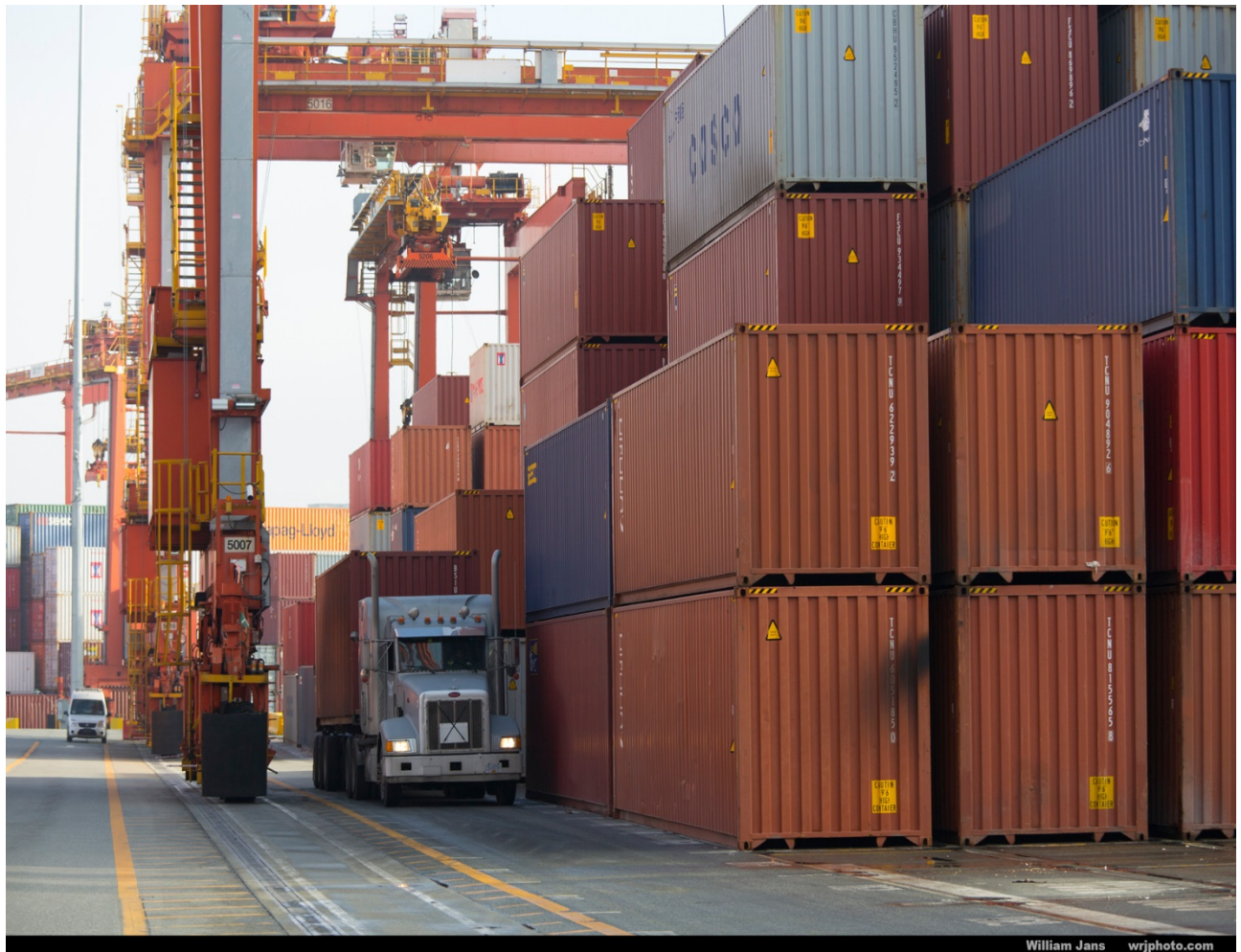


TRUCK TAG POLICY PAPER

October 2017



William Jans wrjphoto.com



OFFICE OF THE
BRITISH COLUMBIA CONTAINER
TRUCKING COMMISSIONER



Prepared by the Office of the BC Container Trucking Commissioner
The OBCCTC will consider the Cascadia Partners *Truck Tag System Review & Recommendations* Report as well as all stakeholder input received by the OBCCTC during the Truck Tag consultation process in finalizing a new Truck Tag System policy.

