

# **THE STATUS OF OWNER-OPERATORS UNDER THE CANADA LABOUR CODE: IS CHANGE NEEDED?**

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## **1. Introduction**

Owner-Operators (O/Os) are a significant component of Canada's truck driving workforce, particularly in the long distance sector. These self-employed persons are not covered under Part III of the Canada Labour Code (CLC) and the economic viability of the owner-operator in Canada has been a concern for many years. The 1987 Owner-Operator Task Force Report (Labour Canada, 1987) recommended that "the notion of dependent contractor be incorporated in the Code itself and that regulations be adopted to specify the methods of calculation applicable to Part III benefits." These recommendations were not adopted but owner-operators are recognized as "dependent" employees under Part I of the CLC, allowing them to organize collectively and be represented by a union. Whether O/Os should be considered employees continues to be an issue amid demands by unions and individuals supporting that position and trucking employers who are against such change.

The Federal Labour Standards Commission was mandated to review Part III of the Canada Labour Code (CLC) and submit recommendations for legislative and non legislative options to the Minister. Part III pertains to employees of employers or enterprises in the Federal jurisdiction, establishing minimum standards of employment. The underlying rationale for the commission is that Part III may be out of date and needs changes to be relevant to the 21<sup>st</sup> century workplace which is global and technology enabled. One area that was considered was whether the scope of Part III be

extended so that some or all provisions cover certain own account self-employed workers<sup>1</sup>.

## **2. Study Methodology**

An analysis of the O/O segment of trucking was conducted as part of a comprehensive examination of labour workplace issues in intercity trucking (Chow, 2006). The study combined an extensive literature review with Stakeholder Interviews and a Nationwide Driver Survey.

- 95 persons were interviewed in 9 focus group field interviews, 58 individual company field interviews and 4 telephone interviews. Stakeholders interviewed included carriers, trucking associations, unions, owner operators, Labor Affairs Officers, driver agencies, and journalists.
- A nationwide driver survey interviewed 449 drivers at 15 truck stops in 7 provinces. Representation was 280 employee drivers, 12 agency drivers, 157 owner operators employed by 391 for-hire carriers and 55 private carriers<sup>2</sup>. Comparison of the demographics of the driver survey with a benchmark Statistics Canada profile of for-hire truck drivers validates the aggregate representativeness of the driver survey.

## **3. Role of Owner Operators in Trucking**

There are many benefits to trucking firms as employers to utilize O/Os and as a result O/O's play a significant role in Canada's trucking industry<sup>3</sup>. Indicators of the role of O/Os are:

- O/Os can be a significant percentage of the capacity of their fleets, more so for highway than city driving. Carrier stakeholders indicate that some fleets are 100 percent O/Os while

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<sup>1</sup> Related issues included: Are there other ways to provide some protection and benefits to self-employed workers who would like to have coverage? Should Part III of the Code include an explicit definition of "employee" (and "employer")? If so, what are the social and economic consequences, whether positive or negative, of not recognizing certain kinds of work and work relationships under Part III of the Code? How broad should this definition be and what types of work relationships should it encompass?

<sup>2</sup> The truck stop survey was implemented by Rob Weston from May to September, 2005.

<sup>3</sup> For a detailed and timeless rationale for the utilization of Owner Operators by employers, see Maister, 1980, pp. 25 - 28.

others are 100 percent employee and many are a mix of the two. A larger percentage of TL fleets used O/O than LTL fleets.

- In 1975, owner-operators only accounted for 11.2 percent of total industry operating expenses (Nix, 2003). Today, O/O payments are the second largest expense across the for-hire trucking industry accounting for 24 percent of total expenses (Statistics Canada, 2006).
- The percentage of O/O drivers working in the trucking industry was comprise slightly over 32 percent of the drivers in the for-hire sector of trucking, almost double the percent across all occupations. This would mean that there were 57,786 owner-operators in the for-hire trucking segment in 2004. Similarly, 157 out of or almost 35 percent of the 449 respondents to the Truck Driver Survey were O/Os.
- According to the Small For-Hire Carriers and Owner-Operators survey (SCO), the number of businesses that identified themselves as owner-operators was estimated at approximately 35,000 in 2002. Overall, they accounted for 67.8 percent of all active businesses in the trucking industry and 27 percent of its total revenues.

