Your way ahead

BCTA

BC TRUCKING ASSOCIATION

April 7, 2025

Mr. Glen MacInnes
Container Trucking Commissioner
OBCCTC
1085 Cambie Street
Vancouver BC V6B 5L7

(via email: glen.macinnes@obcctc.ca)

Dear Mr. MacInnes:

Re: Rate Recommendation Report March 2025

Thank you for providing the opportunity to give feedback on your Rate Review Recommendation Report, March 2025 (the 2025 Report).

Your report lists three options for consideration:

- Proposal 1, Continuing with the MRR rate increases for July 1, 2025, as announced in the 2023 report
- Proposal 2, Adjusting future MRRs starting July 1, 2026, based on the CPI table
- Reviewing the MRR again in 30 months.

We wish to reiterate what we said to your office in 2023:

BCTA members share the same goals as other parties in the drayage sector, creating an equitable, stable and competitive environment. We have stated repeatedly that part of stability is a pattern of rate adjustments that do not cause large changes in costs to customers. To this end, each of your proposals' collective premise of regular rate adjustments is welcome.

We believe it important to discuss first what the purpose of compensation (remuneration) is. Compensation is used as a primary tool for employers to attract and retain employees. It must be structured in a manner consistent with the needs of employees to attract and retain them to do the work employers are seeking to have done and must be at a level to accomplish this same goal.

When setting compensation, employers must be mindful of the environment they compete in. This includes not only monetary payment, but also broader working conditions including hours of work, physical work environment, leave provisions, extended health and retirement benefits, etc. The compensation offered must be competitive in the environment in which the employer seeks to recruit from and not lose employees to.

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The report discusses the sue of Temporary Foreign Workers (TFWs) in the sector. Missing entirely from this discussion is the federal government's announcements in 2024 to significantly reduce the number of TFWs in Canada, particularly in the trucking sector. As of October 28th, 2024, employers could not longer rely on attestations to support applications for TFWs. On March 7 ESDC and CRA announced an information sharing agreement specifically dedicated to address immigration fraud in the trucking sector. Far from being an indicator of healthy demand in trucking, the federal government has (finally) begun to address long standing, systemic issues in the industry.

The report's notes on compensation are confusing. On page 13, you note "Given that the 2024 MRR is approximately the same as the 2014 MRR when adjusted for inflation." We do not understand how you arrived at this conclusion. No matter how we analyze the data inflation[1] between 2014 and 2024 comes to approximately 30%. Yet base rates rose from $286 in 2014 to $420 in 2023. The repositioning fee added $50 to non-hourly moves. Leaving aside that the fuel surcharge doubled from 15 to 30%, just the increase in base fees and the PMR saw compensation rise 65%, more than double the rate of inflation.

Again, comparatives to other jurisdictions around North America is interesting from an academic standpoint but, in our view, is largely useless. TLS companies do not recruit drivers from other jurisdictions, nor do they lose them there. Attempting to compare positions in what are remarkably different environments is fraught with difficulty and ignores other realities. Tax codes (provincial / state and federal) are remarkably different across all jurisdictions. Insurance costs, liability concerns, hours of work, leave provisions, and benefit provisions confound any meaningful

Unlike any other part of the trucking industry in British Columbia, employers in the drayage sector have no issue recruiting employees. In fact, your office (and our members) has been confronted with a surplus of drivers looking for work. BC's drayage community competes for employees in BC. Comparisons should be made from that sector, not other jurisdictions as they have no bearing on recruitment and retention in BC.

With respect to option 2, we again refer to our submission provided to you in 2023. Adopting CPI as the sole basis for rate increases is simplistic. Such an approach does not take into account objective, operational realities.

As we stated in 2023. we are concerned that the proposals do not recognize the practical realities of operations in the sector, specifically the volume adjustments that we see from time to time (and are currently experiencing). We are also concerned that the automatic escalation will distort the collective bargaining process, a process critical to approximately 20% of the sector. The distorting effect that these

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1: BC Stats Release Consumer Price Index (CPI) Data Tables and Highlights (2002=100) - Consumer Price Index (CPI), Fiscal Year (CSV) - Data Catalogue

escalators will have on the collective bargaining process must not be overlooked. The net effect of automatic escalators removes a key element that both parties leverage to advance their interests.

With respect to the third proposal in your 2025 report, revisiting the MRRs in 30 months without a framework will not promote stability in the drayage sector. We are concerned that the underlying premise of the escalators creates an unsupportable and unsustainable expectation that rates will do nothing but continue to escalate indefinitely. We note that in your 2023 report that you identified the possibility of completing a "comprehensive review" to create a more prudent, predictable and responsible process. We call on your office to engage stakeholders to define a framework for rate reviews. that is conducted every two years, with rates adjusted annually. Such a framework could include:

- Freight volumes, historical and projected
- Efficiency improvements / degradation
- Displacement of cargo to other ports, growth and / or congestion
- Inflation – BC CPI less fuel, as there is a fuel surcharge in place
- Recruitment – as compensation is a primary tool to recruit/retain employees, how is the drayage sector performing against the overall trucking sector?
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We've advocated for this for several years; it is a robust, multi-factor approach that will lead to predictable, sustainable rate reviews, and we think it's long overdue. In our view, revisiting MRRs in 30 months without such a framework will just be repeating a flawed exercise.

Thank you again for the opportunity to provide comment. We would be pleased to meet with you at any time to discuss ideas related to the drayage sector in BC.

Sincerely,

Dave Earle
President and CEO
BC Trucking Association