute ended after the Vancouver Port Authority (VPA) instituted an interim licensing system, which stipulated an hourly rate that would be required to be paid to owner-operators by trucking companies. The final licensing agreement did not include this provision because the VPA's authority to require hourly rates was successfully challenged. Nonetheless, freight rates were increased by local drayage trucking companies and owner-operators' compensation, therefore, also rose.

Following the 1999 dispute, other initiatives were also undertaken in an attempt to mitigate some of the concerns of the owner-operators as follows⁷:

- reservation/appointment systems⁸ – Appointment systems were introduced by the terminals⁹ to try to regularize the flow of truck traffic to terminals throughout the day.

⁴ For an overview of different trucking company business models, including compensation methods for owner-operators, see 3.4.2 Owner-Operator Compensation on page 16 of this submission.

⁵ The Ready Memorandum of Agreement (MOA) that was developed to try to resolve the 2005 dispute refers to “per-trip” compensation. Our submission does not use this terminology. Rather, we will refer to the three most common methods of compensation for owner-operators as “revenue share” in which trucking companies and owner-operators agree to a split of revenues, “hourly” in which owner-operators are paid a fixed rate on an hourly basis and “mileage” in which owner-operators are paid a fixed rate per kilometre or mile.

⁶ Owner-operators are usually paid 70 to 75 percent, while the remaining 25 to 30 percent is allocated to the trucking company.

⁷ These concerns were also raised in the 2005 dispute.

⁸ These are not mandatory although the terminals have expressed long-term goals of making them mandatory.

⁹ Vanterm, Centerm and Deltaport introduced their reservation systems at various times. Most recently, Fraser-Surrey Docks introduced its reservation system in mid-2004.

The rationale was that this would also reduce wait times for trucks and provide more certainty in terms of service. In the long-run, such a system could theoretically lead to the development of standards for service for trucks since this system could lend itself to measuring wait times. The reservation systems, while somewhat improving the situation, have not been as effective as hoped. See section 3.3.6 Terminal Reservation Systems on page 13 for further details.

- VPA committees – Prior to the 1999 dispute, the VPA had at least one committee (Stakeholder) to try to bring various Port stakeholders together. However, following the dispute, they introduced at least one other Committee (Container Terminal Scheduling) to try to improve communications and co-ordination amongst Port transportation network stakeholders (e.g., trucking companies, terminals, major shippers, rail lines), particularly in terms of the reservation/appointment systems.
- VPA/Trucking Company Agreement – The VPA and trucking companies signed an agreement (see Appendix A) outlining mutually beneficial goals as articulated in the preface to the agreement as follows:

THE Port of Vancouver (Port) is a major employer and economic generator within the Vancouver region and Canada's premier Port. The Vancouver Port Authority (VPA) and the Trucking Companies listed in this agreement intend to work together to initiate a series of actions to reduce congestion and delay and to improve processes under their mutual influence in support of effectively addressing the challenges identified in APPENDIX 1. The overriding objective will be to focus on the truck transportation of intermodal containers to and from terminals within the Port, and to promote carrier and terminal continuity of service, productivity, safety and environmental stewardship. Therefore, the VPA and Trucking Companies acknowledge the importance of each to the other and the desirability of a good working relationship being shared by all working within the Port and look to this agreement to guide those relationships. The VPA and Trucking Companies acknowledge that many stakeholders are involved in the handling of containers through the Port and undertake to seek the active cooperation and involvement of those stakeholders in fulfilling the spirit of this agreement.

- Intermodal Roundtable – As per the VPA/Trucking Company agreement, BCTA established a Roundtable, to include 10 representatives from trucking companies and 10 driver representatives (employee drivers and owner-operators) to identify and articulate productivity/operational problems at the three major VPA container terminals and to propose solutions. This included a mechanism to conduct elections to provide democratic representation. The Roundtable failed after less than two years because of lack of interest that resulted from little or no perceived improvement regarding the issues raised and forwarded to the VPA. This occurred because, notwithstanding the VPA's commitment, most of the issues raised dealt with terminal productivity. The terminals generally did not respond favorably to the recommendations/concerns raised by the Intermodal Roundtable. Lack of success frustrated Roundtable participants, who abandoned it.

Following the 1999 dispute, many stakeholders involved in the container transportation network implemented some changes to try, from their perspective, to improve the processing of containers. However, these initiatives were not as successful as planned or, in some cases, such as the Intermodal Roundtable, failed. These disappointments, along with significant growth in container volumes for which many stakeholders in the intermodal community in Vancouver appeared to be largely unprepared to handle, underscored pre-existing inefficiencies in the intermodal system, within specific sectors, and within companies. This, coupled with increasing fuel prices, laid the groundwork for the 2005 owner-operator withdrawal of services.

3.2 The 2005 Owner-Operator Dispute

On Monday, June 27, 2005, approximately 1,000 to 1,200¹⁰ owner-operators withdrew their services from the local container drayage market because they were reportedly receiving less than adequate compensation for their services. These owner-operators were contracted with approximately 40 to 50 trucking companies. The remaining 400-plus companies¹¹ and approximately 6,000¹² owner-operators/company drivers transporting containers to and from the Lower Mainland ports were not directly involved in the dispute, but were intimidated into stopping their services.

The withdrawal of services followed on the heels of a 10-day illegal strike by dump truck operators that was resolved on June 16, 2005, the result of which was a 12 percent fuel surcharge being provided to dump truck drivers. This illegal strike occurred despite the fact that the vast majority of dump truck drivers had been under a collective agreement with the Teamsters Union.

The tactics used by the dump truck drivers to achieve their goal was mimicked by the owner-operators in the local container drayage market. Reports of vandalism, intimidation, blockades and threats arose almost immediately following the withdrawal of services by container owner-operators. These actions were intended and, for the most part, were successful in preventing trucking companies, employee drivers and owner-operators who were not part of the dispute from continuing to provide container transportation services to and from the Lower Mainland ports. Long-haul companies were sporadically allowed to continue to provide service without harassment.

