



# **Trucking in Alberta's Forestry and Forest Products Industry: Project Report**

**NOVEMBER, 2022**



PRODUCED BY:



FUNDED BY:



The Province of Alberta is working in partnership with the Government of Canada employment support programs and services.

**November 2022**

For more information, please contact Trucking Human Resources Canada:  
**(613) 244-4800 / [theteam@truckinghr.com](mailto:theteam@truckinghr.com) / [www.truckinghr.com](http://www.truckinghr.com)**

When referring to the information presented in this report, please cite **Trucking HR Canada**, or use the following reference: *Trucking HR Canada. (November 2022) Trucking in Alberta's Forestry and Forest Products Industry: Project Report*

## Executive Summary

Between February and June 2022, Trucking HR Canada conducted a survey of trucking and forestry companies in Alberta to identify the key labour market challenges and explore potential strategies to alleviate the truck driver shortage in Alberta's forestry industry.

### These are the key findings:

- **Truck drivers who work in Alberta's forestry industry are not accurately reflected in Census 2016 data.** The nine forestry/ forest products companies who responded to the survey employ or contract a total number of 3,025 truck drivers (49% short-haul and 51% long-haul). This number is almost eight and a half times the number of forestry-based truck drivers reflected in the Census 2016 data. This difference is likely reflective of the fact that only 2% of these 3,025 drivers are direct employees. With 63% of drivers working in forestry being contracted owner-operators and 34% being contracted fleets, it is quite likely that many truck drivers reported (on their Census forms) that they work in the trucking sector, even though they provide transportation services to the forestry industry. Under-reported employment in the Census data may also be related to the time in which Statistics Canada conducts the Census – always in May, which is low season for forestry transportation in Alberta.
- **Companies hauling wood and forest products in Alberta are not all able to fulfill the demand for their services.** Half (four respondents) of the trucking respondents said that they had not been able to fulfill all demand for their services from the forestry/forest products industry. Most forestry/forest product companies (78% or seven respondents) reported that they were unable to hire or contract all the driving services they required. They reported that they would have hired/contracted an additional 305 drivers over the past year, if they had been able to find suitable candidates
- **The cost of the driver shortage could be as high as 15.4% of forest company revenues.** Lost sales/ revenue was the most important impact of the shortage of drivers with employers estimating that revenue declined by 15.4% on average because they could not find the required number of drivers.
- **Companies hauling wood and forest products in Alberta struggle to recruit drivers for several reasons.** Reasons that top the list include: Alberta's forestry industry operates seasonally (peaking between November and March); companies compete for drivers with other sectors (in particular oil and gas); applicants lack the skills and training to transport forestry/ forest products; and the cost of training a new applicant is high.
- **New drivers are being hired, and in some cases make up a large portion of a company's work force.** 23% of respondents indicated that in the past 12 months 51% - 75% of drivers hired were new to their company. The number one reason employers needed to hire was because of voluntary turn-over (aside from retirement).
- **The front running strategies respondents believe would help attract new drivers to the industry are improving/standardizing training, reducing/subsidizing training costs for drivers and reducing costs associated with new drivers (e.g., insurance costs).**

## Introduction and Background

The forestry industry across Canada relies on truck transportation to move forest products from cut sites to processing/manufacturing facilities and onward to markets, employing both short-haul truck drivers to move raw fibre (logs, chips and hog) and long-haul drivers to move finished products such as sawn lumber to markets. Employers in both the forestry and truck transportation sectors struggle to overcome the challenges unique to this specialized market, especially when it comes to finding a sufficient number of workers with the appropriate training and expertise to transport forest products.

The purpose of this project is to collect and analyze reliable Labour Market Information (LMI) about truck transportation in Alberta's forestry industry. The shortage of truck drivers in Canada, especially long-haul drivers, is well documented through a detailed LMI project implemented by Trucking HR Canada with funding through the Government of Canada's Sectoral Initiatives Program (SIP). However, to date, we have only scratched the surface of how these shortages are affecting the different sectors that depend upon trucking to move goods from production sites to market.

According to the Forest Products Association of Canada (FPAC), forest products account for approximately 25% of Canadian freight shipped over roads. Transportation accounts for as much as 20% of costs for an average forest products company and FPAC has estimated that the industry experiences production losses of around \$450 million due to the ongoing shortage of truck drivers in Canada.

## The need for Primary Data Collection/Survey

Available LMI from Statistics Canada about truck drivers working in the forestry sector in Alberta is very limited. Monthly data from Statistic Canada's Labour Force Survey suffers from significant data suppression at the national level, and this is even more true at the provincial level. The expected release date for labour data from Census 2021 is beyond the scheduled completion date for this project. As a result, the most recent labour market data for the purposes of this study is Census 2016.

Currently, Trucking HR Canada has data for custom cross-tabulations between employment of Transport Truck Drivers (NOC 7511) in North American Industry Classification System (NAICS) codes 113 (Forestry and logging) and NAICS 11531 (Support activities for forestry) along with forest products industries including Wood Product Manufacturing (NAICS 321) and Paper Manufacturing (NAICS 322).