OFFICE OF THE BRITISH COLUMBIA CONTAINER TRUCKING COMMISSIONER

1085 Cambie Street, Vancouver BC V6B 5L7

info@obcctc.ca

<http://www.obcctc.ca>

Telephone: 604-660-6051

October, 2017

Table of Contents

Background	1
<i>Truck Tag System Review & Recommendations Report</i>	2
Summary	2
REC 1 Increase mobility and business accountability for independent owner/operators	2
REC 2 Actively manage the total number of Truck Tags in the fleet.....	2
REC 3 Actively manage the total number of independent owner/operators in the fleet	2
REC 4 Various	2
Stakeholder Input Notification	3
Summary of Stakeholder Input	3
Key Report Responses Across All Stakeholder Groups	3
Response to Report and Stakeholder Input.....	5
Next Steps	10

BLANK

Background

The *Container Trucking Act* created a BC Container Trucking Commissioner whose functions include the issuance and management of Container Trucking Services Licences (CTS Licence). Each licence is assigned a number of Truck Tags. Holders of a CTS Licence may choose to assign the Truck Tags associated with the licence to either fleet trucks (driven by company employees) or trucks owned and operated by Independent Operators (I/O's).

I/O's are allocated a Truck Tag by a licensee upon signing a CTS Licence Sponsorship Agreement. Under the CTS Licence Sponsorship Agreement, if the Sponsorship Agreement is terminated by an I/O, the associated Truck Tag is retained by the Licensee (and must be filled within 45 days). Conversely, an I/O whose Sponsorship Agreement is terminated by a Licensee has 45 days to move with the Truck Tag to an alternate sponsor.

Throughout 2016, the Office of the Container Trucking Commissioner (OBCCTC) received ongoing inquiries from licensees about increasing their Truck Tag allotment. As a result, in October 2016, the OBCCTC issued an Interim Additional and Vacant Truck Tag Policy which has resulted in a limited number of additional Truck Tags being released to successful applicants.

Nevertheless, the allotment and movement of Truck Tags has remained an issue of focus in the industry. Licensees are raising concerns that they are restricted in making decisions regarding sponsorship termination due to the loss of a Truck Tag and I/O's are concerned about their ability to change sponsors.

In response to these concerns, the OBCCTC, on January 18, 2017, issued a call for submissions seeking input from stakeholders on possible reform measures to the Truck Tag System. A summary of these submissions was published by the OBCCTC on May 2, 2017. In addition, the OBCCTC indicated that as part of its Truck Tag System Consultation, it was seeking the consulting services of an independent, third-party transportation specialist to assess and make recommendations on the performance of the Lower Mainland drayage industry with particular focus on the development and operation of a Truck Tag system. A consulting services contract was awarded to Cascadia Partners in May of 2017 to undertake the work.

On September 1, 2017 the OBCCTC published a report by Cascadia Partners titled *Truck Tag System Review & Recommendations*. Following its publication, stakeholders were invited to comment on the recommendations found in the report. The following OBCCTC policy positions reflect consideration of the recommendations made by Cascadia Partners and stakeholder feedback in response to Cascadia Partners' recommendations.

Truck Tag System Review & Recommendations Report

Summary

Cascadia Partners developed Truck Tag System recommendations under the following guiding principles:

- Independent owner/operators should have the ability to move freely between TLS Licence Holders.
- TLS Licence Holders should have the ability to manage their independent owner/operators without reducing their capacity to serve their customers, assuming they do so within the confines of the law and their existing agreements.
- TLS Licence Holders should not be inhibited from growing their business and managing their own long-term business risks.

Based on these principles, Cascadia Partners' recommendations are summarized as follows:

REC 1 Increase mobility and business accountability for independent owner/operators

- 1.A *Maintain truck age exemption through sponsorship change*
- 1.B *Licence Holder to always retain Truck Tag through sponsorship change*
- 1.C *Remove the 45-day requirement to re-assign a Truck Tag*

REC 2 Actively manage the total number of Truck Tags in the fleet

- 2.A *Ease Truck Tag Issuance*
- 2.B *Proactive Truck Tag Withdrawal*
- 2.C *Active Fleet Size Management*

REC 3 Actively manage the total number of independent owner/operators in the fleet

- 3.A *Set a maximum on the number of Independent Owner/Operators*
- 3.B *Periodically review maximum number of Independent Owner/Operators*
- 3.C *Allow new Independent Owner/Operators to join the industry by lottery*