On July 2, 2005, federal/provincial facilitator appointee Vince Ready met for the first time with representatives of the owner-operators, known as the Vancouver Container Truckers Association (VCTA) and some of the owners of the trucking companies.

On July 8, 2005, BCTA wrote to the Honourable John Les, Minister of Public Safety and Solicitor General, requesting that he

make these offending owner-operators aware that these [illegal] tactics are completely unacceptable and that the government is prepared to use the full force of the law to ensure the uninterrupted continuation of the

¹⁰ This estimate was the one most often cited by media.

¹¹ Under the VPA's previous licensing system, about 480 trucking companies had applied for and received licenses.

¹² This estimate is based on the fact that BCTA is the sole issuer of Port Passes on behalf of the VPA to truck drivers. The Port Pass data base for truck drivers currently contains approximately 7,200 individuals.

commerce of trucking companies and their customers that are not party to the dispute.

See Appendix B for the full text of the letter. To our knowledge, no charges were laid against any individuals participating in any of the actions described in our letter or in related media reports.

On July 11, 2005, court injunctions were issued by the B.C. Supreme Court to remove “information pickets” from near the entrances of Fraser-Surrey Docks (the fourth major Lower Mainland container terminal) and Westfair Foods. It is our understanding that before the “information pickets” could be removed, parties were required to return to court to apply for enforcement orders. Individual companies also sought and received back to work orders from the B.C. Labour Relations Board that the owner-operators governed by a collective agreement were conducting an illegal strike and should return to work.¹³

On July 12, 2005, BCTA e-mailed provincial and federal ministers of Transportation and related officials about the solutions implemented by the Quebec government in response to a withdrawal of services by owner-operators serving the Port of Montreal in 2000. Specifically, the Quebec government passed a regulation establishing a “forum” consisting of trucking companies, owner-operators, union and government representatives. This forum is still operational and is used to promote better understanding among all parties. (See Appendix C for a copy of the regulation.) The second undertaking by the Quebec government was the introduction of two amendments to the Quebec *Highway Safety Code* to discourage owner-operators from disrupting traffic and the operations of trucks that require access to port and intermodal facilities. These amendments allow for fines of between \$350 and \$10,500 to be issued to individuals who impede traffic and \$3,000 to \$27,000 for those who organize disruptions of traffic. (See Appendix D for a copy of these amendments.)

On July 22, 2005, BCTA wrote once again to the Honourable John Les, Minister of Public Safety and Solicitor General urging him to

immediately deliver a clear public message to militant owner-operators that intimidation of any kind will not be tolerated. The provincial government should also immediately deliver a clear public message to companies and individuals who are being needlessly negatively impacted by this intimidation that their provincial government will support their right to work by full application of whatever legal means are available to the government. This latter message should be accompanied by an action plan aimed at providing the necessary protection, through extraordinary application of police resources, for those who wish to work. [emphasis original]

See Appendix E for the full text of the letter. To our knowledge, BCTA’s request was never acted upon by the provincial government.

¹³ As noted earlier, most of the owner-operators participating in the dispute were not under a collective agreement and therefore were not conducting an illegal strike.

On July 29, 2005, the federal government issued an Order in Council freeing the parties to the dispute from having to comply with the *Competition Act*, thus allowing the trucking companies and their owner-operators to fix freight rates.

This was also the point at which the VPA revoked the licensing system it first introduced in 1999 in favour of a new, interim licensing system, which was to be applicable for 90 days. The interim licensing system application required that trucking companies pay their owner-operators the rates stipulated in the Memorandum of Agreement¹⁴ (MOA) for a period of 90 days. At that time, the VPA agreed with BCTA that long-haul trucking companies, companies using their own equipment and employee drivers, companies under collective agreements and companies using owner-operators paid on an hourly basis (i.e., those companies and employees or owner-operators not party to the dispute) should be exempted from the licensing system.

On August 4, 2005, the federal government issued an amended Order in Council requiring the VPA and the Fraser River Port Authority to establish a licensing system for all container trucks requiring access to a Lower Mainland port, except those under a collective agreement.

On August 5, 2005, the VPA revised its licensing system to extend the term of licenses issued thereunder from 90 days to two years and, at the same time, required all trucking companies to sign the MOA. Note, however, that even some companies with collective agreements have been required to sign the MOA in order to receive a VPA license even though the MOA explicitly states that:

Nothing in the Memorandum of Agreement is intended to apply to companies or truckers covered by collective agreement, except to the extent that those companies and unions agree to include provisions from this Memorandum in their collective agreements. (Sec. 11)

On August 8, 2005, BCTA wrote to the Honourable Jean C. Lapierre, Minister of Transport and to President & CEO of the Vancouver Port Authority, Captain Gordon Houston, urging them to do the following:

- *eliminate the requirement of any trucking company to sign the MOA*
- *specifically exempt long-haul trucking companies, companies operating their own equipment, companies paying their independent contractors on an hourly basis and companies with a collective agreement from requiring a license to operate into and out of Lower Mainland ports*
- *require that the port licensing systems reflect these exemptions and be subject to the 90-day consultation period only*

See Appendix F for the contents of the entire letter. These requests have not, to date, been acted upon.

¹⁴ The Memorandum of Agreement is a misnomer since it was never agreed to by the trucking companies. Rather, the MOA was originally a series of non-binding recommendations issued by facilitator Vince Ready.

On August 12, 2005, on behalf of three trucking companies that are representative of those companies that were exempt from the interim licensing system established in response to the July 29, 2005 OIC, BCTA requested arbitration¹⁵ under the MOA requesting exemptions. At the arbitration hearing on August 15, 2005, the following exemptions were requested for all trucking companies (i.e., not just BCTA members) meeting the following conditions:

1. *that transport containers with the use of owner-operators who are being paid other than by per-trip (e.g., hourly)*
2. *that transport containers with the use of company-owned equipment and employee drivers*
3. *that transport containers with origins and destinations outside the Lower Mainland*

and further order that such entities do not have to be signatories to the MOA.

