



# NEWS RELEASE

**For Immediate Release –**

## **A FREIGHT RATE INCREASE OF 4.3% IS RECOMMENDED**

Fort Erie, ON, February 2009 – The Tariff Advisory Committee (TAC) of the Freight Carriers Association (FCA) meets periodically to monitor economic conditions as well as the latest statistics on the profitability of general freight carriers. TAC reviews major issues affecting the industry's profitability and its ability to maintain and improve service. The Committee recently reviewed current market conditions and costs. After a thorough review of the information, the Committee recommends that carriers raise their freight rates 4.3% effective March 30, 2009.

An economy mired in recession is taking its toll on the trucking industry. The cost of maintaining the facilities, terminals, human resources and equipment necessary for the industry to meet the demands of its customers is rising. Decreasing volumes and increasing costs have unit costs skyrocketing upward and profits spiraling downward. The industry is structuring itself to survive the recession by reducing capacity and cutting costs. Despite the poor economy the industry requires investment capital to meet the current and future demands of its customers. The industry will need to continue to invest in environmentally friendly equipment, technology and human resources. Due to the depressed economy facing all their customers TAC is recommending an increase that is less than many carriers' cost increases.

Cost increases facing the industry include:

**Labour** – Trucking is a labour intensive industry that must continually adjust wages in order to retain and attract dedicated, professional employees. Using information developed by Statistics Canada, FCA estimates that labour costs for trucking companies have increased as much as 6.0% on an annual basis, dependent upon the region of the country.

**Non-labour** (excluding fuel cost changes) – The FCA motor carrier non-labour index, which reflect the price movement of goods and services motor carriers purchase, as indicated by Statistic Canada indices, shows an annual increase of just under 3%. Increased e-commerce and security costs have added approximately 1% more to total costs.

**Fuel costs** – Changes in fuel costs were excluded when analyzing cost increases as they are handled by carrier fuel surcharges. In recognizing the decline in diesel prices since August 2008, the fuel surcharges recommended by TAC have been reduced by over 60%.

**Accessorial Services** – The costs associated with providing services such as appointment deliveries, waiting time, protective service, border crossing, return of pallets and handling of dangerous goods cannot be absorbed by the trucking industry. The trucking industry must continue to charge the party requesting these services separately. The cost of providing these services cannot be included in the rates as this would cause shippers not requiring services to subsidize those that do.

The FCA represents freight carriers operating throughout Canada in matters related to economics, pricing, finances, costing, as well as motor carrier statistics. FCA, and its predecessor, have served the trucking industry for over 75 years. The TAC is composed of carrier executives elected by its members to monitor the industry's financial condition and performance and to make recommendations to the industry.

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