REC 4 Various

- 4.A *Enhance the Accuracy and Quality of Data and Metrics used by the OBCCTC for decision making*
- 4.B *Consider the use of an application fee to support the cost and operations of Truck Tag issuance and Truck Tag withdrawal*
- 4.C *Improve education for independent owner/operators regarding legislation and fair practices*
- 4.D *Allow the re-assignment of Truck Tags on a temporary basis to accommodate vehicle downtime and unavailability¹*

¹ Recommendations contained in Cascadia Partners "Truck Tag System Review & Recommendations" report, August 31, 2017, <http://obcctc.ca>

Stakeholder Input Notification

The OBCCTC posted the Cascadia Partners report on its website on September 1, 2017. All stakeholders were notified via OBCCTC Bulletin of the posting and were asked for feedback on the report by no later than September 15, 2017. That period was later extended to accommodate additional submissions.

Summary of Stakeholder Input

The OBCCTC received five written responses to the Cascadia Partners report. In addition, the OBCCTC consulted on the report's recommendations with its Industry Advisory Committee, including representatives of the United Truckers Association, Unifor and the Teamsters, as well as the Intermodal Container Committee of the BC Trucking Association and the Port of Vancouver.

Broadly speaking, the report was well received from all stakeholders consulted. There is consensus across the industry that greater I/O movement should be facilitated. There is also recognition that a new Truck Tag system must address the business needs and performance realities of licence holders while ensuring that an oversupply of drivers does not ensue.

Key Report Responses Across All Stakeholder Groups

Report Recommendation	Stakeholder Input Summary
Maintain truck age exemption through sponsorship change	<ul style="list-style-type: none">Supported by all stakeholdersImposing a 90-day time limit on the truck age exemption may not be enough time to resolve employment related complaints/disputes
Licence holder to always retain Truck Tag through sponsorship change	<ul style="list-style-type: none">Support by all licence holdersNot supported by all labourIn the event of an employment related complaint/dispute, a licence holder should not be able to fill the Truck Tag spot with another driver prior to the resolution of that complaint/dispute
Remove the 45-day requirement to re-assign a Truck Tag	<ul style="list-style-type: none">Supported by all stakeholders
Ease Truck Tag Issuance	<ul style="list-style-type: none">Supported by many licence holders"Truck turns" or "turns per day" metric should not be the only metric used to assess the performance of a Truck TagEasing of Truck Tag issuance should not result in an overall fleet size increase
Proactive Truck Tag Withdrawal	<ul style="list-style-type: none">Supported by all stakeholders provided that reasonable metrics are used to assess fleet performance/utilizationReviews should occur on a regular basis - quarterly

Report Recommendation	Stakeholder Input Summary
Active Fleet Size Management	<ul style="list-style-type: none"> • Partially supported by licence holders • Assessment of the overall fleet size to be based on a range of factors (fleet performance, gateway/terminal performance etc.) • Consideration to be given to seasonal business volumes • Concern in OBCCTC's ability to manage fleet size effectively • Strongly supported by labour organizations
Set a maximum on the number of Independent Owner/Operators	<ul style="list-style-type: none"> • Partially supported by licence holders • Other licence holder respondents concerned that limiting the number of available I/O's would negatively impact specific licensee business models developed in response to customer requirements • Support for limiting of fleet size but not constraints on licence holder ability to choose their fleet mix (i.e. company drivers and/or I/O's) • Labour supports this recommendation • I/O's should have ability to temporarily or permanently transfer their status as an approved I/O to another driver
Periodically review maximum number of Independent Owner/Operators	<ul style="list-style-type: none"> • Partially supported by stakeholders • Periodic review of the number of I/O's in the fleet is unnecessary • Focus should be on the number of trucks only • Labour supports this recommendation • Review should occur quarterly
Allow new Independent Owner/Operators to join the industry by lottery	<ul style="list-style-type: none"> • Licensees should have the ability to set and follow their own hiring standards • Labour supports this recommendation
Enhance the Accuracy and Quality of Data and Metrics used by the OBCCTC for decision making	<ul style="list-style-type: none"> • Supported by all stakeholders • Metrics used should accurately reflect business models • On and off dock metrics need to be adequately captured • Further consultation regarding appropriate metrics used for decision making should occur
Consider the use of an application fee to support the cost and operations of Truck Tag issuance and Truck Tag withdrawal	<ul style="list-style-type: none"> • Labour supports this recommendation • Partially supported by licence holders • Apply fee as a credit towards licence cost if successful in gaining more Truck Tags • Costs in the industry where already high