See Appendix G for the contents of the submission to the arbitration panel.

The extraordinary, ironic and unjust result of the federal government's August 4, 2005 OIC and the VPA's latest licensing system is that trucking companies that were prevented from continuing to provide their services during the dispute are once again being harmed¹⁶ by having to sign a licensing agreement and the MOA to resolve a dispute in which they were not involved.¹⁷ See Appendix H for an editorial and a column commenting on the inexplicable government silence/lack of policing respecting the intimidation and violence surrounding the labour disruption.

On August 19, 2005, the arbitration panel ruled that trucking companies that strictly met the definitions in categories 1 and 2 above should not have to comply with the MOA, but would still have to sign it in order to obtain a license.¹⁸ (In other words, if any portion of a company's business includes local container transportation with owner-operators, that portion of their business must comply with the terms of the MOA.) The reason the panel gave for their decision is that the federal government's OIC did not provide them with the authority to exempt trucking companies from having to sign the MOA, only the authority to exempt companies from having to meet the terms of the MOA. The arbitration panel did not agree to an exemption for companies in Category 3. See Appendix I for a copy of the arbitration panel decision.

3.3 About the Port Transportation Network

Information about the port transportation network is being provided to illustrate that the owner-operator dispute is merely the most visible aspect of a complex transportation network in crisis. Even should this particular issue be satisfactorily resolved, there are

¹⁵ This request was made to the arbitration panel (Vince Ready and Peter Cameron) established under the MOA.

¹⁶ The harm resulted from these trucking companies, for the most part, being prevented from carrying on their business at the Lower Mainland ports and then having to undertake the administrative burden of complying with a new licensing regime and, possibly, complying with the terms and conditions of the MOA.

¹⁷ Most grievously, the owner-operators party to the dispute had achieved their aims by holding port customers, terminals and trucking companies hostage for five weeks.

¹⁸ The arbitration panel also reiterated the exemption of unionized companies from having to meet the terms of the MOA as per paragraph 11 of the MOA.

other critical aspects of the network that need to be considered if a long-term, stable and reliable transportation network is going to be nurtured. Importantly, the “solutions” that have been developed by some stakeholders are not viewed as such by all parties because improved efficiencies are sometimes implemented and carried out at the expense of others in the network. Business decisions are made in a silo, not in the context of improving the port transportation network as a whole. It may be unreasonable to expect that competitors would be able to work in such an environment to better the system as a whole without an authoritative body with the power to mandate and enforce change. Examples of this are provided in the following sections.

3.3.1 Infrastructure Deficit

A major problem historically cited by stakeholders regarding the port transportation network is lack of infrastructure. In recent years, terminals have struggled with physical constraints and lack of equipment.¹⁹ It is important to note that the terminals have, of late, been making a concerted effort to acquire new equipment (e.g., gantries), as well as to expand or make better use of their properties.

While the availability of waterfront property may be an uncontrollable factor due to Vancouver’s geography, perhaps more could be done to address this issue by, for example, making better use of inland terminal facilities. Historically, both terminal size and insufficient equipment has impacted trucks directly since terminals have been forced to limit the number of empty containers onsite (requiring trucks to pick up and/or drop off empty containers elsewhere forcing a triangulated trip). Moreover, the terminals concentrate their equipment resources on rail cars or ships when they need to be loaded or unloaded and trucks are serviced last. The rational market reaction to this would have been increased freight rates charged to container customers by trucking companies. This did not occur because of the hyper-competitiveness in the local container drayage market.

The rail lines’ apparent past reluctance to invest in new equipment has also been a problem that impacts trucks because, as terminals became congested with rail containers, less capacity was available for containers trucked into and out of the terminal. This, as well, seems to be changing for the better as the rail lines have made an effort to transport more containers by sharing rail lines, purchasing additional equipment and operating longer trains.

Notwithstanding the efforts being made by terminals and railways, terminal congestion remains a problem, particularly when viewed through the lens of the projected container volumes over the next 15 years.

3.3.2 Longshore Labour Shortage

Given current and future projected volumes, there also appears to be a labour shortage resulting from an insufficient trained longshore workforce given projected container

¹⁹ While lack of infrastructure is a fundamental problem, it is not one that is likely to be remedied quickly, particularly because the decision to invest in new infrastructure, for the most part, cannot be made locally since the ownership of terminals and rail do not reside locally.

volumes.²⁰ In part, this may be due to a concern that if the volume projections do not materialize, there will be less work for all since a reduction in work must be shared on a rotational basis by all qualified union members.

Terminals directly employ all foremen and some longshoremen. These workers are guaranteed a minimum of 40 hours per week. All other workers are assigned as requested by the terminals and dispatched to the site. Generally, each terminal has a dedicated workforce and can request casual labour as demand arises.

Currently, there is a local practice that limits the number of hours worked by longshoremen to no more than 2,496 hours per year. Longshoremen who are not employed by the terminals do not have a guaranteed number of hours. The combination of these two factors leads some longshoremen to work 7 days a week while there is work to try to maximize their hours. As a result, terminals have been known to experience labour shortages, particularly during the peak pre-Christmas period (i.e., toward the end of the year). Casual labour is available, but they are generally less qualified because they have received less training.

We are also led to understand that, in the very near future, this shortage will be compounded by retirements since the average age of a longshoremen is currently 57. There also appears to be a concern that there will be a shortage of longshoremen with training to operate specific pieces of equipment. For example, gantry crane operators generally have 15 years experience before they are allowed to be trained to operate this equipment.

While more workers were apparently hired in late 2004/early 2005 and the BC Maritime Employers Association (BCMEA) is monitoring the situation to ensure that training is occurring to maintain the necessary mix of skill sets, this is an area of critical importance that could play an important role in determining whether the Port of Vancouver remains competitive.

Notwithstanding BCMEA's training plan for the next five years, there is apparently a projected "shortage" or "chronic shortage" in 16 out of 36 job categories for which there is planned training in 2005. Moreover, by 2010, we understand that there is still a projected shortfall of 52 trained positions.