#### **4. Owner – Operator Motivations**

For the driver, being an O/O has the advantage of being self-employed with the attendant financial strategies, the ability to control their work-load and select the most desirable type of work and lifestyle. Drivers often become O/Os on the perception that they can earn larger incomes, though this may be by driving for longer periods of time or by driving more miles than their employee counterparts. The reality is that if O/Os drive more miles per year or period of time, both the vehicle and the driver are more productive during that period of time. Whether the O/O or the carrier captures the gains from that productivity is dependent on the terms of the Carrier – O/O contract.

The O/Os real income may be increased by the deductions he/she can take from gross revenues. O/Os ultimately do have the choice to

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<sup>4</sup> These would be drivers in both interprovincial and intraprovincial freight movements.

refuse or not accept freight, so they control their work life balance directly. This is not to say that the work life balance of O/Os is not affected by financial pressures to drive long hours and take long trips, but that the O/Os at least have the choice. In some instances, the contractual relationship between the O/O and carrier allows more a flexible work relationships than would be allowed by the Labour Code. For example, in the household goods sector, O/Os work the maximum hours during high season and essentially take a vacation during the low season. The role of the owner operator in the trucking industry was well summarized by one employer stakeholder, who stated that owner/operators are dependent on the carrier for getting work but are independent with respect to how they get that work done provided the carrier's safety and service standards are met. Unlike company drivers, owner operators have the privilege of choosing such things as the route they wish to travel, the truck stops they want to use, and the length of their layover and the make of truck they want to drive. Carriers have said that the industry could not have grown and become as dominant as it has without the owner operator who has given the industry the opportunity to meet demands for new business by obtaining good qualified people quickly, efficiently and easily.

##### **5. Defining Owner Operators**

Under the CLC, there are two categories of owner operators, dependent and independent. While the terms are often used interchangeably, the dependent owner operator works under contract exclusively for a single motor carrier. They are dependent on the carrier in that they work exclusively for that carrier but are independent business owners who have the freedom to make their own business decisions in a number of areas. Dependant O/O's are responsible for all the costs associated with acquiring, operating, insuring and maintaining his or her vehicle but often rely on the contracting carrier who, for a fee, will arrange purchase programs for fuel, for example, and keep certain records such as fuel tax information and file the required tax returns on their behalf. The dependant owner operator operates under the contracting carrier's National Safety Code (NSC) number, operating authority (if required) and often the O/O's vehicle is registered under the carriers name for licensing and insurance purposes even though the beneficial

ownership remains with the owner operator. Being that the owner operator is exclusively tied to a single carrier; the carrier is responsible for insuring that the O/O safety performance meets firms obligations under its NSC and any violations are attached to the carriers NSC profile, not the owner operators. The hiring policies and other criteria such as experience and ability profiles that carriers have for hiring company drivers are usually the same as those used for obtaining owner/operators. Dependant O/O's are dispatched by the contracting carrier.

Because O/O's are independent from the carrier from a business management point of view and to distinguish their relationship from that of an employee, carriers often refer to their owner operators as independent contractors.

A true independent contractor or Owner Operator would not have the exclusivity clause that ties the O/O work exclusively to one carrier. Such an O/O would be able to transport goods for one carrier on one trip and for another carrier on another trip. Carrier stakeholders indicate there are few, if any true independent O/O's in Canada. There are several reasons for the lack of independent operators in Canada. Firstly, carriers prefer dependent O/O with whom they are familiar with and have some assurance of quality and capacity. A dependent O/O is more likely to be available for dispatch, must meet the carrier's safety and other quality requirements and most importantly will not be transporting goods for competing carriers. Secondly, carriers especially the larger carriers are able to obtain bulk discounts on insurance, fuel, maintenance and equipment which they pass on to the O/Os. The latter may also be embodied in an agreement where the O/O finances the vehicle through the carrier. As noted above, larger carriers use O/O's more extensively. Small carriers are less likely to be able to provide these reduced costs to O/Os. In contrast, an interview with the Owner Operator and Independent Drivers Association (OOIDA) indicated that there are true independent O/Os in the U.S.<sup>5</sup>. Their viability is in part due to the ability of these independents to purchase insurance, medical