Report Recommendation	Stakeholder Input Summary
Improve education for independent owner/operators regarding legislation and fair practices	<ul style="list-style-type: none"> Supported by majority of stakeholders Improved education for licence holders is as equally valuable as improved education for I/O's
Allow the re-assignment of Truck Tags on a temporary basis to accommodate vehicle downtime and unavailability	<ul style="list-style-type: none"> Supported by licence holders Labour supports use of temporary drivers and suggests that drivers from the approved I/O pool can undertake temporary work including providing driving services for multiple licensees

Response to Report and Stakeholder Input

The following table provides an OBCCTC response to the Cascadia report's recommendations and the key stakeholder input themes which emerged through consultation. These responses reflect the OBCCTC's consideration of Cascadia's report, all stakeholder input provided during the Truck Tag System Consultation as well as the operational experiences of the OBCCTC during the period of the OBCCTC Interim Additional and Vacant Truck Tag Policy.

Report Recommendation	OBCCTC Response and Action
Maintain truck age exemption through sponsorship change	<p>I/O's who operate a TLS approved truck under a sponsorship agreement with a CTS Licence holder should be able to transfer that status to a new sponsorship agreement if they met the Port of Vancouver's environmental requirements in their previous sponsorship agreement.</p> <p>The OBCCTC supports the introduction of a time limit on the truck age exemption but recognizes that such a time limit must have exceptions that account for the grievance process within collective agreements.</p> <p>The OBCCTC will request that the Port of Vancouver agree to maintain an I/O's truck age exemption through a sponsorship change and will discuss options with the Port of Vancouver regarding time limits on the truck age exemption.</p>

Report Recommendation	OBCCTC Response and Action
<p>Licence holder to always retain Truck Tag through sponsorship change</p>	<p>A CTS Licence holder should retain the Truck Tag regardless of who terminates the Sponsorship Agreement.</p> <p>Truck Tags are currently issued to licensees as part of their CTS Licence as required by the <i>Container Trucking Regulation</i>. Truck Tags are assigned to trucks with GPS and are an important element in the monitoring of fleet efficiency and driver/trip activity for the purpose of OBCCTC audits.</p> <p>Only in the event that a licensee terminates a Sponsorship Agreement is an I/O currently permitted (for 45-days) to move a Truck Tag (Section 8).</p> <p>Section 8 of the Sponsorship Agreement has given rise to a number of challenges for I/O's and licensees, in particular it limits an I/O's ability to move between sponsors and seek more work.</p> <p>The OBCCTC will remove Section 8 of the Sponsorship Agreement. However, the OBCCTC also supports retaining the Commissioner's discretion to hold a Truck Tag in abeyance pending the outcome of a grievance process.</p>
<p>Remove the 45-day requirement to re-assign a Truck Tag</p>	<p>The Truck Tag vacancy rate should be increased through the removal of Section 8. This will allow for greater movement of I/O's and account for the seasonal fluctuations in business demand.</p> <p>The removal of Section 8 of the Sponsorship Agreement will effectively implement this recommendation.</p>

Report Recommendation	OBCCTC Response and Action
Ease Truck Tag Issuance	<p>Constraints on the issuing of Truck Tags to companies with demonstrated need should be reduced.</p> <p>Currently, the amount of time required to assess a complete Truck Tag application impedes a licence holder's ability to respond to their clients' needs and/or grow their business in a timely manner. The current assessment process also requires a substantial time investment by the OBCCTC.</p> <p>OBCCTC time will be better spent assessing the use of Truck Tags by licence holders once issued.</p> <p>The OBCCTC will revise its Truck Tag issuance policy/procedures to ease the issuance of new Truck Tags to companies that can demonstrate a need for additional tags and commit to maintaining the existing utilization of their I/O Truck Tags, as well as their overall company performance, subject to periodic reviews.</p> <p>The OBCCTC seeks to balance the amount of available, work with the number of drivers. It does not support a substantial growth in the number of drivers in the fleet at this time. It is expected that the easing of Truck Tag issuance will facilitate the movement of existing drivers and that the number of empty Truck Tags will gradually be reduced.</p>
Proactive Truck Tag Withdrawal	<p>Periodic reviews of licensee performance for the purpose of Truck Tag withdrawal should be proactive and occur on regular, pre-established timelines.</p> <p>A new Truck Tag Policy which seeks to increase driver movement and ease the issuing of Truck Tags must also include a well-established process for Truck Tag withdrawal in order to increase fleet performance.</p> <p>The OBCCTC will establish the process and procedures for regular licensee performance review and, if required, withdrawal of Truck Tags based on performance.</p>