More flexibility with respect to longshore contracts and practices are still required as a key component in addressing truck congestion. Labour costs are very high because of generous overtime and other provisions.

3.3.3 Role of Trucking

While literally hundreds of trucking companies transport containers into and out of the Port of Vancouver, there are several dozen that concentrate in this area of business. A handful of them provide the majority of the services. Most of these companies rely on owner-operators rather than investing in company equipment, although most companies own the trailers that transport the containers.

²⁰ As noted earlier, container volumes at B.C. seaports are expected to grow from 2 million 20-foot equivalent units (TEUs) to between 5 million and 7 million TEUs by 2015. Container volumes at the Port of Vancouver are projected to more than triple to nearly 5 million TEUs within 15 years.

Historically, this sector has been extremely competitive and, unlike other trucking industry sectors that appear to have enjoyed increased rates of late due to high demand and a shortage of qualified drivers, this sector seems to be subject to different market conditions.

While intermodal container companies were reporting in fall 2004 that they were turning customers away and were being encouraged by others in the supply chain to increase rates as necessary to compensate for the waiting times resulting from congestion at terminals, companies were reluctant to do so. They were fearful that this increase in container volumes was an aberration that would soon dissipate.²¹ Notwithstanding all of these incentives to increase rates, companies were still reluctant to do so.

In the lead-up to the dispute, some shipping lines apparently said that they would support, communicate and defend higher trucking rates to the customers that they have in common with trucking companies provided that rates increased across the board. In order for this to occur, there would have to have been some degree of co-ordination, which is not allowed under the *Competition Act*.

Generally speaking, the local drayage trucking companies tend to be unsophisticated in their response to increased congestion. For example, as the “Earliest Receiving Dates²²” (ERDs) for exports diminish, they concentrate a high proportion of their fleet at a particular terminal hoping that at least some of them will be serviced, thus increasing congestion. Similarly, trucking companies have not responded to market forces to raise rates due to longer trips arising out of an increase in the usage of off-dock facilities for empty container storage.²³ Finally, operational inefficiencies within trucking companies are not being addressed. For example, trucking companies may send drivers “on spec” to smaller off-dock facilities in particular to “look for” empty containers because they’ve not set up systems that would allow them to be informed when empty containers are available for pick up. The revenue share trip rates employed by trucking companies allow these inefficiencies to exist at the owner-operators’ expense.²⁴

The degree of competition amongst the companies, as well as the fact that companies’ customers can be quite different (i.e., imports vs. exports) also makes it difficult for them to agree on and co-ordinate an industry-wide response. As is the case among the supply chain stakeholders, what might be considered a “solution” for a trucking company with a particular mix of customers may not work for another that has a different customer profile. For example, trucking companies that have mixed export and import customers would prefer to be allowed to make “double moves” (i.e., take a container in and bring another container out) for a single reservation. This reduces the efficiency of the

²¹ Typically, container volumes have peaks and valleys throughout the year. Some owners believed that the peaks were getting larger and longer, but that there would be corresponding valleys.

²² Earliest Receiving Date refers to the first date that a terminal is willing/able to receive containers for export for a given ship calling at the terminal.

²³ Previously, most empty containers were stored at or near terminals. As container volumes increased, terminals began to refuse to store “empties,” resulting in the development of off-dock” or “off-terminal” facilities for this purpose.

²⁴ Owner-operator compensation practices, including revenue share, are explained in section 3.4.2 Owner-Operator Compensation on page 16.

reservation system and penalizes those trucking companies that have primarily export or import customers (i.e., one-way container moves).

Another important factor is that some owners/managers of some smaller trucking companies may not have either adequate experience or knowledge to successfully operate a business. Like some owner-operators, these companies help to destabilize the sector by offering services at non-compensatory rates or by not being willing to work together to develop solutions.

3.3.4 Supply of Owner-Operators and Drivers

The local container owner-operator drayage market is dominated by new Canadians. We make this observation based on the fact that BCTA has been issuing, since September 2003 on behalf of the VPA, “port security passes” to individuals operating vehicles greater than 5,000 kilograms who require access to VPA property.²⁵ To date, BCTA has issued over 7,200 port security passes, including over 50 per week since September 2004. The majority of the local drivers (owner-operators or employees) to whom we have issued port security passes have been to new Canadians.

Due to the low barriers of economic entry and the number of new Canadians living in the Lower Mainland, these new Canadians find it relatively easy to enter this market and offer their services as owner-operators. We surmise that this is an attractive option for them because they may be limited in terms of alternative employment or business opportunities.

While some of the port security passes have been issued to long-haul drivers, the high volume of passes issued strongly suggests that there is an oversupply of owner-operators willing to offer local drayage services. Used tractors can be purchased at a relatively low price (*i.e.*, \$20,000 to \$40,000 as compared to \$120,000 to \$140,000 for a new tractor). Beyond obtaining a Class 1 license, the required skill level of owner-operators in this sector is also relatively low (as compared to, for example, employee drivers or owner-operators who must cross into the U.S.) Many owner-operators in the local drayage market do not have much formal education and have poor English language skills.

3.3.5 Terminal Hours of Operation

Terminal hours of operation have remained unchanged for 10 years notwithstanding the increase in container traffic. One of the most commonly touted solutions to the increasing congestion problem by trucking companies is extending the hours of operation of terminals, particularly since the longshore contract allows for working hours between 6 am and 6 pm as compared to the current terminal hours of operation of 7 am to 4 pm. However, this seemingly simple, straightforward solution would create its own set of problems.

The terminals’ traditional response to the recommendation of extended hours is that productivity would be improved if only trucking companies dispatched trucks at regular and steady intervals to avoid peak period congestion (at opening and early afternoon). The trucking companies’ response to the terminals is that customers demand drop offs or pick ups first thing in the morning, which creates the waves of trucks arriving at the

²⁵ Since then, the Fraser River Port Authority has required VPA port security passes for the same reason.

terminal throughout the day. To this point, trucking companies have been reluctant to introduce “congestion” charges as a market mechanism due to the hyper-competitiveness of the local container drayage market.