Total employment of Transport Truck Drivers (NOC 7511) in Forestry and Forest Products industry					
	Total Forestry and Forest Products industry	NAICS 113 – Forestry and logging	NAICS 1153 – Support activities for forestry	NAICS 321 – Wood Products Manufacturing	NAICS 322 – Paper Manufacturing
<b>Canada</b>	4,695	2,705	435	1,065	485
<b>Alberta</b>	350	210	35	80	20

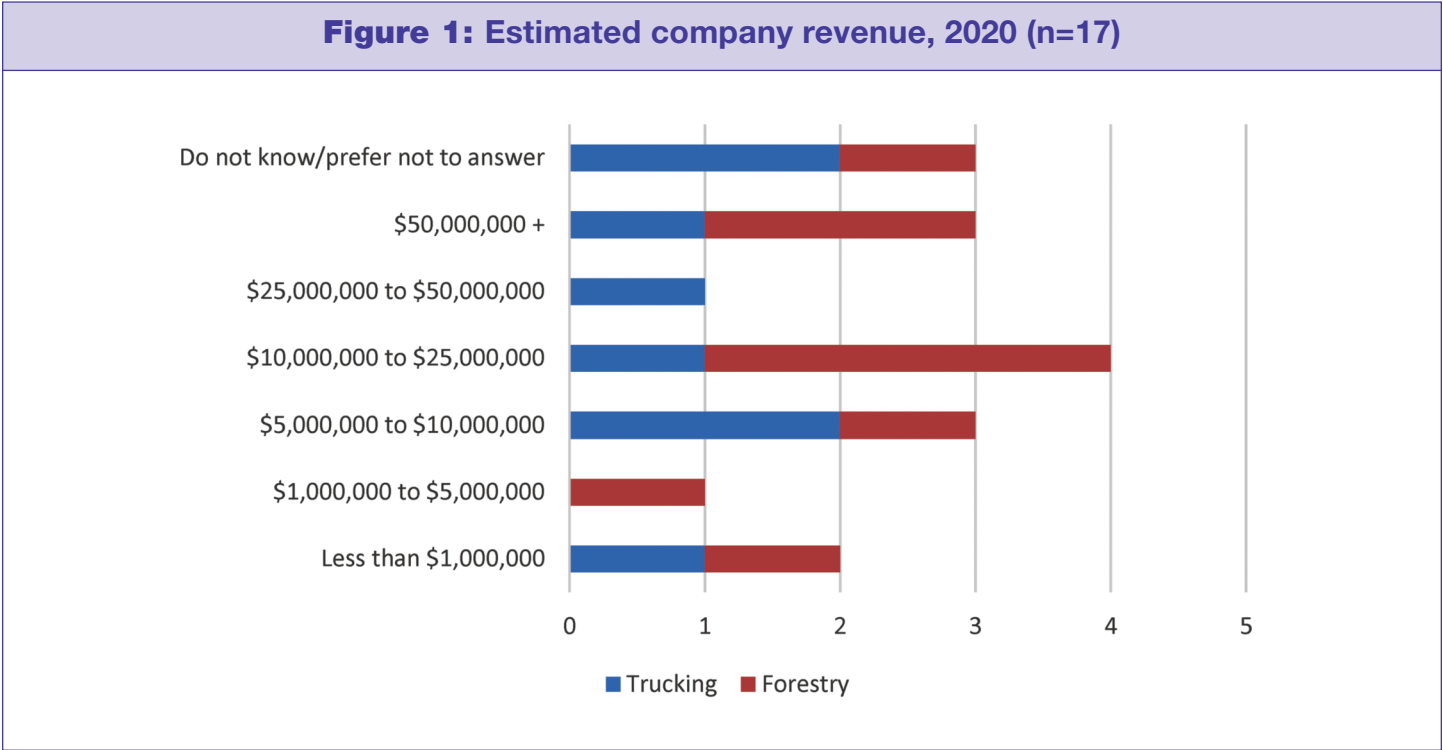
*Source: Trucking HR Canada, Conference Board of Canada, Statistics Canada, CENSUS 2016 (custom data request)*

Our most recently available labour market data indicates that about 4,700 transport truck drivers work in the forestry and forest products sectors in Canada and 7.2% of these drivers are in the Alberta workforce. Less than 1% (.83%) of Alberta’s 42,000 truck drivers reported on their 2016 Census that they worked in the forestry and forest products sector. Since there is no publicly available source for more detailed data about forestry truck drivers in Alberta, this project has relied on the collection of primary data through an employer survey and key informant interviews that were designed to collect as much detailed information about this specialized workforce as possible.

The employer survey and key informant interviews were conducted between February and June 2022. Follow-up interviews were completed by mid-September.

## Description of the Survey Respondents

Survey respondents were asked to describe themselves in terms of their occupation (for example, executive, manager/supervisor, owner-operators, driver, etc.) and to describe their relationship to forestry and/or trucking. Respondents were also asked to indicate the size of their company in relation to annual revenues for 2020 (see Figure 1) and, in the case of trucking firms, were asked to estimate what proportion of all products they transported was wood/forest products. Forestry firms were asked to describe what proportion of their total production is transported by road.



