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Submission for the Rate Review Recommendation Report

The trucking industry plays a pivotal role in the economy, especially the container industry in the Lower Mainland. The compensation dynamics and financial pressures require comprehensive evaluation. WTC Trucking BC Inc takes the position that solely focusing on the minimum regulated base pay for company drivers presents an incomplete picture of compensation. At the same time, the industry faces escalating costs and environmental challenges, demanding a balanced approach to ensure sustainability and fairness. This submission examines key factors shaping compensation, the financial pressures on employers, and the broader industry context, culminating in recommendations for limiting minimum regulated rate increases for company drivers for the near and medium terms.

Issues of Considering Minimum Regulated Rates Exclusively for Company Drivers

Focusing solely on the minimum regulated base pay when assessing compensation for company drivers is an incomplete and potentially misleading approach because it does not factor in additional compensation components that are available only to company drivers. Additional compensation such as financial and non-financial bonuses, employer health costs, employer provincial health care taxes and extended health care premiums all play a factor.

Minimum regulated rates do not account for various bonuses that significantly contribute to a driver's total earnings. These bonuses, such as safety, mileage, and fuel efficiency incentives, are often integral parts of a driver's compensation package. Ignoring them undervalues the actual financial benefits drivers receive and strains the ability of employers to take proactive measures to improve the industry as a whole.

Employer extended health care costs continue to rise substantially and are projected to continue this upward trend for the foreseeable future, far outpacing inflation. As the provincial government continues to shift medical service costs onto the employer and away from the employee, companies are shouldering a growing financial burden compared to that of independent operators. This investment in drivers' well-being represents an indirect but critical component of compensation, emphasizing the need for a holistic evaluation beyond just base regulated pay. The financial value of these benefits cannot be overlooked, as they offset expenses for drivers. Together, these factors highlight that minimum regulated rate of base pay alone fails to capture the true value of a company driver's compensation and the associated costs borne by employers. A comprehensive approach ensures a fair and accurate understanding of the financial dynamics at play.

Industry Costs and Company-Provided Equipment for Employment

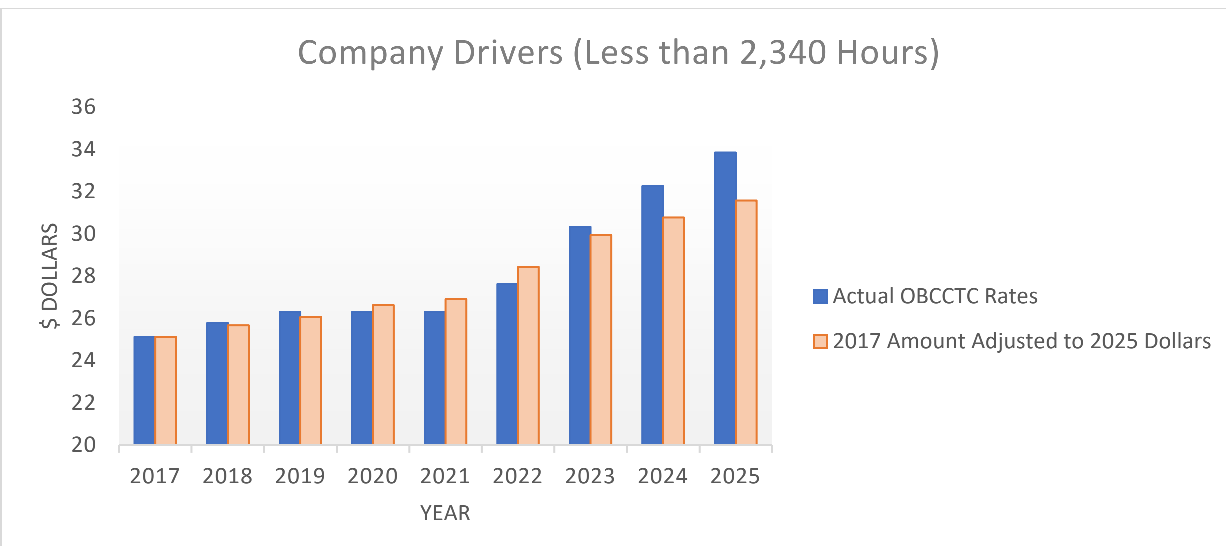
Given the escalating costs in the trucking industry, it is reasonable for company truck drivers to receive only a cost-of-living increase, as opposed to more significant pay raises. Employers are currently facing substantial financial pressures in three key areas: Higher truck prices, increased input costs, and higher repair and maintenance costs.

The cost of purchasing new trucks has risen considerably, driven by factors like inflation, technological advancements, and increased demand for vehicles. Employers must allocate substantial funds to maintain their fleets, leaving less room for additional expenditures. The Office of the BC Container Trucking Commissioner (OBCCTC) has been involved in initiatives that align with environmental sustainability and fleet modernization. For instance, recommendations from their reports emphasize active fleet size management and truck tag issuance, which indirectly encourage the adoption of newer, more efficient trucks. These measures can lead to reduced emissions and improved operational efficiency, supporting sustainability goals.

Company employers often shoulder a significantly larger financial burden compared to independent operators, which can ultimately influence the base pay they provide to their drivers. These larger companies invest in initiatives that benefit the trucking industry as a whole—such as conducting overpass reviews, advocating for route expansions, and collaborating with the Ministry of Transportation to improve infrastructure. These endeavors, while beneficial, come with substantial costs that independent operators may not have the resources to take on.