Because containers are now stored or processed in off-dock facilities throughout the Lower Mainland, increasing terminal hours may not make a material difference unless the hours of off-dock facilities and those of shippers and receivers are also similarly changed. Shipping line involvement is also often necessary when paperwork or other problems arise. Containers cannot either be picked up or dropped off until these problems are resolved by the shipping lines.

Terminals are paid a fixed amount for each container that is transported through the terminal. Unless there is a financial incentive for them to do so, terminals are reluctant to extend hours because it is their view that they would only be incurring additional costs without any benefit. How quickly a container leaves or enters a terminal does not impact terminal revenues except insofar as greater congestion increases the likelihood that a container will have to be handled more than once. Each handling is a cost to the terminal with no benefit. Neither is there a benefit to the terminal if the same number of containers are moved over a longer period of time (i.e., over 6 days rather than 5 days or 40 hours rather than 30 hours), which trucking companies would prefer because it would increase the latter’s operational flexibility and reduce the latter’s wait times.

While extending hours is the simple solution, improving longshore productivity during those hours is more complex. There is likely a valid argument that if longshore productivity were improved, hours may not have to be significantly increased, but this is difficult to judge when optimal productivity has never been realized.

For example, it is well known and, seemingly accepted, that notwithstanding a start time of 7 am, longshoremen actually don’t begin processing trucks until 7:20 or 7:30. Similarly, the end of the day is not 4 pm, but closer to 3:30 pm and the terminals stop providing service during lunch. While lunch is scheduled for 30 minutes, it more often exceeds this time limit. Generally speaking, most terminals are only open to trucks less than 7 ½ hours a day/five days a week. In addition, terminal labour costs could be reduced and productivity would be increased if “sweetheart” provisions in the longshoremen contracts were eliminated.

Operational efficiencies are also likely to be gained if terminals were able to introduce technological improvements, which are apparently controversial with longshoremen. For example, currently, container numbers are manually keyed in by longshoremen, which could easily be scanned; truck drivers have to get in and out of trucks to supply paperwork at some terminals.

3.3.6 Terminal Reservation Systems

The reservation system is another illustration of how the various stakeholders do not work together to develop solutions and how a “solution” for one party may create problems for others. The four major container terminals (Centerm, Vanterm, Deltaport and Fraser-Surrey Docks) have tried to improve operational efficiencies through the introduction of appointment or reservation systems. However, the term “reservation system” is a misnomer since a reservation does not guarantee service, only that a truck

will be admitted onto terminal property within a certain window of time. The rationale for introducing such systems was to try to assure a steady and predictable stream of trucks throughout the day rather than trying to process a high volume of trucks at intervals throughout the day, which was the case prior to the introduction of the reservation system. In other words, these systems were designed to make the best use of the terminals' resources and to reduce the peaks and valleys in truck traffic that they were experiencing.

While the reservation systems have meant more predictability for both the terminals and trucking companies, they are not without their problems. Following are examples:

- Reservations for a particular day are only made available one day in advance.
- None of the systems are interoperable and there is some overlap in the start time for requesting reservations for a particular day. (This is important because trucking companies, particularly smaller ones, have to request reservations on-line and while they are requesting reservations for one terminal, they may be limited or unable to request reservations at another terminal.)
- Each terminal operator has its own set of rules or policies governing the reservation system (e.g., double moves, cancellation timeframes) that companies need to learn and abide by.
- Trucking companies complain that there are insufficient reservations allotted by the terminals so trucks are often forced to wait in the non-reservation lines at terminals where service is even less predictable.
- Long-haul trucking companies that transport containers outside the local market cannot be sure of truck arrival times (i.e., due to delays at shippers' facilities, international border congestion, road conditions, etc.) so they cannot make reservations with any assurance of compliance. These companies generally do not participate in the informal alliances, which are mostly made up of local trucking companies.

Trucking companies have responded to the idiosyncrasies of the reservation systems by, among other things making as many reservations as possible (since they generally don't know what they will be asked to move by their customers on the following day) and forming informal alliances to "trade" reservations.

3.3.7 Communication Amongst Port Stakeholders

Notwithstanding the VPA's efforts to foster cooperation and communication through its port community committee structure, each partner in the supply chain essentially works in a silo and does not communicate with other stakeholders except in a very superficial manner. This means that problems are perceived in a vacuum and solutions are created in the same vacuum and simply presented to others, if that. The reservation systems are a good example: they addressed a terminal's particular problem, but created a new set of problems for trucking companies. This lack of communication is a fundamental stumbling block to addressing the congestion problem.

Even when terminals decide to extend hours of operation and offer Saturday gates²⁶, for example, this information is often provided to trucking companies late in the week when they have little or no time to contact customers, staff and drivers. The process is self-defeating because when few containers are moved, the terminals deem Saturday gates to not be a worthwhile use of their resources.

Communications with customers is also a missing link. For the most part, shipping lines and trucking companies have been reluctant to explain the extent of the congestion problem at terminals and these implications to their customers. As a result, most customers make demands that are difficult to comply with (e.g., pick-up or delivery of containers during highly congested early morning periods). These customers likely have their own set of concerns that trucking companies are unaware of, which have consequences for what they demand of their trucking companies.

Finally, the VPA has also developed a comprehensive strategy to improve port operations, but this information was apparently not shared with port stakeholders until after the dispute had begun. This type of information provided to owner-operators may have helped to address their concerns.

3.4 Trucking Company Business Models

Trucking companies have several different options with respect to how they organize their businesses in order to supply transportation services. All of these business models are utilised variously by the hundreds of trucking companies that provide transportation services to and from the Lower Mainland ports. This information is important because the Task Force needs to understand that the trucking industry employs a variety of methods to compensate employees and owner-operators, some of which are more stable and predictable than others, as illustrated by the fact that only a segment of the owner-operators, predominately paid using revenue share compensation, were party to the 1999 and 2005 disputes. This is critical given the emphasis on remuneration in the Task Force's mandate.