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<sup>5</sup> The unsubstantiated estimate from OOIDA was 30 percent of O/Os are true independents, transporting for different carriers on trip or short term lease agreements.

coverage, maintenance, fuel, equipment and other services at cost levels comparable to what could have been obtained through a carrier from OOIDA. Through this association, O/Os achieve the mass buying power to get bulk and quantity prices for these inputs.

In summary, most O/Os in Canada fall under the dependent O/O classification. The ruling as to whether a driver is an independent/dependant contractor or an employee is important to the labour standards departments at both the Federal and provincial levels, labour relations boards, human rights commissions, worker compensation boards and Revenue Canada.

#### **6. Characteristics of Owner Operators**

Statistics Canada (2004) has profiled the owner operator sector of the economy. Most owner-operator trucking businesses are small. Almost 99 percent of owner operators have revenue under \$1 million accounting for \$6.6 billion in revenue and averaging \$184,000 per O/O in 2001<sup>6</sup>. The average operating revenues amounted to approximately \$200,000 per owner operator firm in 2002. Cerno Research (2005) reports that the average compensation paid to owner operator drivers in highway service (from 101 fleets) averaged \$147,510 and ranged from a low of \$70,267 and a high of \$345,800. The average O/O company had one truck or road tractor and one semi-trailer. Just over half of owner-operator businesses specialized in long-haul trucking in 2002 (52% compared to 48% for local trucking). Furthermore, approximately 34 percent of their income was obtained from extra-provincial transport, including 12 percent international transport. Carriers with annual revenues of \$25 million or more hired more than one-third of owner-operators in 2002.

The life of the owner operator has been described as stressful, more so than employee drivers and employees in other occupations (Bess, 1999; Nix, 2003). Bess (1999) compared owner operators with employee drivers in the late 1990s:

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<sup>6</sup> Owner operators whom solicit freight rather than sub contract to a for-hire carrier is itself a for-hire carrier and would be included in the under \$1 million for-hire carrier statistics.

- O/Os tend to be older and less likely to have completed post-secondary training<sup>7</sup>.
- Self-employed drivers tend to have a household member who is also earning significant income.
- 80 percent of O/Os felt very or somewhat stressed versus 69 percent of the employee drivers.

The 2005 Truck Driver Survey, however, reveals a less sanguine picture<sup>8</sup>. The survey showed that no significant difference between O/O and employee drivers with respect to excessive on duty hours.<sup>9</sup> O/Os exhibited slightly higher days away from home (11.83 versus 10.25), a slightly lower Level of Satisfaction index (2.46 versus 2.33, with 1 being high satisfaction) and a better index of problems from being away from home (2.33 versus 2.22, higher number means fewer problems) than employee drivers. However none of these are statistically significant<sup>10</sup>. Table 1 for example, illustrates that 60 % of O/Os are satisfied with their life as a truck driver versus 66 % of employee drivers.

**Table 1 Driver is Satisfied With Life of Truck Driver**

	Employee		Owner Operator	
	Number	Valid %	Number	Valid %
Strongly Agree	67	24.2	37	24.2
Agree	117	42.2	56	36.6
Neutral	43	15.5	27	17.6
Disagree	35	12.6	19	12.4
Strongly Disagree	15	5.4	14	9.2
Total	277	99.9	153	100

*Source: Truck Driver Survey*

<sup>7</sup> Bess is quoting results from CTHRD (1998) and the Labour Force Survey of Statistics Canada.

<sup>8</sup> The reader is cautioned that two different data sources are used so the earlier 1999 observations and the 2005 truck survey observations cannot be considered a time series.

<sup>9</sup> Detailed tables can be found in Chow, 2006 and are available on request.

<sup>10</sup> In addition both simple linear regression and multinomial logistics regressions found no “driver” type effect on driver satisfaction or problems at home.