Source: Trucking HR Canada, Forestry/Trucking Employer Survey, 2022



A total of 17 companies/individuals responded to the employer survey. Among these were seven trucking companies and one truck owner-operator who carry wood and forest products. None of the trucking respondents haul wood and forest products exclusively, although more than half of them reported that over 75% of the goods they haul are wood/forest products. Only two respondents said that wood and forest products make up less than a quarter of the goods they haul.

Virtually all trucking respondents said there had been no change in the proportion of forest products hauled since before the pandemic. Among the trucking sector respondents, only one – the owner-operator – reported revenues of less than one million and two said they didn't know/preferred not to answer. Of the six companies providing estimates of revenue for 2020, two reported \$5M - \$10M annually, and one each in the categories of \$10M - \$25M, \$25M - 50M and \$50M+.

Nine forestry/forest products companies responded to the survey, with two thirds reporting that they move over 75% of their products by road. Over half (55%) said that this proportion has not changed from pre-COVID times. Among the forestry respondents, one (a forestry hauling sub-contractor) had revenues of less than \$1M in 2020 and one didn't know/preferred not to answer. Among those forestry firms providing 2020 revenue estimates (eight firms), one respondent estimated their revenue at \$1M - \$5M, one at \$5M - \$10M and five or 63% reported revenues over \$10M (two of these had revenues of \$50M+).

There were five survey respondents who identified themselves as truck drivers, two of whom are direct employees of a forestry/forest product company, one who is a contractor who subcontracts to other drivers and the other appears to be an owner-operator.

## Employment and the Driver Shortage in the Forestry Sector

Truck drivers who work in Alberta's forestry industry are not accurately reflected in Census 2016 data.

The forestry/forest products respondents employ or contract 3,025 truck drivers, 49% short-haul and 51% long-haul. This number is almost eight and a half times the number of forestry-based truck drivers reflected in the Census 2016 data. This difference may reflect that only 2% of these 3,025 drivers are direct employees<sup>1</sup>, with 64% being contracted owner operators and 34% being contracted fleets. It may also be a function of the time of year in which the Census is conducted – always in May<sup>2</sup> – which is low season for forestry drivers in Alberta (see section on Seasonality of demand). Among the drivers who are direct employees, over 75% drive short-haul.

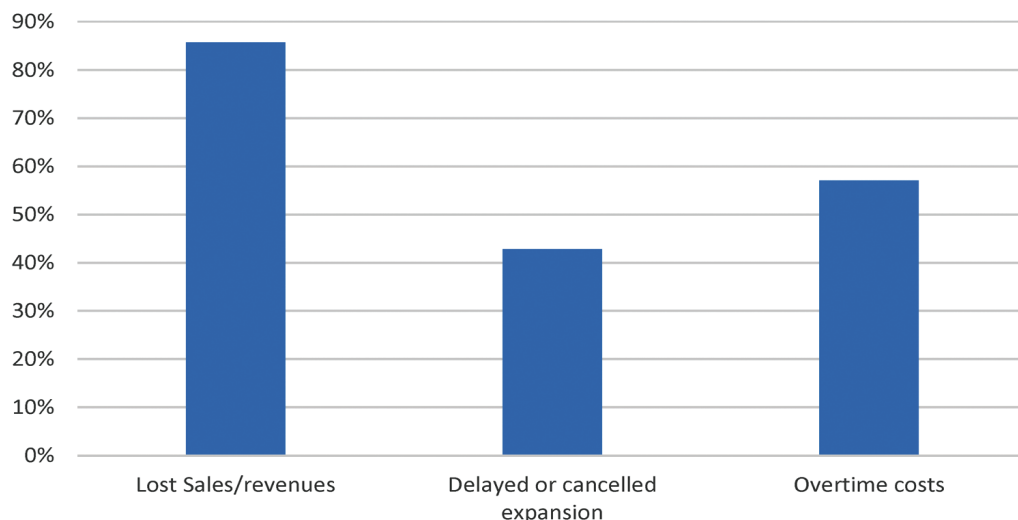
Most forestry/forest product companies (78%) reported that they were unable to hire or contract all the driving services they required. Of the trucking sector respondents, 50% said that they were not able to fulfill all demand from the forestry sector for their services. Forestry sector employers reported that they would have hired or contracted 305 additional drivers over the past year if they had been able to find suitable candidates. Virtually all forestry respondents believe that it is harder to find drivers to haul their products compared to pre-COVID times.

Lost sales/revenue was the most important impact of the shortage of drivers, with 86% of forestry respondents reporting this as an effect. In addition, 57% reported increased overtime costs and 43% said that they had to delay or cancel expansion plans because of the driver shortage (see Figure 2). Among those forestry companies that reported lost sales/revenues, the average estimated loss was about 15.4% of sales because they could not hire or contract the required numbers of drivers.