3.4.1 Owner-Operator Model

In this case, trucking companies contract with an independent contractor or owner-operator for both equipment and labour. Usually, trucking companies supply the trailers while the truck and labour are provided under civil contract by owner-operators. Owner-operators may also lease equipment directly from the trucking company or under the auspices of the trucking company. Owner-operators may choose to supply their own labour and/or hire employee drivers. In many respects, owner-operators are one-person-one-truck trucking companies.

About 25 to 30 percent of trucking in Canada is provided by owner-operators. A much higher percentage of local container drayage is provided by owner-operators. The owner-operator is typically responsible for all costs related to the operation of the equipment, including fuel, maintenance, licensing and insurance. They may also be responsible for sundry other expenses, such as communications equipment.

²⁶ This describes the ad hoc extended hours rather than the announced extended gate hours following the end of the 2005 dispute.

Compensation may be based on a share of revenues per trip, a mileage rate or by the hour (see 3.4.2 Owner-Operator Compensation below for details). As a “benefit,” trucking companies may choose to offer owner-operators such things as group benefit packages (health, dental, life and disability insurance) reduced fuel pricing and discounted “fleet” insurance through the volume purchasing power of the trucking company.

Although owner-operators are independent contractors enjoying many of the taxation benefits of small businesses, their “independence” is limited by government regulation and other impediments, as well as personal preferences. For example, changing vehicle licensing from one fleet to another is an administrative burden. Therefore, owner-operators who are particularly cash-strapped may think twice about changing companies if there are upfront costs, such as having to pay additional licensing while waiting for a refund for licensing fees that were paid under the previous trucking company. There may also be sundry other costs such as re-painting their tractor or purchasing or leasing different communications equipment. Finally, there are personal preferences. Owner-operators may prefer to work in a local market so as to be home at night or the characteristics of their equipment may preclude them from considering other types of contracts, such as long-haul, without being replaced. The requisite knowledge and skills for operating outside a particular geographic region or sector may also preclude owner-operators from changing companies.

Companies normally choose to use owner-operators rather than company-owned equipment because this option requires less capital investment and because it affords them flexibility in terms of adjusting their fleet size. As work increases or decreases, owner-operators may be added or deleted from the fleet with little risk to the companies. Entry into the market for new companies using this model, therefore, is relatively easy and straightforward in comparison to other trucking business models due to the lower capital requirements and low level of risk. Generally speaking, it is also the model in which the trucking company exerts the least control in that they do not own the equipment and cannot direct owner-operators in the same sense that employees can be directed.

3.4.2. Owner-Operator Compensation

Revenue Share

Revenue share (percentage of gross receipts) compensation is the crudest and least predictable form of compensation for owner-operators since they have virtually no control over their revenues. Gross receipts are determined by the freight rate charged by the trucking company to their customers. Owner-operators simply receive a percentage of this amount. Similarly, the time associated with transporting the load, as well as the operating costs of such items as fuel and vehicle maintenance, are the responsibility of the owner-operator.

While there is an incentive for the trucking company to respect the hours worked or operating costs experienced by the owner-operator in order to maintain good relations, this was either overlooked or underestimated by some trucking company owners and managers directly affected by the local container owner-operator dispute. Revenue share compensation was at the heart of the 1999 and 2005 local container disruptions and was institutionalized in the MOA.

A slightly improved compensation scheme for owner-operators is a mixed model in which they receive the greater of either a revenue share or an hourly rate (for local hauls) or a mileage rate (for long hauls). In other words, the owner-operator is paid based on whichever method results in higher payment for a given trip or period of time.

Mileage

Trucking companies, particularly those in the long-haul business, often contract with their owner-operators for a specific amount of money per mile or per kilometre.

This is a practical form of calculating compensation when there is a relative amount of certainty in terms of distance and/or time.²⁷ Mileage rate compensation is designed to promote productivity amongst owner-operators as they travel further from the home base or terminal. This approach offers the owner-operator certainty as to his or her compensation in that compensation is not based on freight rates negotiated with shippers. Mileage compensation generally does not apply in local markets because there is too much non-productive time due to traffic and terminal delays. As such, many companies will pay their owner-operators an hourly rate for work within a 160 km radius.²⁸

Hourly

Hourly compensation provides owner-operators with the most certainty regarding their revenues since they are paid regardless of delays and for all of their time, as well as other costs. As is the case with mileage rates, the owner-operators' compensation is more certain than with a revenue share because it is totally independent of the freight rate quoted by the trucking company. There is also more certainty in terms of compensation than with mileage rates because owner-operators are not exposed to the vagaries of delays related to problems at shippers' facilities, traffic congestion, etc. Also, owner-operators are in a position to calculate their operating costs before signing an hourly rate contract, thus having greater certainty of a profit. To our knowledge, owner-operators compensated on an hourly basis did not participate in the dispute, which supports the fact that hourly rates create an incentive for trucking companies to respect all of the owner-operator's time and operating costs and to maximize utilization thereof.

3.4.3 Company-Owned Equipment/Employee Driver Model

Under this model, trucking companies purchase and own the equipment and hire drivers, who are employees of the company. These drivers are generally paid on an hourly basis or on a mileage rate. Generally, drivers paid on an hourly basis work locally and may have routes or other more regularized and predictable work. Therefore, the labour costs associated with an employee driver are less variable and can more easily be translated into hourly rates that are charged to customers or paid to drivers. Generally, drivers paid on a mileage rate are long haul drivers compensated in this manner to promote productivity as they travel further from the home base or terminal.

This model obviously requires, on the part of the trucking company, a much higher level of capital investment and overhead because the company is responsible for labour, fuel,

²⁷ The industry generally uses accepted mileage calculators that are agreed upon by trucking companies and owner-operators.

²⁸ The 160-kilometre delineation is based on Labour Canada's definition of "city" driver vs long-distance driver.

vehicle maintenance, insurance, registration and licensing and sundry other costs. The trucking company exerts more control over both the equipment and the employee drivers by establishing such things as policies and procedures for maintenance intervals, safety practices for drivers, hiring policies, etc.