Just what does an O/O make relative to employees? Bess (1999) estimated that the after tax income of O/O was only \$16,000 in 1997 versus \$26,800 for company drivers of for-hire carriers. That changed substantially by 2001. Dube and Pilon (2005) estimated that self employed O/O had average annual earnings a few dollars more than employed drivers (\$38,776 versus \$38,789). The O/Os however still do not receive any non wage benefits and bear the risks of work stoppage due to illness but on the other hand have more tax deductible expenses. We tentatively conclude that the average O/O earns less total income than employee drivers but across that average there is the potential to earn more and the risk to earn less. That is the return and the cost of entrepreneurship.

Carrier stakeholders continually cite instances of employee drivers leaving their employ on their own volition to become owner operators, looking for “greener pastures”. There are the prospects of higher incomes, coupled with increased freedom to drive on their schedule. Frequently the impetus to explore and pursue this direction originates at truck stops and other locations where drivers congregate and share their experiences. There is a natural selection process; employee drivers hear success stories because only the successful are still around to tell their story! Another frequent catalyst is the shippers with whom the employee driver deals with. The employee driver may observe a constant movement of freight to and from two points and perceive that with that consistent traffic, he could make money doing it alone. In some cases, shippers may encourage the driver to become their own business, and provide transportation directly to the O/O, cutting out the carrier as a middleman. They both forget that traffic patterns change and that other loads need to be obtained in order to ensure equipment utilization. Carrier stakeholders were able to cite as many instances where their employee found the grass was not greener in the O/O business as there were success stories.

O/Os are also employers when they hire a driver. Owner-operators hire drivers to better utilize the vehicle so as to cover vacations or, in some cases, drive other trucks owned by the owner-operator. O/Os

will have to employ drivers if they are seeking to grow through the acquisition and operation of more than one vehicle. The average O/O has two employees (including himself), one road tractor and one semi-trailer. Carrier stakeholders and Labour Affairs Officers (LAO) both indicate that there is an increasing trend towards O/Os hiring employees<sup>11</sup>. When asked in the Truck Driver Survey what numbers of other drivers were employed, about 21 % of the O/Os indicated that they employ other drivers<sup>12</sup>. Sixteen commented on their experience with the CLC. Seven had little or no experience to speak of with the CLC but the other 9 identified problems similar to their larger carrier brethren:

In conclusion, the evidence suggests that while O/Os may not be earning super normal incomes, they are generally satisfied with the life that they have chosen. They have chosen to become a small business either for the life style or for the possibility of higher incomes. Like small businesses in any sector of the economy, there are failures and successes. There are firms who enter without the full facts and business skills necessary to be successful. There are firms who do have these qualifications (and they are not necessarily formal education) and succeed.

#### **7. Should Owner Operators Be Brought Under Part III of the CLC?**

There are suggestions that owner operators working for motor carriers as dependant contractors, are in effect subject to the same conditions of work and the same degree of control as an employee and should therefore be able to take advantage of some or all of the protection available under Part III of the Code. Proponents of this view are typically silent on whether the tax treatment and other business

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<sup>11</sup> The Truck Driver survey sought to identify whether the driver worked for an owner operator but that question was misinterpreted by drivers (and surveyors) to mean whether they worked for a company that was primarily used owner operator drivers.

<sup>12</sup> There were 157 O/Os in the survey and 140 responded to this question. The O/O compared to the employee driver in the later 1990s was described by Bess (1999):

opportunities available to self employed owner operators under this interpretation.

Some driver organizations such as the Canadian Professional Drivers Association (CPDA) support having O/O's included under the Canada Labour Code but do not agree that they should lose the tax and other benefits associated with being a self-employed business operator. The Teamsters union also argues that as O/O's are dependent on carriers for their livelihood they should be included in the CLC.

