



April 25, 2023

Addendum to 2023 Rate Review Consultation Report – Overtime Calculation for Independent Operators

Background

On February 2, 2023, I released Rate Review Recommendation Report (“Rate Review Recommendation”) that identified several proposals dealing with hourly and trip rates in the drayage sector. Stakeholders were invited to provide submissions on the Rate Review Recommendation that would be considered prior to any changes being implemented.

One of the issues dealt with the introduction of a rate to deal with drivers who work more than 9 hours a day and/or 45 hours in a work week. In the Rate Review Recommendation, I advised it was challenging to come up with a method to calculate overtime for Independent Operators who have a blended rate to compensate them for their hourly work and remuneration for the used of their own vehicles.

On April 6, 2023, I released the 2023 Rate Review Consultation Report (“Consultation Report”). On the issue of overtime, I adopted the proposal for Company Drivers (both directly and indirectly employed operators). I was urged by many stakeholders to implement a similar overtime rate for Independent Operators (“I/O”) and one stakeholder provided a practical approach to identifying how that rate would be calculated. While I have not endorsed the stakeholder’s calculation in its entirety, I agree with that a rate could be calculated and I advised I would send out a supplemental recommendation just on the calculation for overtime for independent operators.

The proposed formulae for Independent Operators are as follows:

INDEPENDENT OPERATORS (Hourly Rate)

I/O hourly rates are more than the Company Drivers hourly rates because they must bear extra costs including insurance, fuel, truck maintenance, parking fees etc. Therefore, it is not a simple calculation of multiplying their hourly rate 1.5 times to get an overtime rate, as the add-ons aren’t really affected by the extra hours spent.

Thus, it is only fair that the I/Os are paid an overtime premium equivalent to 1.5 times the minimum hourly rate paid to Company Drivers to make sure that the premium is tied to the remuneration of the I/Os and not fixed expenses.

	Up to 9 hours a day or 45 hours in a week	More than 9 hours day or 45 hours in a week
	Regular IO Hourly Rate	(Directly Employed Operator Hourly Rate x 1.5) + (Regular IO Hourly Rate – Directly Employed Operator Hourly Rate)
July 1, 2023*	\$68.96 per hour	(\$31.67 x 1.5) + (\$68.96 - \$31.67) = \$84.80 per hour

*Based on 2,340 hours or more experience and Company Drivers' Hourly Rate of \$31.67

INDEPENDENT OPERATORS (Trip Rate)

The I/Os paid by a trip rate will be paid the greater of the remuneration they received, which is the sum total of their Trip Rate, PMR, and Wait Time multiplied by the number of trips they did in a single day; or the I/O hourly rate for 9 hours plus hourly overtime rate (as calculated in the above formula) multiplied by the number of extra hours worked in a single day.

In other words, if I/Os do numerous trips and their total remuneration adds up to be more, they will be paid that amount. But in cases where they do not happen to do many trips but end up working overtime, to ensure that they are still paid fairly, the hourly calculation (if that adds up to be a greater amount) will be used.

10 hours	Trip Rate*	Hourly Rate
	Trip Rate + PMR + Wait time	(Independent Hourly Rate + Independent Hourly Overtime Rate)
July 1, 2023	[((\$168.01+\$25.00) x 4 trips] + \$15	(\$68.96 x 9 hours) + (\$84.80 x 1 hour)
Total	\$787.04	\$705.54

Since in the example above the I/Os are paid more based on the Trip Rate, they will be paid based on trip rate and not hourly rate for 10 hours' work.

12 hours	Trip Rate*	Hourly Rate
	Trip Rate + PMR + Wait time	(Independent Hourly Rate + Independent Hourly Overtime Rate)
July 1, 2023	$[(\$168.01 + \$25.00)] \times 4 \text{ trips} + \15	$(\$68.96 \times 9 \text{ hours}) + (\$84.80 \times 3 \text{ hours})$
Total	\$787.04	\$875.04

In this example above, the IO earned \$787.04 which is less than the hourly rated I/O and is entitled an additional \$88.00 (\$875.04 - \$787.04) for overtime for that day.


*Based on the example in the Consultation Report that an I/O travels back and forth between Tri Cities North to Delta Port, assumes that driver makes four (4) container moves in a day between Tri-Cities North to Delta Port, works 10 hours and a \$15.00 wait time is paid.

Next Steps

These calculation proposals are being considered by the Commissioner as part of the new overtime rate for Independent Operators. The OBCCTC will accept submissions on the calculation proposals until **May 19, 2023**.

Sincerely,

OFFICE OF THE BC CONTAINER TRUCKING COMMISSIONER



Glen MacInnes
BC Container Trucking Commissioner