3.4.4 Mixed Owner-Operator/Employee Driver Model

Some companies opt to have a mixed or blended business model involving both owner-operators and employee drivers. This could be for a number of reasons, including the following:

- Companies may be in a transition, moving either from an employee model to an owner-operator model or vice-versa.
- Companies may be unsure as to whether an increase in work will be sustained in the long-run and would prefer the flexibility of adding owner-operators to augment the fleet as and when necessary.
- Due to what many in the industry consider to be a qualified driver shortage, some companies may believe that they have no choice but to use owner-operators if employee drivers cannot be found.
- It may even be as serendipitous as an exemplary employee driver who wishes to become an owner-operator and who the company does not want to lose. Therefore, a company may choose to retain the individual through a contract even though the company is not desirous of having owner-operators.

4. Analysis

4.1 Why Did the Dispute Occur and Continue?

Economic theory dictates that prices for goods and services are a function of supply and demand. Therefore, under ideal circumstances, market conditions should dictate appropriate “remuneration and other conditions.” In our estimation, the following factors helped to create and sustain the dispute, notwithstanding market forces:

- an oversupply of owner-operators in the local drayage sector made up of new Canadians who may be able to enter the trucking industry relatively easily as compared to other industry sectors
- a failure by trucking companies in this sector to recognise and respond to the financial pressures on owner-operators and to mitigate these by increasing freight rates and/or fuel surcharges or by introducing market mechanisms such as congestion surcharges that would create incentives for shippers to mitigate their demands for early morning drop-offs and pick-ups which contributes to congestion peaks and valleys throughout the day
- inadequate container transportation consultative mechanisms that allowed port transportation network participants (container terminals, shipping lines, trucking companies, shippers etc.) to focus on solutions that addressed their business needs at the expense of others in the supply chain. In this case, the owner-operators were the weakest link in the system with many of the efficiencies of every other link being gained at the expense of the owner-operators.

- failure to adequately improve terminal operations to reduce terminal congestion between 1999 and 2005. Notwithstanding efforts made by terminal operators and others, owner-operators continued to experience sporadic, but significant congestion that severely impacted their revenues.
- lack of government support and law enforcement during the dispute for trucking companies/owner-operators not involved in the dispute and who wanted to continue to offer transportation services. The absence of government and policing leadership in enforcing the Criminal Code of Canada empowered and emboldened the owner-operators involved in the dispute to use intimidation to effectively close down the ports.

If our earlier detailed description of the trucking industry and the port intermodal environment suggest anything it is that this is a very complex situation. Simplistic solutions that focus on the most visible aspect of the problem should be avoided at all costs.

4.2 Should Government Regulate the Local Drayage Industry?

Entry or rate regulation should not be the response of either the Task Force or the federal/provincial governments to the owner-operator dispute for the following reasons:

- Economic entry or rate regulation has historically been unsuccessful because it imposes inefficiencies and, therefore, costs on the transportation system. Regulatory schemes are costly to manage and difficult to enforce. Deregulation of the various transportation sectors beginning in the early 1980s (i.e., air, rail, truck) was the inevitable government response to these failures. Deregulation, while not without its problems, unleashed powerful forces that produced major improvements in service and pricing in all modes to the benefit of businesses and consumers. Government's role has been rightly relegated to public safety.
- Canada's national transportation policy, which is articulated in the *Canada Transportation Act (CTA)*, outlines that we support a competitive marketplace within the context of the highest practicable safety standards and that any regulation "will not unfairly limit the ability of any carrier or mode of transportation to compete freely with any other carrier or mode of transportation."²⁹ Rate or entry regulation would violate the spirit and intent of the CTA.
- Regulation of remuneration (presumably for owner-operators) and a method to enforce such agreements (presumably on trucking companies) will mask the underlying conditions that ultimately led to this withdrawal of services and reduce the pace of improvements.
- Economic entry or rate regulation will result in other unintended negative consequences, particularly if the trip rate compensation model is used since this is the crudest and most volatile compensation model available. For example, as terminals increase their efficiency, as presumably they will be forced to do due to the forecasted increases in container volumes, owner-operators should be able to increase their number of trips. Even if they were simply able to achieve a modest reduction in waiting times, their remuneration could increase by 50 percent (i.e., many enjoyed 5 to 6 trips per day in 2003-04 as compared to 2 to 3 trips per day in 2005). Also, fuel prices may go up or

²⁹ *Canada Transportation Act*, sec. 47(5)(c).

down in the future depending on the price of oil, which may decline as has been the case in the recent past. It is unlikely that a rate regulation scheme would be sensitive enough to be able to adjust to fluctuations in fuel prices and variations in terminal service levels.

- Rate regulation will decrease the competitiveness of the Lower Mainland ports. While truck transportation is only a small component of container transportation costs, an artificially high rate would still reduce the competitiveness of the Vancouver market relative to other West Coast ports and, increasingly to East Coast ports, which are attempting to lure shipping lines to that Coast.
- Rate regulation may have difficulty dealing with the fact that trucking companies use various business models. Distinguishing between the various business models would require a relatively high level of scrutiny on the part of a regulatory body and an unwarranted degree of intrusion into the affairs of companies that were not party to the dispute and do not require such oversight. Neither the government nor a port authority is in a position to effectively manage a licensing system and to monitor and enforce the provisions thereof. Conversely, requiring all trucking companies that provide transportation services to and from the Lower Mainland terminals to change their business models in order to provide the type of transparency required to allow for this type of regulation is an objectionable and unnecessary government intervention. Forcing trucking companies into the owner-operator remuneration model contemplated by the MOA has the potential to cause significant disruption to hundreds of stable companies in the trucking industry not to mention services provided to both local and long haul port customers.
- Rate regulation would continue to reward the owner-operators for an illegal and costly shut down of the Vancouver and Fraser River ports through intimidation and violence. The consequences of this reward system were already evident in a short disruption at Centerm on August 18, 2005, which occurred as a result of 30 owner-operators “protesting” the wait times at the terminal. They displayed their displeasure by abandoning their vehicles for one hour, thereby disrupting the ability of other owner-operators and employee drivers from being serviced by the terminal. Such actions can be expected to continue given that the federal government, the provincial government, law enforcement officials, and the Vancouver Port Authority have tacitly endorsed their tactics. Appeasement is not a sound principle for sound transportation policies.
- Solutions like the MOA create a sectoral agreement between owner-operators and trucking companies that serve the port. For the most part, sectoral agreements have not been favoured by the employer community because they impose a “one size fits all” model that does not recognise the differences between companies and disallows flexible provisions that can benefit both companies and workers and improve competitiveness.
- An imposed rate schedule may destabilize collective agreements in the trucking industry, which will produce exactly the opposite from the desired effect of stabilizing relations between owner-operators and trucking companies serving the Lower Mainland ports.
- Appeasing the owner-operators with rate regulation will send a clear signal to independent contractors facing delays at other ports, intermodal facilities and border

