

2005 IN REVIEW – CTA ACCOMPLISHMENTS

In 2005, the Canadian Trucking Alliance further expanded its activities at both the national and international levels, and increasingly became a sounding board for government on a host of issues. While governments in Canada and the US continued to place considerable emphasis on cross-border trade and security, CTA persisted in its efforts to pursue a wide range of initiatives on behalf of the trucking industry on the safety, fiscal, environment and labour fronts. The following provides an overview of CTA's main accomplishments on behalf of the trucking industry in 2005.

Canada-US Trade and Border Security

FAST/BRASS – The initial timetable for FAST card requirement for BRASS shipments would have led to serious disruptions in cross-border traffic. CTA successfully lobbied US Customs and Border Protection to extend the deadline, providing carriers sufficient time to get drivers processed.

FAST Registration – CTA also successfully lobbied for action to speed up and simplify the FAST card registration process, removing the backlog of pending registrations. As well as increased enrollment capabilities, US customs & border protection (CBP) agreed to provide drivers with letters outlining reasons for denial of a FAST card.

US Trade Act Fines – The initial enforcement policy on advance cargo information requirements was far too aggressive, with a penalty structure that was punitive for carriers and drivers. CTA lobbied to secure more reasonable enforcement schedule and a mitigation policy.

Trailer Seal Requirements – CBP was poised to go ahead with a requirement for sealing C-TPAT loads, which would have extended to local P&D operations in Canada. CTA was successful in getting the CBP to modify the policy to allow for use of padlocks as opposed to high security seals.

Hazmat Driver Credentials – CTA appeared to succeed in convincing the US Department of Homeland Security and Transport Canada that the security check conducted to obtain a FAST card should suffice for Canadian drivers to meet US hazmat requirements, and that a second, additional check should not be required for those in possession of the FAST card. At years end, all indications were that both governments were preparing to formally recognize the FAST card as evidence of compliance with US hazmat background security check requirements.

Customs Tariff – Several carriers experienced difficulty with the way CBSA was interpreting the customs tariff on foreign equipment, preventing some from engaging in the longstanding practice of using foreign equipment in international moves. CTA met with CBSA to discuss the matter, and to it appears there has been no further enforcement activity by CBSA.

US ACE and Canadian ACI Systems – CTA and the provincial trucking associations worked diligently to ensure that carriers were prepared for the new US Automated Customs Environment, providing a series of day-long seminars, which were sold out across the country. CTA also continued to work with Canada Border Services on the development of its Automated Commercial Information (ACI) system, in an effort to better harmonize the two in order to accommodate in-transit movements.

Border Infrastructure 25 % Solution – Intending to increase commercial traffic throughput by 25% at the majority of the Michigan-Ontario crossings, CTA lobbied in working groups comprised of US and Canadian government officials for improvements to these crossings that would generate immediate benefits for the industry.

Border Infrastructure Funding – CTA lobbied for and got increased funding for border infrastructure projects and staffing from the federal government as part of its federal budget.

Border Infrastructure Human Resources – CTA led the charge that saw a change to FDA hours of operation. FDA officials now staff on Sunday both the Peace Bridge and the Queenston-Lewiston crossing. This has allowed for greater flexibility in dispatching for carriers moving FDA impacted product and has created less congestion at the bridges on Monday mornings for all carriers moving all types of commodities.

Cabotage – CTA re-initiated bilateral discussions to harmonize Canadian and US immigration laws governing the point-to-point movement of foreign truck drivers in the two countries with the existing customs cabotage rules for equipment movement. Both Citizenship and Immigration Canada and the Canadian Embassy in Washington expressed support for CTA efforts and committed to working with us going forward. Recognizing the importance of bringing US industry onside with our efforts, we also pursued the support of the American Trucking Associations and the National Industrial Transportation League.

US VISIT – US VISIT did not become the disaster many thought it would be, in part thanks to CTA efforts to show governments that processing each and every non-citizen truck driver on entry into the US would result in untenable border delays. The solution ultimately adopted, which links to the existing I-94 process and allows discretion to completely exempt FAST drivers from processing, was implemented with relatively few problems. Roll out of the US VISIT exit component is being monitored closely.

