Owner-Operator's Business Association of Canada

Association professionnelle des routiers autonomes du Canada

...from the director's chair

Money for the picking

Joanne Ritchie: OBAC executive director

What's wrong with this picture? I had one of those "moments" down at the Mid-America Trucking Show last month. I heard a speaker at one of the press conferences utter the most astounding comment, and the source, the speaker said, was a report produced by FCC Equipment Financing, a subsidiary of Caterpillar. But before I reveal that comment, I want to tell you what a great time I had in Louisville.

I ran into several members and friends while I was walking the floor, and was more than gratified to hear my name called out from across the hall at such a busy place as Mid-America. I guess my mug is seen often enough in the pages of this magazine that I'm recognizable in a crowd. That's very cool, so thanks for following this column so closely.

The people at the Owner-Operators Independent Drivers Association (OOIDA) made me feel right at home down there too. We've struck up quite a friendship – OBAC and OOIDA – over the past few months doing battle against government-mandated speed limiters. And we'll be uniting our voices more often as we address professional truckers' issues and concerns on both sides of the border.

I had a great interview with Mark Reddig of LandLine Now, OOIDA's show on XM satellite radio. We talked about speed limiters, mostly, and I had the chance to field questions from drivers who were present during the taping of the broadcast. It sure was great to hear all the Canadians in the crowd. We're everywhere, eh?

The interview was aired late in March, the week after the show, and my phone hasn't stopped ringing. Thanks a tonne for all the positive comments and encouragement. Like I said, the recognition is really gratifying.

While I was at the show, I attended the press conferences staged during "media days" for trucking journalists by the various manufacturers and purveyors of products we consume in the industry. To a speaker, I heard over and over about how well the trucking industry is doing these days.

Truck makers are reporting record sales, with the order books pretty well full for the balance of the year – a sure sign that a pre-buy is in fact happening before the introduction of the 2007 engines. But what struck me was how they all were crowing about last year's revenue and earnings, and the numbers projected for this year look equally good, if not better.

They can't help but make money. Production is at full capacity, demand is reasonably high, and people are buying. It's a seller's market right now for OEMs.

Among the interesting trends they were reporting is a shortage of capacity among the carriers – a tightening of the supply of trucks due to the expanding economy and the relative shortage of qualified drivers. This is giving the carriers who do have an adequate supply of drivers some leverage in getting shippers to ante up if they want continued reliable service.

The shortage is far from critical, but truck makers are all saying it's serious enough to make most carriers nervous about ordering trucks to increase the size of their fleets – they're basically just replacing existing equipment in keeping with their trade cycles.

It's a seller's market for carriers, too, these days. That means it should be a seller's market for drivers, but for some reason, that's not happening – mostly.

So, when I was sitting in on the Caterpillar press conference, the speaker started quoting some numbers from the study I mentioned earlier.

He said that more than 50 per cent of the carriers surveyed reported the volume of freight they planned to haul in 2005 had increased over 2004, and 95 per cent – that's almost all of them – said they expected business this year to be as good as, or better than, it was in 2005.

So that's good, right? Good for business, lots of freight to haul?

It gets better. Fully 82 per cent of the fleets surveyed were implementing fuel surcharges to offset the rising cost of fuel. That's a clear majority of the carrier population.

When asked about costs, the fleets said the most important cost factors impacting their business were fuel costs at 64 per cent of the total cost package, and – get this – driver costs at 23 per cent of the total cost picture.

Twenty-three percent?

And they wonder why there's a shortage of drivers? Clearly, drivers are still dirt cheap. What's the point of investing anything in the labour pool when drivers can be had for bargain basement prices?

Fleets are clearly not passing enough of the spoils along to the drivers (if the rates have increased but not the wages, that would account for a lowering of the percentage of labour costs), or drivers are too used to taking no for an answer when it comes to raises.

So I'm going to say it one more time: this industry is making money, and carriers are clearly using the so-called driver shortage to their advantage.

If you're not doing the same thing, there is definitely something wrong with this picture.

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