<sup>1</sup> Direct employees are more likely to report on their census form that they work in forestry as opposed to those who are contracted, who may report that they work in trucking.

<sup>2</sup> The Canadian census asks people about their labour market activity for the reference week of Sunday, May 2, to Saturday, May 8, 2021

**Figure 2: What was the impact on your company's operations from not having access to all the truck drivers you needed? (Please select all that apply)**



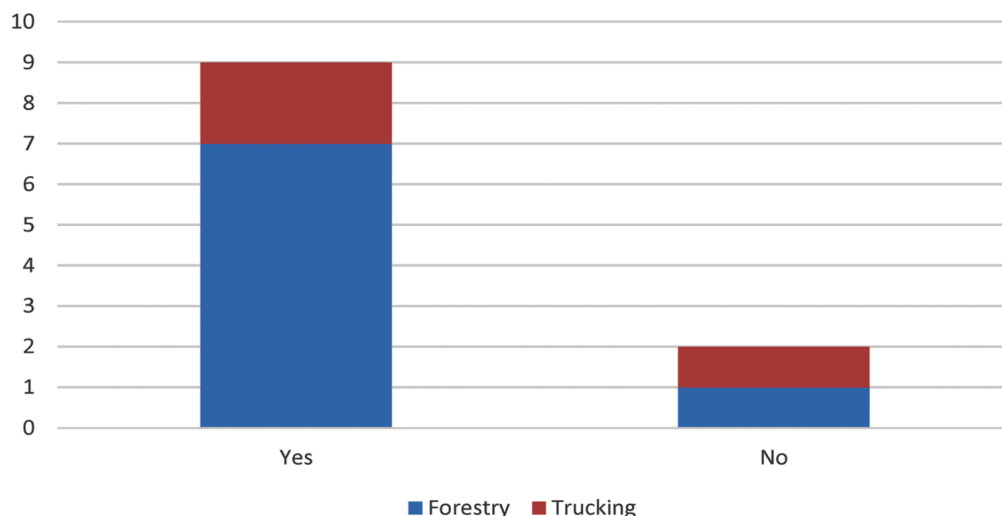
Source: Trucking HR Canada, Forestry/Trucking Employer Survey, 2022

## Causes of the Driver Shortage in Forestry

### 1) Seasonality of demand for drivers in forestry

A large majority (82%) of the survey respondents, both forestry and trucking firms, said that seasonality of demand contributed to the challenge of finding enough drivers (see Figure 3), though it should be noted that many trucking firms (five out of eight or 62.5%) elected not to answer the seasonality section of the survey. Demand for trucking services in forestry is highest between November and March and lowest from April to October.

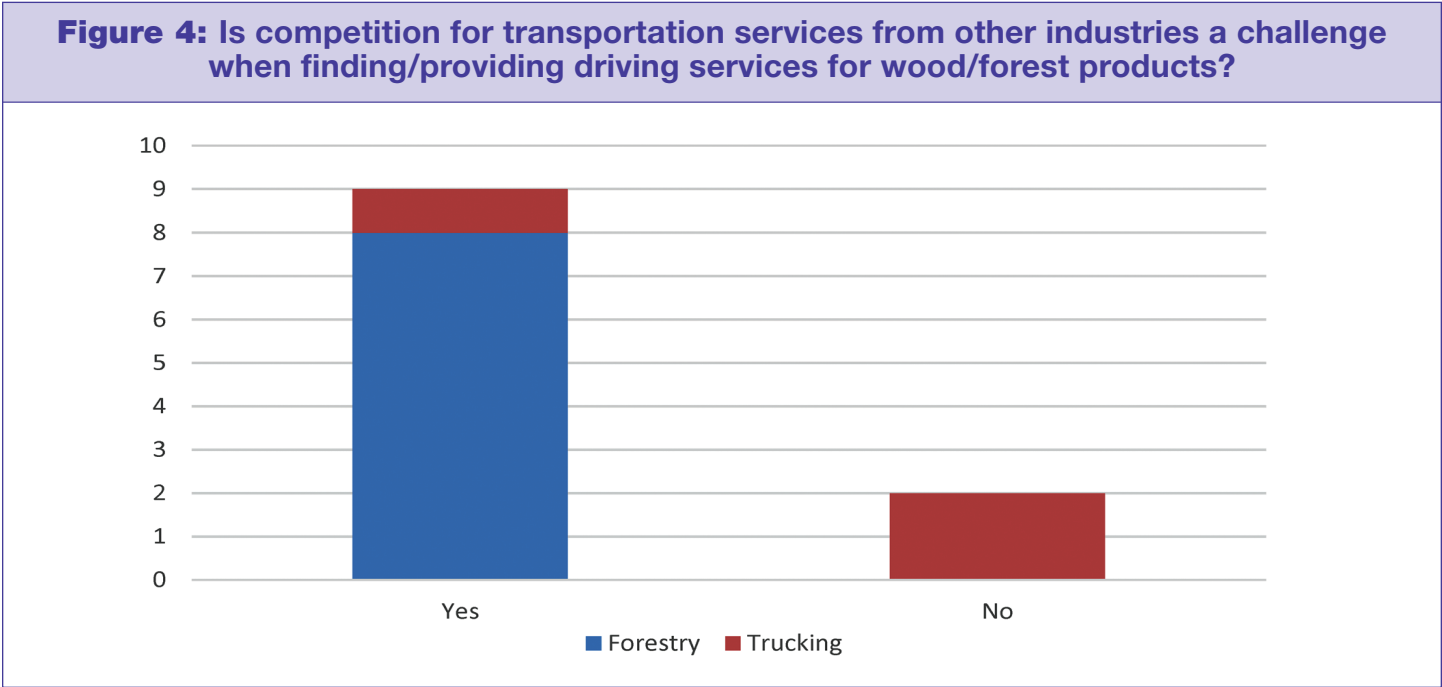
**Figure 3: Is seasonal demand a challenge for you/ your company when finding drivers?**