points (e.g., Ports of Montreal, Halifax). A “BC solution” will quickly become a national solution.

- An unrealistic, imposed rate structure will attract more owner-operators to this market, thereby increasing the oversupply of an already oversupplied market. Indeed, since the imposition of the MOA, BCTA has received phone calls from three truck drivers who have expressed interest in entering the Lower Mainland port container transportation business.
- A regulatory solution regarding rates will mask the other problems inherent in the port transportation network that have historically plagued the Lower Mainland (and other) ports such as increasing congestion related to increased container volumes and limited hours of access to port terminals. Government controls will reduce the incentive to introduce improvements.

5. Recommendations

The Task Force has asked that respondents consider the following questions by August 24, 2005:

3. *Examine and provide recommendations on the enforceability, by way of licensing or other effective mechanisms, of any standards for remuneration and other conditions, including the application of such standards to companies who are not party to an agreement on remuneration; the potential impact of new entrants and corporate restructuring (successorship), and on the mechanisms required for any recommended licensing regimes to be established and enforced at the ports of Vancouver, Fraser River and North Fraser, including access compliance;*
5. *Examine and provide options and recommendations regarding legislative and/or regulatory frameworks available to the federal and provincial governments and how these may be applicable;*
7. *Examine the industrial relations between the trucking companies and container truck drivers serving the ports of Vancouver, Fraser River and North Fraser, including the process for determining rates and other contract terms and conditions and the process for resolving disputes;*

We have taken this to mean that the Task Force wishes to know whether a licensing system applicable to the trucking industry that imposes standards for remuneration and other conditions is desirable, necessary or enforceable. With respect to these mandate items, BCTA recommends the following:

1. That the federal government abolish the Order in Council that requires all trucking companies to sign the current two-year VPA licensing agreement and the two-year MOA and, further, that the federal government and the Vancouver Port Authority release signatories to the MOA from having to meet the terms of the MOA
2. That entry or rate controls governing local container drayage services not be implemented
3. That the VPA revert to its pre-dispute licensing system
4. That the public and business communities receive assurances from the provincial government that violence and intimidation will not be tolerated, much less rewarded, and

that the Criminal Code of Canada will be fully enforced in the event of any future disruptions

5. That provincial legislation be amended to impose substantial penalties to persons who blockade roads or prevent individuals and companies from accessing roads using Quebec legislation as the model

The Task Force has asked that respondents consider the following questions by September 28, 2005:

1. *Examine and make recommendations on the roles of affected port authorities, brokers, freight-forwarders, shippers, trucking firms, truck owner-operators, as well as the provincial and federal governments with regard to optimizing efficiency in the movement of containers in the Lower BC Mainland, including movements into and out of the ports of Vancouver, Fraser River and North Fraser;*
2. *Examine and report on possible synergies and optimization in the operations of the various port authorities, including such elements as 24 hour services;*
4. *Examine costs and possible impediments and inefficiencies in the movement of containers, including wait times and dispatch procedures, within the Lower BC Mainland;*
6. *Examine and report on best practices at other ports and how they may apply in these circumstances;*
8. *Examine other outstanding issues of representation.*

With respect to these mandate items, BCTA recommends the following:

1. That a long-term strategy be developed by all affected stakeholders that encompasses the entire intermodal transportation network including better coordination of discussions and problem solving between the VPA and the Fraser River Port Authority and their respective container terminal customers/tenants
2. That consideration be given to providing the port authority(ies) with the power to implement and enforce service standards on terminals
3. That collaboration between partners in the transportation supply chain ensure that potential solutions are also acceptable to other partners within the context of a port transportation network rather than simply shifting an operational problem from one partner to another
4. That standards or targets be established for throughput times within terminal gates, and for truck line-ups outside the gates and that a system of rewards and penalties for terminals be established to encourage compliance
5. That appointment/reservation systems employ rewards and penalties for compliance/non-compliance with reservations by trucking companies (recognising that long-haul trucking companies may not be able to be accommodated by these systems)
6. That the various terminal appointment/reservation systems be made interoperable, including the application of the one set of rules for cancellations, modifications, etc. Ideally, trucking companies should be able to book all reservations using one system

7. That coordination of extended terminal gate hours (e.g., Saturday and night gates) between the terminals, off-dock facilities, shipping lines, BCMEA and the trucking companies and their customers be improved
8. That extended terminal gate hours be deployed seasonally, sporadically or long-term as and when container volumes exceed the capacity of the terminals' handling abilities and the reservation system capacities within the context of a co-ordinated, agreed upon and communicated strategy amongst all affected parties and as and when terminal service standards or targets fail
9. That communications between all parties in the logistics chain regarding changes in ships schedules, terminal operating hours, operational disruptions, etc. be improved
10. That communications with external stakeholders about the challenges and opportunities facing the ports and marine terminals and all their partners (e.g., communications with shippers regarding the need for extended timeframes for shipping and receiving containers) be improved
11. That longshore contracts/practices be evaluated with a view to improving terminal productivity