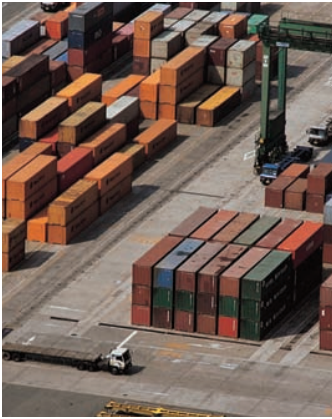


The trucks program sets a precedent for requiring employee drivers.

The Port Authority recognized the critical need to stabilize the workforce without hurting the port economy. Officials concluded that the continual undercutting of rates in port trucking was unsustainable, and that owner-operators were incompatible with a functioning market. The port decided to restrict new owner-operators from working at the ports. Port officials have established a proven track record of a stable, growing port operating a licensing system for motor carriers.

The Coalition for Clean & Safe Ports has reviewed the Truck Licensing System and believes it functions in a very similar manner to the concession model in the San Pedro Bay Ports' Clean Trucks Program. The system enables the Vancouver Port Authority to oversee motor carriers and requires them to obtain a license to gain entry to and operate container and long haul services at the ports. The current model has allowed the ports to 1) stabilize the workforce, 2) plan for dramatic improvements in environmental standards, and 3) maintain strong economic growth.

For eight years, the Ports had attempted to find a way to stabilize the labor market while continuing to allow 'independent owner-operators.'



*Ultimately, the Ports determined that this system was unsustainable, and that shifting to employee drivers provided a 'more stable business model.'*²

Introduction

Trucking firms in the Lower Mainland have consistently shown themselves to be unable to exercise sufficient pricing discipline to adjust rates in response to cost pressures and changes in industry operating practices.

The Task Force believes that the trucking industry's inability to respond to changing circumstances and cost increases in a manner that maintains a reasonable income to truckers is clear evidence of market failure.¹

The Ports of Vancouver and Fraser River jointly operate a Truck Licensing System (TLS), an application-based licensure system for motor carriers providing container and long haul trucking services at the ports. The license is required to gain entry to and operate at the ports. The system enables the ports to oversee motor carriers working on port property. Periodic revisions have remedied the problems of wage undercutting, and future revisions will address environmental improvements for drayage operations. The current system includes requirements for driver rates of pay, fuel surcharges, reservation system usage and working conditions. A key component of the TLS is language that mandates labor peace at the Ports.

The Truck Licensing System was first introduced at the Ports between 1997 and 1998 to reduce congestion on port roads, and it was amended after a six-week strike was settled in 1999. The updates were implemented as part of a negotiated settlement and outlined in a binding agreement between licensed motor carriers and the Vancouver Container Trucking Association. The agreement was renewed in 2005 after another six-and-a-half week work stoppage. It expired on August 2, 2007. In its place, the federal government published new regulations which extended some key parts of the agreement and strengthened others.³

For eight years, the Ports had attempted to find a way to stabilize the labor market while continuing to allow "independent owner-operators." Ultimately, the Ports determined that this system was unsustainable, and that shifting to employee drivers provided a "more stable business model."² In January 2007, the Port Authority halted all new licenses to owner-operators, and now only distributes new licenses to companies with employee drivers and company-owned equipment.

¹ Final Report of the Task Force on the Transportation and Industrial Relations Issues Related to the Movement of Containers at British Columbia Lower Mainland Ports. October 26, 2005. P. 1.

² "The end of the owner-operator?" Journal of Commerce, December 11, 2006.

³ Regulations Amending the Port Authorities Operations Regulations. Registration SOR/2007-171 July 31, 2007. Canada Gazette Part II. Ottawa, August 2, 2007. ("Gazette II")