Employers on the other hand universally do not support including owner operators under the Part III. They argue that as an O/O driver they have accepted the risks of being self employed and one of those risks is that the CLC provisions do not apply to their working relationship with the carrier. Carriers argue that including O/O's under the Code would defeat the business case that both the carrier and the owner/operator have in their working relationship. The way they are engaged is consistent with their role, which is that they are not treated as employees and the way they operate is compatible with the self employment status they are afforded by government agencies and others. They say that the owner/operator cannot have it both ways, an employee for some purposes and an O/O for others. Any attempt to establish them as something in between or a hybrid of the two would create problems for both the owner/operator and the carrier.

Seventy-three responses were made by O/Os in the Truck Driver Survey on the benefits and risks of extending the CLC to owner/operators. Their responses can be summarized as follows:

- The majority of owner operators who responded to this question replied that there would be no costs or risks to extending the CLC to owner operators.
- A few drivers said that there could be risks to extending the CLC to O/Os. Of these drivers, many were concerned that companies would find "loopholes" if the Code was extended. Some were worried that they could lose some of their decision making independence to the carrier if they were treated like an employee.

For example, one driver suggested that maybe their carrier would take more control over their working hours. Another O/O who did not favour extension of the CLC to O/Os expressed a similar theme “Can't see there being any benefits because I'm basically making my own decisions. The company I'm at - got a really good company - set my own hours on my own time.”

- Only a few questioned whether there was potential loss of tax deductions or any change in their working relationship with the carriers. Said one carrier “If you consider an employee, you fall under a different jurisdiction from what I understand. So that puts you in different tax reasoning cause you know your write-offs and everything. If you are an employee you'll lose you know...If it doesn't affect that, maybe it'll help out with the rates....”
- Among those who did not favour extension of the CLC to O/Os, some had doubts over whether Labour Canada could effectively administer the Code in the trucking sector. “Dealing with people who don't understand the industry and don't know who they are talking about”.
- Some O/O recognize that it's not protection from employers that O/Os need, it protection from the O/O's own mistakes. Said one O/O, “No, Labour Code will not help me. It's a money thing, if the Labour Code got in there; there will be just them to take more money. Basically an owner operator sets up this contract with the company says this is what I want to do. As an owner operator, they should have a lawyer, an accountant and when we sign that contract, it's your business, and their business. If you are not looking after your business, the government sure isn't looking after it.”

Finally several truck drivers' views suggested that that they see inclusion under the Code as a means of getting resolution to complaints they may have with the way they are being treated by the carrier. Said one O/O, “If it was administered with the idea of owner/operator it would be very good to have the assistance in arbitration over contracts and things like this provided you can't lump us in with employees as the same time we are dependent contractors. It would be really good to have some sort of arbitration process that

we can use to recover money when leaving employment.” Many of the complaints they cite however, are not labour standards issues but rather issues related to the risks of being self employed and managing income and expenses. It is unlikely that the Code would assist owner/operators in dealing with these issues.

Owner/operators also reference the fact that as an owner/operator they can negotiate their work and compensation arrangements through their contract. If the owner/operator has access to a complaints resolution process under the Canada Labour Code the presumption is that the driver would want the Labour Affairs Officer to adjudicate based on the provisions of the contract and not the statutory provisions of Code. As currently structured, the intent and purpose of the Code is to address matters of employee/employer relations covered by statute, not arbitrate conditions of a negotiated contract.

If owner/operators were to have access to remedies under the Code it is unlikely they would be prepared to relinquish the independence and the tax benefits they have as self-employed business persons. For example would the owner/operator be prepared to take advantage of the provisions of the Code at the expense of being unable to work or not work at his or her own discretion?

The inclusion of owner operators may create new problems for both the owner/operators and government should the Code be extended to them, not solve the current ones. For the driver there would be the question of precedence, the Code or the contract, and for the government there would be significant difficulties in administration relating to having to address the provisions of numerous contracts that might be different in every case. In the case that these dependent contractors were to continue to receive favourable tax treatment in the form of deductible business expenses should they be included under the Code<sup>13</sup>, employee drivers would question the fairness of the dependent owner/operator receiving tax benefits for non vehicle related expenses that are not also extended to them.

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<sup>13</sup> The authors feels that this is unlikely.