Canada-US-Mexico Security and Prosperity Partnership – CTA played a key role in providing input into the Canadian government's negotiations leading to announcements this year on a new bilateral security and prosperity partnership (SPP) between Canada and the United States, followed by a new trilateral arrangement. The focus of the SPP is to address regulatory impediments to the efficient movement of people and goods within North America, as well as to seek ways to advance a common security agenda. The SPP aims to address a wide range of issues, including harmonized customs' systems, land pre-clearance pilot tests, refinements to the FAST program, mutual recognition of carrier safety ratings, and a commitment to work with all levels of government to expand border capacity. CTA was successful in getting a number of key issues onto the SPP agenda including driver cabotage liberalization, security credentialing for Canadian hazmat drivers, and reciprocal recognition of manufacturers' vehicle labels, as well as a renewed focus on border infrastructure and processes.

Land Pre-Clearance – CTA spoke out strongly in favour of a pilot project that will see US customs officials stationed on the Canadian side of the Peace Bridge and "pre-clear" shipments into the United States. The Canadian and US governments announced their plan to go ahead with the initiative, and their intention to conduct a second pilot at another border crossing as well.

Carrier/Broker Relations – Tension between carriers and brokers will never disappear, but CTA in 2005 made an effort to work more closely with the brokerage community to get brokers to become more responsive to carrier needs. Part of our aim was to get brokers to accept some responsibility for advance cargo information infractions under the US Trade Act.

Safety

Rewrite of Canadian Trip Inspection Standard – CTA participated on the Canadian Council of Motor Transport Administrators committee to review and revise the National Safety Code's Standard 13 for pre-trip inspections. The standard, adopted nationally in 2005, provides a finite list of vehicle conditions drivers must check before driving their vehicles and guidelines for carriers on how to handle problems which may come to light during inspections. (The standard was previously piloted by the Ontario Trucking Association in collaboration with the Ministry of Transport Ontario.)

Canadian Hours of Service Regulations – In the spring of 2005, a consensus was finally reached among governments and industry on the last few details of a new Canadian hours of service standard. Throughout the balance of the year, CTA continued to push Transport Canada and the Privy Council Office to finalize the federal regulation, on which the provincial rules will be based. The rules were finally published in Canada Gazette Part II in the fall of 2005, with national implementation set for January 2007. The new rules reflect the key elements of CTA's long-standing position: they are based on the science but have retained significant flexibility for carriers and drivers. We have been able to maintain the key components needed by the industry: the ability to split daily off-duty time, the 36-hour reset, and a sleeper berth provision which is significantly more flexible than the new US rule which took effect in October 2005.

US Hours of Service Rules – The Federal Motor Carrier Safety Administration (FMCSA) published its revised hours of service rules in the late summer of 2005. These new rules have placed significant restrictions on the splitting of off-duty time in sleeper berth operations, which are particularly difficult for team drivers. CTA has been maintaining close contact with US carrier and driver organizations to lend support to any industry efforts to have the rule amended.

Electronic Onboard Recorders – CTA became the first trucking association in North America to take a proactive stance on EOBRs, by laying out the conditions under which Canadian carriers would support making EOBRs mandatory. We continued to press governments in Canada – particularly Transport Canada – to start thinking seriously about an EOBR policy in this country, and to ensure that any initiatives to put in place an EOBR regulation in the US is not taken in isolation, and accommodates the needs of Canadian carriers operating into the US.

Fatigue Management Initiatives – Throughout the year, CTA continued its involvement in the investigation of fatigue management programs, as well as the use of technologies to provide feedback to the driver to counteract fatigue onset. We participated on the steering committee of a North American pilot program, which includes two Canadian provinces (Alberta and Quebec), as well as the United States, and counts both Transport Canada and the US Federal Motor Carrier Safety Administration among its funding sponsors. Pilots in Alberta, Quebec and Texas concluded successfully this year. We also moved into the final phase of program development and field testing, under the guidance of renowned scientists from Canada and the US, with carriers in Alberta, Quebec and California. The final report of this research project is expected to contribute to the worldwide investigation of best practices in the management of fatigue in transport operators, rather than relying exclusively on regulated hours of service. Meanwhile, the potential for fatigue management technologies continues to be investigated and may well form a component of the final North American FMP field test.