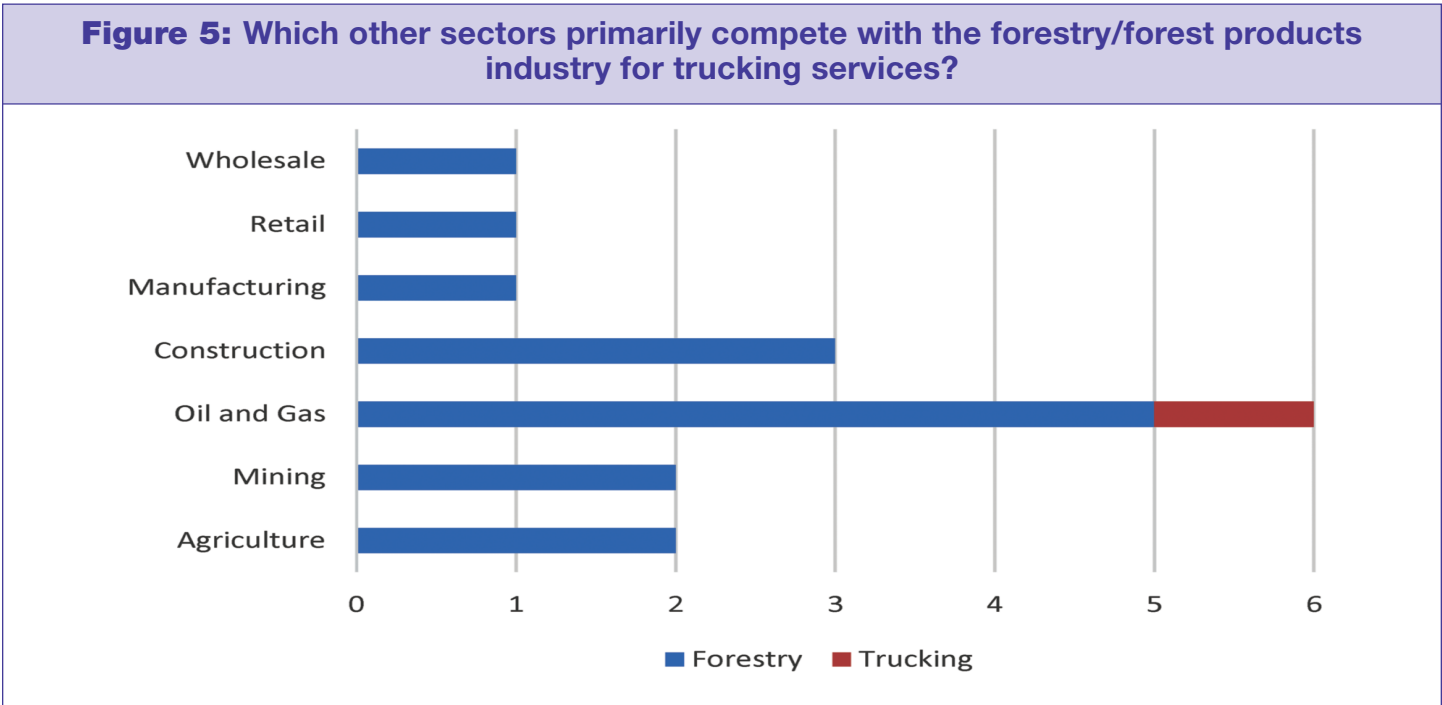
Source: Trucking HR Canada, Forestry/Trucking Employer Survey, 2022

2) Competition from other sectors

Virtually all forestry companies believe that competition from other sectors is a main reason they can't find all the drivers they require (see Figure 4). The majority of respondents see the oil and gas sector as the main competitor for truck driving services (see Figure 5). Some respondents also felt that construction, mining and agriculture were also competing with them for trucking services. Only one trucking firm reported that competition for their services from oil and gas impacted their availability to transport wood/forest products.