Report Recommendation	OBCCTC Response and Action
Active Fleet Size Management	<p>The OBCCTC is aware of the need to balance the size of the fleet to the amount of available work for drivers.</p> <p>The OBCCTC will retain the ability to control the overall amount of Truck Tags in the event the size of the fleet becomes disproportionate to the amount of available work.</p>
Set a maximum on the number of Independent Owner/Operators	<p>A limit on the number of I/O's at any one time should be imposed.</p> <p>The OBCCTC is concerned that some licensees may choose to employ increasing numbers of I/O's in an attempt to address other operational and business challenges. This will result in more I/O's receiving less work.</p> <p>The OBCCTC is also aware that some stakeholders desire a return to individual licences/permits for I/O's and/or the ability to transfer either a licence/permit or status on an I/O list to another driver. A return to a previous system which was in operation during three container trucking labour stoppages at the Port of Vancouver (since 1999) is not a manner of reform which will advance the long term stability of the container trucking industry in the Lower Mainland.</p> <p>The creation of an Approved I/O list, when implemented with other recommendations in this report, is intended to ensure that I/O's benefit from a system which balances their right to a fair level of labour protection with the independence to choose with whom they are entering into a service agreement.</p> <p>A new Truck Tag Policy will establish an Approved I/O list consisting of each currently sponsored I/O. The OBCCTC does not support the transfer of Approved I/O status, as it is concerned this will lead to a valuation/monetization of that status. The Commissioner will retain discretion to approve the transfer of Approved I/O status in exceptional circumstances.</p>

Report Recommendation	OBCCTC Response and Action
Periodically review maximum number of Independent Owner/Operators	<p>It is important that there are available I/O's to fulfill the business needs of the industry.</p> <p>It is expected that the number of I/O's on the Approved list will fluctuate over time in conjunction with the total volume of available work per I/O. The Industry Advisory Committee will be consulted before any additional spaces are added to the Approved I/O list.</p>
Allow new Independent Owner/Operators to join the industry by lottery	<p>It is anticipated that new I/O's will have to be added to the Approved I/O List as container volumes increase and the number of available I/O's on the list decreases.</p> <p>New I/O's seeking entry into the industry should have an equitable opportunity to be placed on the list. A lottery system is a fair way to achieve this.</p> <p>A new Truck Tag Policy will outline the process by which this will occur.</p>
Enhance the Accuracy and Quality of Data and Metrics used by the OBCCTC for decision making	<p>It is important that the data and metrics used by the OBCCTC for decision making purposes are sufficient to support the operation of a future Truck Tag Policy.</p> <p>Any metrics used by the OBCCTC for decision making purposes will be clearly identified in a future Truck Tag Policy. Stakeholders will be consulted on these metrics before implementation of the final policy.</p>
Consider the use of an application fee to support the cost and operations of Truck Tag issuance and Truck Tag withdrawal	<p>The OBCCTC recognizes the importance of ensuring the efficient operation of a future Truck Tag Policy but does not support the introduction of additional costs at this time.</p>
Improve education for independent owner/operators regarding legislation and fair practices	<p>All stakeholders should have available to them accessible information regarding the Container Trucking Legislation and CTS Licence.</p> <p>The OBCCTC will examine options to ensure that stakeholders are provided more opportunities to increase their knowledge regarding the legislation, licence and the practices and procedures of the OBCCTC.</p>
Allow the re-assignment of Truck Tags on a temporary basis to accommodate vehicle downtime and unavailability	<p>The OBCCTC will continue to consult with stakeholders including the Port of Vancouver on options for ensuring that licensees can maximize their Truck Tag allotment when vehicles are unavailable due to breakdown or regular maintenance.</p>

Next Steps

Stakeholders will be invited to review and comment on the new Truck Tag Policy once it has been drafted by the OBCCTC. The OBCCTC is actively drafting a new policy and recognizes that reform of the current Truck Tag system is required soon. The draft Policy will be released on www.obcctc.ca and stakeholders will be advised of its release via an OBCCTC Bulletin. The OBCCTC will extend a two-week period for stakeholders to provide feedback before the policy is implemented.