Cargo Securement – CTA continued to work with CCMTA, CVSA and FMCSA toward full North American harmonization of cargo securement regulations. Consistent with CTA's position since the beginning of the cargo securement project several years ago, a Canada-US-Mexico working group has been established and is now in operation with the objective of addressing interprovincial and international harmonization issues and disputes.

Trucking Food Safety – CTA completed the pilot phase of its trucking food safety project on time and under budget. The association's report and suggested changes to the program were approved by

Agriculture & Agri-Food Canada February. An agreement was reached with Kasar Canada to deliver program/conduct audits on behalf of CTA; Kasar is also providing consulting services to carriers who are interested in putting a Hazard Analysis and Critical Control Point (HACCP)-compliant program in place. Carriers began receiving certification this summer.

Vehicle Labeling Rule – CTA strongly opposed a US proposal that would have required the application of US manufacturing labels to every truck operating in the United States. The requirement, if implemented, would have cost the industry millions of dollars, and compliance would have simply been impossible to achieve in some instances. In its submission to the Federal Motor Carrier Safety Administration, CTA argued that Canadian manufacturing standards are virtually identical to those of the US, and that a label affixed at the time of manufacture would provide no evidence of the fitness of a particular vehicle on the road. FMCSA acknowledged these points and, in August of 2005, withdrew the rule.

Transportation of Dangerous Goods – CTA continued to participate on the Minister's advisory council and provided input on amendments. Our driver handbook also continued to be the gold standard – with an updated version produced in the fall of 2005.

CVSA Roadcheck 2005 – CTA's ongoing efforts to raise the profile of truck safety paid off. The results of Roadcheck 2005, the North American truck inspection blitz, issued by the Commercial Vehicle Safety Alliance (CVSA), showed that the mechanical fitness of Canadian trucks continued to improve last year– in fact, by more than three percentage points over 2004. This positive trend in truck safety now spans a ten-year period.

Taxation & Finance

Federal Budget – In its pre-budget recommendations, CTA encouraged the federal government to increase border efficiency through means such as improved staffing levels. The association's efforts paid off when the 2005 Budget allocated \$433 million over five years to further strengthen the government's capacity to deliver secure and efficient border services. Federal officials told CTA staff that the additional funds would primarily be used to hire more CBSA staff at key ports of entry to staff primary inspection booths. The government also indicated that, in an upcoming budget, it would renew the \$600 million Border Infrastructure Fund created in 2001.

Capital Cost Allowance Rates – CTA continued to lobby the federal government on the need to address the issue of trucking equipment CCA rates, to align them with US rates for purposes of international competitiveness. We also continued to lobby for CCA acceleration for new, pollution-free trucks and engines coming onto the market in the 2007 model year, to provide an incentive for carriers to purchase this new equipment. In addition, we continued to provide information to the government on the various uses of trucks, so that the stated intention to change to "useful-life" CCA rates will not negatively impact the for-hire and private trucking fleets.

US State Franchise Taxes – CTA continued to lobby to mitigate the impact of franchise or single business taxes in states such as Michigan, Ohio, Pennsylvania and New York, not deductible in Canada. CTA also continued to work with New Jersey taxation authorities to mitigate the impact of non-payment of taxes on its member carriers, by getting the authorities to return seized carrier vehicles in return for reduced back tax payments. And CTA succeeded in clarifying the issue of whether incorporated owner-operators must pay taxes in addition to the taxes paid by their carriers – incorporated owner-operators must pay taxes, but non-incorporated owner-operators do not have to.

Rebates for Anti-Idling Devices – CTA successfully lobbied the government to offer rebates for the installation of anti-idling devices, such as auxiliary power units and in-cab heaters in heavy-duty commercial cabs.

Environment

Modal Competition – 2005 saw CTA continue to argue against government policies, favouring a modal shift away from trucks to trains and boats. CTA was involved in off-road engine and fuel regulation debates to raise awareness that other freight modes of transportation, like the railway and marine industries, need the same regulatory attention as the trucking industry has received in terms of emissions standards. In response to a Globe & Mail op-ed piece by the Railway Association on rail vs. truck environmental performance, David Bradley wrote an article that was featured on the Globe & Mail web site, which regularly gets over 300,000 hits per day.