Source: Trucking HR Canada, Forestry/Trucking Employer Survey, 2022



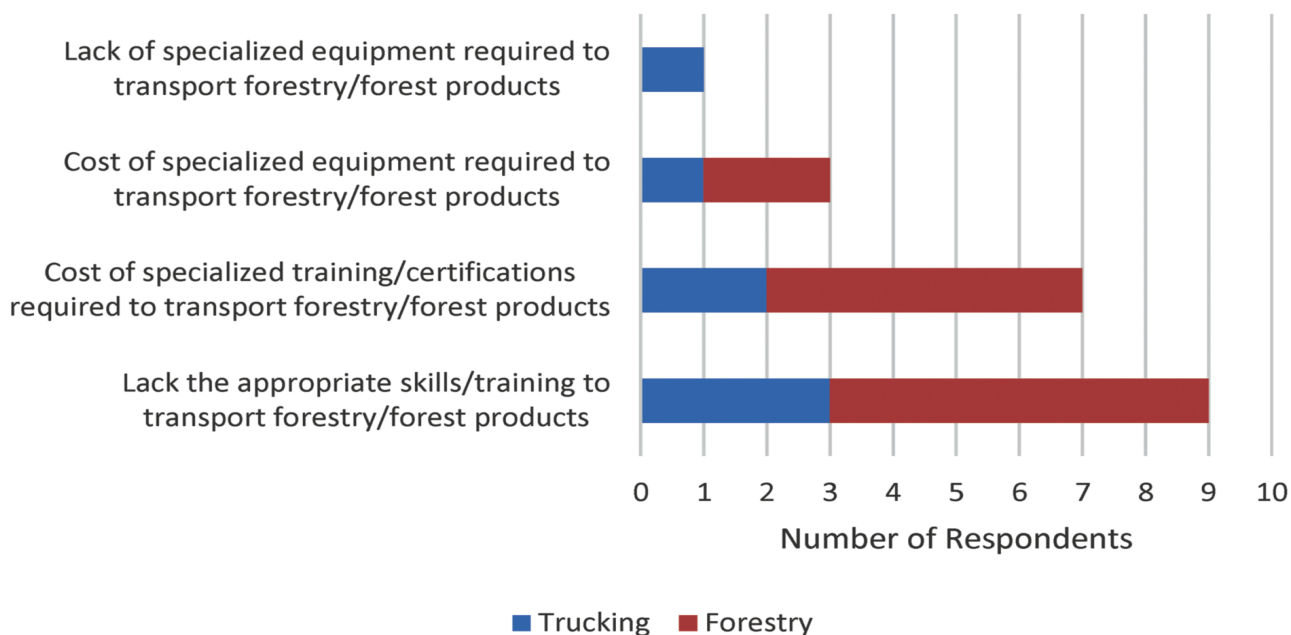
Source: Trucking HR Canada, Forestry/Trucking Employer Survey, 2022



### 3) Lack of appropriate skills and high cost of training

The majority of survey respondents (82%) said that the lack of appropriate skills/training required to transport forestry/forest products was a major challenge in finding all the drivers required. Another 64% said that the cost of specialized training and certifications required to transport wood/forestry products made recruiting drivers difficult. Finally, 27% of respondents said that the cost of specialized equipment made finding drivers a challenge. See Figure 6.

**Figure 6: Please identify other challenges you/ the company experiences when finding drivers (select all that apply)**



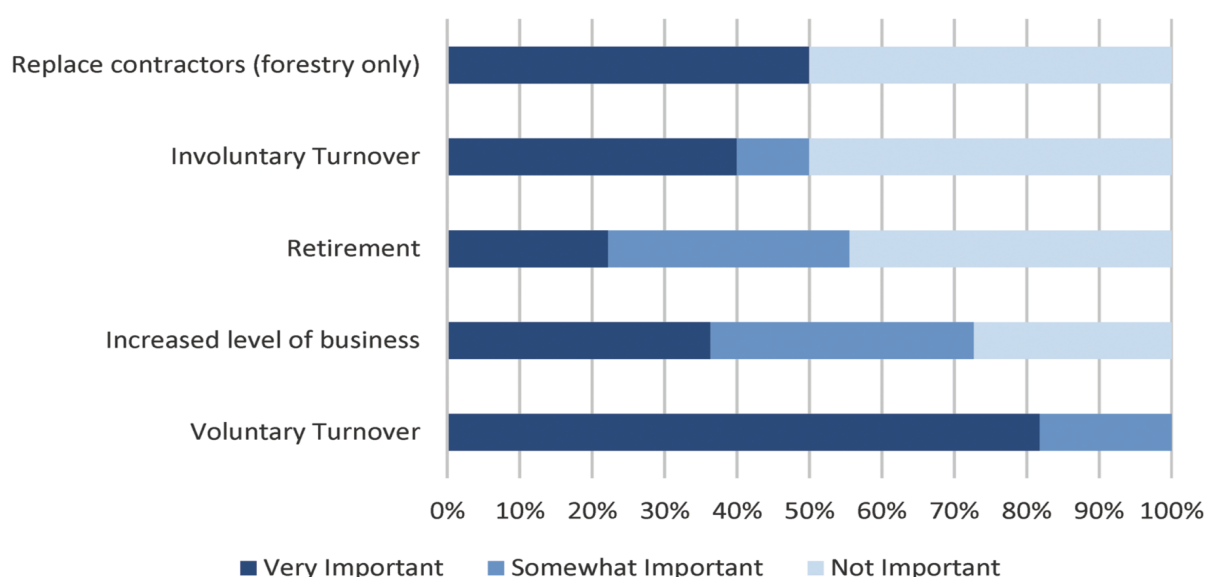
Source: Trucking HR Canada, Forestry/Trucking Employer Survey, 2022

