Owner-Operator's Business Association of Canada
Association professionnelle des routiers autonomes du Canada

...from the director's chair

Ready or not, here comes 2013

Joanne Ritchie: OBAC executive director

If you're reading this in the New Year, it means those who believed the Mayan calendar predicted the world would end on Dec. 21, 2012 were wrong. I've got to admit, as a history and archaeology buff, I thought the discovery of 1,300-year-old hieroglyphics in the jungles of Guatemala confirming the so-called "end date" of the Mayan calendar was very cool.

Most archaeologists pooh-poohed the doomsday theorists and agreed it simply signified the end of a cycle on the Mayan calendar, the equivalent to, say, the turn of the millennium in our calendar.

And then there's the New Age interpretation that says the date marks the start of a time when Earth and its inhabitants will undergo a positive physical or spiritual transformation, and that 2013 will be the beginning of a new era.

In any case, pondering the Mayan calendar is way more fun – and probably just as helpful – as speculating on where the economy is heading and what that means for trucking in 2013.

That being said, there are a couple of new regulations on the horizon that could have a profound impact on our operations and possibly our livelihoods, and we have just about as much control over them as we have over preventing the apocalypse.

The US hours-of-service rules are set to change on July 1, if the outcome of a pending court challenge fails to reverse the rule.

American courts have been known to defy logic, so I'm not betting heavily that trucking's position will prevail this time around. At stake is the flexibility in the current (US) 36-hour reset.

The new US HoS rules would allow drivers to use the reset only once in a seven-day period, and the off-duty time would have to include two consecutive days where the driver is asleep between 1 a.m and 5 a.m.

They also demand a period of at least 30 minutes off-duty at or before a driver reaches the eighth hour of driving.

The latter is no big deal in terms of productivity, but it'll penalize some forgetful drivers big time. Those caught in traffic or some other activity where a break is out of the question will find themselves in a difficult position also.

The changes to the reset provisions will cost some drivers who operate in the US dearly. Right now, if a reload doesn't work out, and you wind up sitting still for a day, it often makes sense to take another 12 hours off and reset the hours to zero. It'll be much harder to do that under the new rules, if they come to pass.

The other big change coming this year is new fuel economy, or GHG reduction, rules on both sides of the border.

The rules affect trucks beginning in model year 2014, which will start hitting the streets in late spring or early summer of calendar year 2013.

Reliable estimates suggest the fuel economy regulations will add about $5,000 to the price of an average truck.

Those fleets and owner/operators who already drive at a reasonable speed, limit idling, and use aerodynamic equipment won't see much benefit at all. They are already doing what the regs will force everyone to do – burn less fuel.

The new rules apply to truck makers who have to meet an overall fuel economy target for the entire lineup of trucks they make and sell.

The rules don't really apply to individual trucks, but truck makers will earn credits for the "good" trucks they sell, which they can use to offset the "bad" trucks they sell. You can still buy a bad truck, but you'll pay a lot more for it.

The truck makers will use disincentive pricing to dissuade buyers from spec'ing their trucks certain ways, such as equipping them with big chrome external air cleaners.

The good trucks will come with hard-wired speed limiters (non-resettable), idle-time limiters, and other technologies that will, on paper, earn the truck makers credits. Some of you won't even notice the difference – for good or bad – but you'll still pay more.

And that brings us to a central question going into the New Year: will the economy improve to the point we can start ratcheting up rates?

The Mayans – or even Nostradamus – couldn't predict that one, but on the upside, trucking is doing a fairly good job of limiting capacity, which is making shippers a little nervous.

And that's good. Fewer trucks means carriers will be able to pick and choose: ignore low-paying freight and stick with the good stuff. That eventually forces low-ballers to pay more to get their freight moved, which slowly pushes rates upward.

Trucking's cost structure is changing, and we need higher rates to support these new regulatory requirements.

The shortage of qualified drivers is helping in this regard. I've heard many fleets say they would buy more trucks if they could find people to drive them. Apparently they can't, so that helps restrict capacity.

Less flexible HoS regs, increasing costs, and a precarious economic environment that could keep rates down might make you want to side with the doomsday crowd, even if the sun did come up on Dec. 22. On the other hand, it might not hurt to let a bit of that New Age thinking rub off on you. Positive transformation, an opportunity for new beginnings, and all that jazz might not be so bad after all, especially if it means more sleep, higher pay, and cleaner air.

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