Fleetsmart/Smartway MoU – CTA showed environmental leadership in the Smartway program and encouraged the creation of Canada's Fleetsmart and the US EPA's Smartway Transportation Partnership. September saw NRCan and the EPA sign a memorandum of understanding to cooperate and share information in research, development and projects to save fuel and reduce emissions, maintain energy security and improve air quality and public health. CTA attended the official launch of the partnership in Detroit and was a featured speaker. CTA will play a key role in the development of a unified program for Canada and the US. NRCan requested a meeting with Team Canada Elite representatives to invite them to submit individual corporate projects to NRCan for study.

Ultra-Low Sulphur Diesel – CTA continued its lobby to make the use of ultra low sulphur diesel in commercial vehicles a reality in 2006. Under Environment Canada regulations, sulphur levels must be reduced by then from 500 ppm to 15 ppm as of 2006. CTA encouraged Environment Canada to ensure adequate supplies of ULSD would be available for testing with 2007 engines prior to enforcement of the regulations.

Canadian Environmental Protection Act – CTA was involved in a number of environmental studies and policy deliberations, including the federal government's Phase 3 amendments to the Canadian Environmental Protection Act (CEPA). CTA also served on Transport Canada's Sustainable Development Strategy National Advisory Group.

Engine Emissions Reduction – CTA played a key role in getting Natural Resources Canada to extend its rebate for auxiliary power unit and cab heater installation in commercial vehicles for its second fiscal year. CTA partnered with NRCan on developing and publicizing the initiative to its members.

CTA/NRCan LCV Study – Three carriers, (Bison Transport, Transport Guilbault, and Transport Morneau) were tested to see if data could be collected to measure live safety, economic and environmental data on double 53s. The project was the first of its kind and the US EPA will be using the results to change their models that show the positive impact of greater LCV use in the U.S.

Super-Single Tires – CTA and NRCan discussed the development of a study to examine the environmental benefits and road wear characteristics of super-singles.

NRCan and Speed Education/Fuel Efficiency Campaign – CTA worked on developing a speed reduction educational campaign targeting both owner-operators and company drivers. NRCan is expected to partner with CTA on this initiative.

Labour and Human Resources

Health and Safety – CTA this year continued to work through the FETCO employers' organization in a concerted effort to stave off efforts by HRSDC to impose ergonomics regulations in addition to pre-existing health and safety rules.

Canada Labour Code Part III Review – CTA presented a brief on the trucking industry to the Canada Labour Code Part III Review Commission in October. The review process, while it may take several years to unfold, could have broad implications for the trucking industry in areas such as the owner-operator/carrier relationship, non-time-based pay schemes, and overtime standards. For this reason, the brief emphasized the need for the review commission to take into account the unique structure and operation of the carrier-driver relationship.

Driver Shortage – CTA worked with carriers, the provincial association, government and training professionals to devise a strategy to deal with the problem. CTA also worked to publicly promote truck driving as a career. Among its resources for owner-operators was its publication Guidelines for Carrier/Owner-Operator Contracts.

Immigrant Workforce – CTA encouraged Citizenship and Immigration Canada as well as Human Resources Development to ease restrictions on the immigration of truck drivers from abroad. A large part of this effort involved the recognition by immigration authorities of foreign credentials. We also encouraged the federal government to establish a "skilled driver" category in the occupational code system; currently, all drivers, whether they are experienced in driving cube vans or tractor trailers, are all lumped into one "unskilled" category.

Public Affairs & Communications

Speeches and Presentations – Throughout the year, CEO David Bradley, as well as senior CTA staff, gave a wide variety of speeches and presentations to business, government and public audiences across Canada and the US. In 2005, David Bradley gave numerous speeches to trade and government groups throughout Canada and the United States. He also spoke to numerous shipper organizations in both countries on the new market dynamics in trucking. Other highlights included Senior VP Graham Cooper's presentation at the International Conference on Fatigue Management in Transportation Operations in Seattle; a presentation on rising carrier costs from border delays and security rules by CTA VP Regulatory Affairs Ron Lennox at a trade conference in Chicago; VP Economic Affairs Steve Laskowski made a presentation to customs brokers at the Niagara border region; and VP Public Affairs, Elly Meister spoke to a Transport Canada management training conference. Our main messages continued to be: (1) the need to maintain and promote binational trade even in an era of heightened border security and (2) to inform the shipping community and carriers of the need for the industry to recover increased costs resulting from rising fuel prices, increasing insurance premiums, border security measures and waiting times.