The root problems for owner/operators are well explicated in the business literature and they revolve around poor business skills, lack of cost knowledge and inability to control or manage rising costs, which have all been substantiated in the driver survey. Table 2 shows the response to the question as to why O/Os are struggling. Practically all the problems are related to the inability to cope with rising costs such as fuel (45.9%) and other expenses (13.3%), inability to price their services adequately (24.5%) or some combination (poor money management at 18.4%).

**Table 2 Reasons Why Owner Operator are Struggling (N=98)**

<b>Reason for Struggles</b>	<b>Number</b>	<b>Valid Percent</b>
Low rates/compensation	24	24.5%
High cost of fuel	45	45.9%
Higher expenses (maintenance, insurance, truck payments)	13	13.3%
Poor money management/unaware of Costs	18	18.4%
Other	22	22.4%
All	122	n.a.

*Source: Truck Driver Survey*

Similarly, the O/O's in the survey identified similar issues when asked "what were the most significant problems they had with the trucking companies they worked for" as summarized in Table 3.

**Table 3 Most Significant Problems Owner Operators Have Faced with Relationships with Trucking Companies They'd Worked for (N=88)**

<b>Problem</b>	<b>Number</b>	<b>Percent of Respondents</b>
Fuel costs/surcharges not enough	25	28
Low compensation rates	29	33
Treated with no respect	8	9
Complaints about contract with carrier	3	3

Difficulties getting compensated	4	5
No problems with carrier	14	16
Other	21	24
All	104	n.a.

*Source: Truck Driver Survey*

It is readily acknowledged by both drivers themselves and employers that some O/O's sign bad contracts, have no contracts or do "hand shake" agreements. As a result, carriers have all the power, and it puts O/O at a disadvantage. Successful owner/operators on the other hand do manage these business risks and enter into contracts that recognize their costs and address their other business needs. The keys to being a successful owner/operator that were identified in the truck survey verify this as summarized in Table 4.

**Table 4 Keys to being a Successful Owner Operator (N=105)**

<b>Key to Success</b>	<b>Number</b>	<b>Percent of Respondents</b>
Understand your costs	34	32.4
Take care of equipment/maintenance	14	13.3
Watch your fuel/fuel costs	17	16.2
Have good business skills/treat like a business	15	14.3
Hard work/put in the hours	12	11.4
Other	25	23.8
Response not Relevant	3	2.9
All	120	n.a.

*Source: Truck Driver Survey*

Dissatisfied owner operators do have the option of moving to a different carrier if the contractual relationship is unsatisfactory. The driver survey indicates that owner operators are no less mobile than

employee drivers with an average time to find comparable alternative employment being less than a week<sup>14</sup>. While O/O's may face some added costs associated with moving from one carrier to another such as downtime, loss of fixed IRP fees and paying for license transfers, it appears that dependant owner/operators have sufficient opportunity to shop their services. Thus the root solution may be to create facilities and opportunities to educate owner/operators to be better business persons who can measure costs, evaluate payment plans and negotiate contracts. Some of these could be taught in driver training programs.

Some carriers recognize that their owner/operators do lack some of the business skills and knowledge required in order for them to be successful self-employed business people and will provide assistance to help them address these shortcomings. One carrier said for example recognizes that to help make their contractors successful they will provide "guidance" on management and operational issues where appropriate.

Owner/operator education becomes even more important when they hire a driver and become an employer themselves. The owner/operator is no different than a fleet operator with respect to compliance with labour standards. LAOs and carrier stakeholders have noted that many drivers employed by O/O's have mistakenly brought complaints to the carrier contracting the O/O or approached Labour Canada with labour standard concerns. LAOs observe that O/Os have been mistakenly hiring drivers as contractors. Said one O/O in the survey "Unless my contract driver goes out to drive for someone else at least once a month, they are just considered a glorified employee and I'm still responsible for everything." LAOs also indicated that complaints against O/O employers are among the most difficult to process due to the lack of any record keeping or formal contracts between the O/O and driver (in addition to the difficulty of contacting the O/O while driving on the road).

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<sup>14</sup> One outlier of 30 weeks was eliminated from the sample.