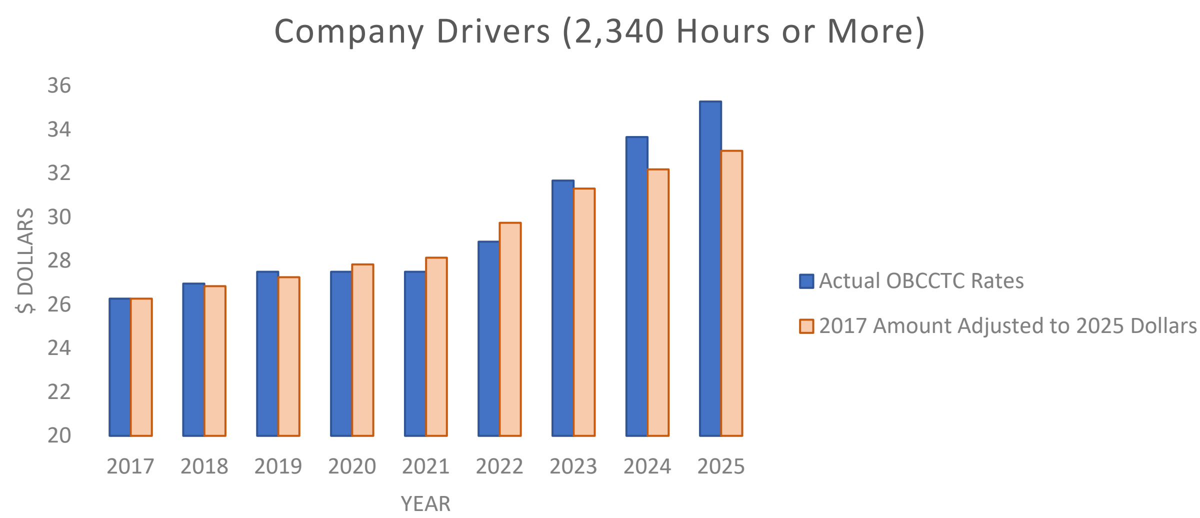
Using 2017 as a benchmark, when minimum regulated rates for truck drivers were held at a stable rate for three years and other external operating as well as geopolitical factors were relatively contained, we see a considerable divergence over time when factoring in inflation as reported by the Bank of Canada.

Chart 1. Company Drivers (Less than 2,340 Hours).



For company drivers with less than 2,340 hours there has been an increase of 7.188% to their purchasing power compared to rates in 2017 when adjusted for inflation.

Chart 2. Company Drivers (2,340 Hours or More).



For company drivers with more than 2,340 hours there has been an increase to their purchasing power of 6.842% compared to rates in 2017 when adjusted for inflation.

Beyond truck and industry costs, employers are also facing increased input costs with operating essentials such as fuel, tires, and insurance becoming increasingly expensive. A litre of diesel fuel at the retail rate was $1.177 per litre in April 2017 in the Vancouver Census Region ($1.48 adjusted into 2025 Dollars). That same litre of diesel fuel at the retail rate as of April 1st 2025 was averaging $1.881 per litre, a 21% increase compared to 2017 levels. After the removal of the carbon tax, the retail price of diesel was $1.709 per litre as of April 8th, 2025 in the Vancouver Census Region, still 13% higher than the 2017 levels.

While drivers deserve fair compensation, these financial challenges limit the capacity of employers to offer wage increases beyond a cost-of-living adjustment. Such adjustments ensure that drivers' earnings remain proportional to inflation and maintain their purchasing power without placing unsustainable financial strain on employers and compromising other driver compensation. Striking this balance is crucial for the long-term stability of both the company and its workforce.

A Balanced Proposal

The port trucking industry is currently navigating a complex landscape marked by changing job opportunities and increased costs. While compensation increases are essential to address inflationary pressures and ensure fair wages, it is crucial to keep these increases largely contained to at or below the inflation rate to maintain industry stability.

By adopting a balanced approach to compensation increases, the port trucking industry can address inflationary pressures while mitigating the risks associated with declining job opportunities and work shortages that might come as a result of shifting external environments and geopolitical tensions.

We recommend the following changes to the minimum regulated rates as proposed by the commission for 2025 through to 2027.

Table 1. Proposal for Company Drivers and Indirectly Employed Operators.

Existing	July 1, 2024			$32.26	$33.66
				Company Drivers	
	Date of Rate Order	CPI Rate Increase	Wage Gap Correction	Less than 2,340 Hours	More than 2,340 Hours
Proposed	July 1, 2025	0.0%	$0.75	$33.01	$34.41
	July 1, 2026	2.0%	-	$33.67	$35.10
	July 1, 2027	2.0%	-	$34.34	$35.80

1. Eliminate the 2.6% CPI Rate adjustment for 2025 while maintaining the wage gap correction from the findings of the 2023 Rate Report. This will maintain the same purchasing power compared to the 2014/2015 rate order, while still being an increase of approximately 4.5% over the 2017 benchmark year.
2. Containing any increase in 2026 and 2027 to 2% to serve as a crucial step toward promoting economic stability and fostering better business planning. This approach allows businesses and policymakers to operate within a predictable framework, mitigating uncertainty and volatility in the market.
3. Capping future cost-of-living or CPI adjustments beyond 2027 to a predictable range between 1.5 and 4% as with other commissions and government policies with an option of limited wage gap corrections or adjustments based on the markets.

Employers take on additional responsibilities and increasing costs while also contributing to broader industry improvements. It is therefore reasonable to expect that this would be reflected in the rates of minimum regulated base pay offered to their drivers. The proactive investments by employers not only benefit the company but also create a safer and more efficient working environment for drivers across the industry by developing better practices with eventual wider adoption. This financial weight underscores the argument that company drivers should receive compensation that aligns with the greater obligations their employers manage.

We expect that you will take our feedback into consideration for the upcoming rate orders.

Thank you very much for the opportunity to share our proposal and perspective.

WTC Trucking BC Inc.