Events – Events organized/ hosted/ or participated in by the CTA included National Trucking Week (Sept. 18-24, 2005). Organized by the OTA's manager of communications, Rebecka Torn, the week spotlighted the important contributions made by the 400,000 Canadians who work in the trucking industry. The week also served as a platform for raising awareness of how to safely share the road with trucks, as well as the many career opportunities that exist within trucking. In addition, Elly Meister oversaw the following awards: (1) CTA/Volvo Truck Driver of the Year Award: This award honours a Canadian truck driver who exemplifies safety, courtesy and professionalism both on and off the road. The award winner was selected from provincial award winners. (Elly Meister); (2) CTA/Trailmobile Canada Service to Industry Award: which recognizes an individual who, by their commitment, vision, leadership and unstinting service, has made an outstanding contribution to the development and success of the Canadian truck transportation industry; and (3) CTA/Cancom National Dispatcher of the Year Award, which was new this year. The latter recognizes an outstanding individual in the field of dispatch. The winner was selected from among provincial award nominees.

Government Relations – CTA met the challenges of positioning our issues with a minority government in Ottawa by cultivating contacts and working relationships with all federal political parties. In addition to developing improved relationships with cabinet ministers (including Transport Minister Jean Lapierre) and ministerial staff, CTA also worked closely with a wide range of parliamentary secretaries, other government MPs, opposition MPs and their senior staff – in fact, well over 200 elected officials and senior bureaucrats in 2005 in Ottawa alone. Elly Meister, VP Public Affairs, was instrumental in CTA's ongoing government relations efforts in Ottawa. She continued to develop a broad network of MPs on both sides of the House – including key committee members – parliamentary assistants to cabinet ministers, as well as ministerial staff. On issues ranging from border security, to hours of service, to labour regulation, Elly worked the political angle, often behind the scenes. CTA staff also worked particularly closely with department staff at Transport Canada, CBSA, NRCan, Environment Canada, Human Resources and Skills Development, Infrastructure Canada, Citizenship and Immigration, Finance, Foreign Affairs and International Trade, and Labour. We also took the industry's issues to the Highway Caucus, the Privy Council Office and the Prime Minister's Office. CTA also participated in or presented to several parliamentary committees and events, including: Budget Day on Parliament Hill: Stephen Laskowski attended the budget lock-up, Ron Lennox crafted CTA's news release and David Bradley provided media comment; Security and Prosperity Partnership: David Bradley attended the lock-up prior to the release of the report, and he and Elly Meister were present at the official ceremony with members of government from Canada, the US and Mexico; Investigation into Fuel Pricing: Graham Cooper appeared as a witness in September before the Commons Standing Committee looking into fuel price volatility in Canada following the hurricanes which hit the US gulf coast. All of the above were reported on by several print and electronic media outlets.

CTA also maintained close contact with US government officials, particularly those involved in the Department of Homeland Security and the US Department of Transportation. And last but not least, CTA Associate Vice President Stephen Laskowski was invited by the US Ambassador to participate in the US International Visitor Leadership Program, during which he will spend 21 days traveling through the US to meet with federal and state transportation officials. Alumni of the program have included 186 current and former chiefs of State or Heads of Government.

Building Coalitions -- CTA also maintained close working relationships with other national associations which shared our concerns and interests – the Canadian Construction Association, CAA, Importers & Exporters Canada, Canadian Manufacturers and Exporters, Canadian Chamber of Commerce, the Border Trade Alliance, and the Canada/US Parliamentary Association to name a few. Coalition-building in the United States was also extremely important. CTA worked closely with the American Trucking Associations and trade groups in the US such as Americans for Better Borders and the Detroit Chamber of Commerce. In addition, CTA fostered very positive relationships with trucking associations throughout the world, including Australia, New Zealand, Belgium, and the UK. CTA also became a member of the International Road Union in 2005.

Mixed Media – CTA's new brochure "An Introduction to Today's Trucking Industry" was well received by members of the federal government. The CTA website continues to see increased numbers of visitors with nearly 3 million hits during the past year. A more interactive web site is currently under construction.