## **8. Conclusions**

Owner/operators are not a new or recent concept in the trucking industry and their place in the driver work force has been well established. O/Os provide a significant percent of the trucking industry's capacity and are used by larger carrier's significantly more than small carriers. There are many economic and operational reasons why carriers use O/Os and why drivers seek to be O/Os. Foremost is the common desire for flexibility. Carriers desire flexibility in increasing and decreasing capacity without investment. O/Os want flexibility in the amount of work they accept and when they accept the work.

Owner/operators are earning after tax incomes slightly higher than employee drivers but they do not have the benefits that employees receive. It does not appear that owner/operators are driving significantly more hours than employee drivers, have longer trips or have worse home life problems than employee drivers. In fact the driver survey indicates that the majority of O/Os are satisfied with their life as a truck driver. These O/Os have voluntarily chosen a life style and work environment. As with any industry sector, businesses will succeed and fail and this is particularly true for small businesses such as O/Os. It is no surprise to find that O/Os would like the CLC extended to them if there were no change in their status as an independent contractor from an operational and tax point of view.

It appears that including owner/operators under the Canada Labour Code would result in considerable disruption to both the carrier and owner/operator relationship and cause unknown operational and economic consequence for both. The evidence suggests that many owner/operator problems originate from their inability to effectively manage their business activities. Extending the CLC to O/Os does not address the root problem. A non-legislative solution that might improve the ability of owner/operators to know their costs, price accordingly and negotiate effectively, would be to provide or make accessible, educational opportunities to the owner/operator. A number of opportunities can be considered:

- Provide some fundamental business management training skills in driver training schools as well as an overview of the benefits and risks of the O/O business.
- Support or encourage non profit organizations which provide training programs and education to O/Os.
- Direct provision of training and education and development of materials by government or through government support. In the U.S., this would be the role of the U.S. Small Business Administration. Thus Industry Canada might be a participant as well as HRDC.
- Enabling the effective distribution of existing or future education material.
- Some combination of the above<sup>15</sup>.

Some of the groundwork for the above programs already exists. The Owner Operators Business Association of Canada (OBAC) was launched in 2002 in response to challenges facing Canadian owner/operators. One of its goals is to offer tools and resources to enhance profitability and competitiveness of the O/O. Excellent educational material can already be found in industry publications. An example is “Comparing Carrier Pay Packages” in Highway Star magazine (Park, 2004).

Another suggestion to support the O/O sector is to provide support and group buying services similar to which is provided by OOIDA to U.S. O/Os. This would make O/Os less dependent on carriers and more mobile with respect to moving to different carriers. Several attempts have been made at establishing a national organization representing owner/operators with the latest and so far most successful, being OBAC. However, less than 5 percent of the O/Os in the survey were represented by an independent organization representing O/O interests. The U.S. has the advantage of scale with many more O/Os as potential members resulting in OOIDA being a viable representative of O/O interests for over 30 years. Perhaps

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<sup>15</sup> Another recommendation made in the Stakeholder Interviews is to consider legislation in the U.S. dealing with leasing and contracts which may provide more protection to O/Os in the U.S. than in Canada. It was beyond the scope of this research to confirm the existence of such legislation and its effectiveness.

OBAC or a comparable organization can fulfill a similar role in Canada with public support which helps compensate for the smaller O/O population of Canada<sup>16</sup>.

We end with the observation that the independence of the O/O with respect to their ability to control their workload is a self regulating mechanism to solve the work-life balance challenge. O/Os have the option to take time off when they want. An O/O need not “check in” unless they want a load. For many TL motor carriers, this process is now automated. The O/O calls the carriers automated load matching system, checks the loads available by direction, distance, type and potential revenue and chooses the load that meets the driver’s personal objectives balanced against the driver’s income objectives<sup>17</sup>.

References available on request to the authors

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<sup>16</sup> Another alternative would be to encourage OOIDA to expand into Canada or partner with an organization like OBAC. This seems logical since a large proportion of Canadian drivers are in transborder service. However the legal barriers to such an institutional arrangement are unexplored in this paper.

<sup>17</sup> With such a system, the O/O’s spouse can route the O/O as well.