### 4) High turn-over means many companies need to hire and train new drivers

Among all survey respondents more than 46% said that between 1% and 25% of their driving workforce was new to their company in the past year; 23% estimated that 26 – 50% of drivers were new and 23% said that 51% - 75% drivers were new. Larger companies (those reporting revenues of over \$5 million) were more likely to have new drivers working with them over the past year.

All respondents said that voluntary turn-over (employee-initiated turn-over) was a somewhat to very important reason for hiring new drivers; 73% said increased levels of business was somewhat to very important; 50% said retirement was somewhat to very important and 45% said involuntary turnover (dismissal, permanent lay-off, contract termination) was somewhat to very important (see Figure 7). Amongst forestry respondents, replacing contractors who were no longer available was considered somewhat to very important by 50% of respondents.

**Figure 7: Using the past 12 months as your reference period, why did you need to hire new drivers? (Please rate the following reasons)**



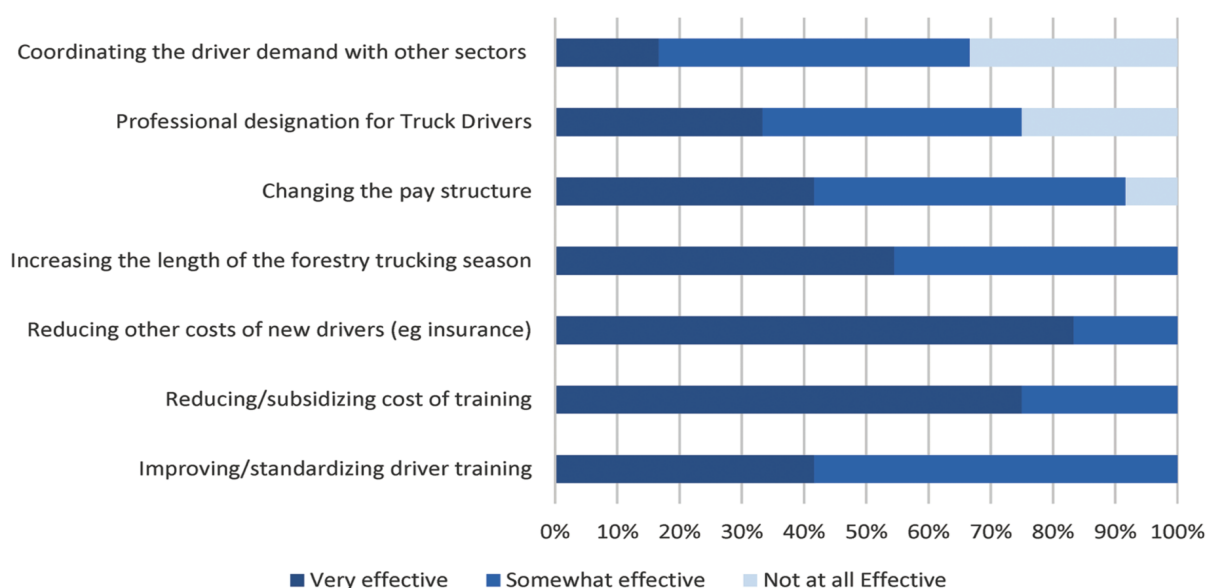
Source: Trucking HR Canada, Forestry/Trucking Employer Survey, 2022

## Strategies to Attract New Truck Drivers to Forestry

All survey respondents said that they believed improving/standardizing training, reducing/subsidizing training costs for forestry drivers and reducing other costs associated with new drivers (e.g., insurance costs) would be very/somewhat effective as strategies for attracting new drivers to the industry. See Figure 8.

Over 90% of respondents said that increasing the length of the forest products driving season in Alberta and changing the pay structure for forestry drivers would be effective strategies to increase the number of drivers entering the labour force. Professionalization of the truck driver occupation in Alberta was seen as very/somewhat effective by 75% of survey respondents. Coordinating the demand for drivers between forestry and other sectors was deemed to be very or somewhat effective by two thirds of the survey respondents, although it was interesting to note that trucking companies were more likely to say this strategy would be effective than were forestry companies. In fact, 43% of forestry companies felt that coordination of demand between sectors would be not at all effective.

**Figure 8: How effective do you believe the following strategies would be in attracting and/or retaining more truck drivers to work in Alberta's forestry/ forest products industry?**



Source: Trucking HR Canada, Forestry/Trucking Employer Survey, 2022

## Narrative Comments from Survey Respondents and Key Industry Stakeholders

- Need for accurate LMI**

Comments received describe how trucking is a critical part of the supply chain in forestry, as other modes of transportation, such as rail, cannot support this industry effectively. The lack of accurate LMI data about the industry's driver shortage is consequently a key finding of this study.

- Understanding driver turn-over**

To understand the driver shortage, more detailed data about driver turn-over is needed. Specifically, an expressed desire to explore how much voluntary turn-over is due to drivers leaving forestry in favour of other industries and how much is attributed to drivers/contractors moving to a different forestry company. Many survey respondents stated that finding, training and retaining drivers is hampered by the seasonal nature of the forestry trucking season in Alberta. Driving jobs in forestry are seen as unstable and many employers blame high turn-over on the fact that drivers who are trained in forestry trucking are quickly able to find permanent positions hauling goods in other, year-round industries.

- Training and other on-boarding costs**

A concern for the length of time and the cost of training and on-boarding new drivers was shared by many. Key informants noted that forestry truck driving is not an entry-level position but is part of specialized freight transportation. The training cycle with new forestry drivers begins in the summer and continues with several weeks of practice driving at the beginning of the winter hauling season on ice-roads. The practice driving is done with two drivers per truck, one experienced and the other learning, which almost doubles the wage costs per load.

Many also said that the cost of insuring younger drivers with less experience can be prohibitive – either in the form of higher premiums for drivers under 25 or with less than five years experience, or in the form of much higher deductibles.

- **Seasonality and coordination of driving services between sectors**

Key informants told Trucking HR Canada that the seasonality issues underpinning the driver shortage in Alberta's forestry sector has been an issue companies have faced for a number of years. Some other sectors, such as agriculture, also have seasonality issues around driving services. Some individual forestry companies are already successfully coordinating their demand for drivers with other sectors, though specific details of how this intersectoral coordination works were not reported.

- **Other factors<sup>3</sup>**

A few respondents said that “just in time delivery” and “stump to dump” contracting models favoured by large (multinational) forestry companies cause more of the capital costs and risks to be shifted onto logging and trucking contractors. These models prevent the contractors from being able to offer stable employment to their operators, including truck drivers.

The issue of perceived discriminatory behaviour on the part of traffic enforcement towards log hauling trucks in Alberta was noted. The concern is that owner-operators are being discouraged from working in forestry because of alleged biases against logging trucks which can cause long delays.

## Recommendations

All survey respondents said that they believed improving/standardizing training, reducing/subsidizing training costs for forestry drivers and reducing other costs associated with new drivers (e.g., insurance costs) would be very/somewhat effective as strategies for attracting new drivers to the industry. See Figure 8.

Over 90% of respondents said that increasing the length of the forest products driving season in Alberta and changing the pay structure for forestry drivers would be effective strategies to increase the number of drivers entering the labour force. Professionalization of the truck driver occupation in Alberta was seen as very/somewhat effective by 75% of survey respondents. Coordinating the demand for drivers between forestry and other sectors was deemed to be very or somewhat effective by two thirds of the survey respondents, although it was interesting to note that trucking companies were more likely to say this strategy would be effective than were forestry companies. In fact, 43% of forestry companies felt that coordination of demand between sectors would be not at all effective.

As shown in Figure 8, survey respondents felt that top strategies for attracting new truck drivers to the forestry sectors would include: improving/standardizing driver training; reducing/subsidizing the cost of training drivers, and; reducing other costs associated with new drivers (e.g., insurance costs).

Based on the study's findings, including the comments and feedback received during the consultation process, the following recommendations have been formulated:

- 1) Continue to support the collection and analysis of sector labour market data, including the assessment of the nature of driver turn-over through industry-based employer surveys<sup>4</sup>.

<sup>3</sup> The other issues included in this section are mentioned for the sake of completeness of reporting and are beyond the scope of this research to address.

<sup>4</sup> Response rates would need to be increased in order to improve the reliability of the survey data collected.

- 2) Consider standardizing training for wood and wood-products drivers.
- 3) Support the consistency of in-house training programs between employers so that drivers moving from one company to another don't have to repeat training they have already taken.
- 4) Explore the potential to link discounted insurance rates to completion of prescribed training.
- 5) Assess best and promising practises of forestry companies who are currently coordinating seasonal demand for drivers with other sectors. Sharing these best practices with other forestry companies may help change how employer perceive working alongside other sectors.
- 6) Evaluate the potential to "scale-up" intersectoral collaboration across the province to address the driver shortage.

## Resources

Trucking HR Canada provides numerous supports to the trucking and logistic industry. The following programs and resources designed for industry employers can offer companies who provide transportation services to the forestry and forest products industry with help in addressing their labour market challenges.

- 1) **The Career Expressway Program** (<https://truckinghr.com/career-expressway-thrc/>) is a suite of financial incentives designed to help trucking and logistics employers recruit, train and retain talent. Employers nationally can access support for driver training, student internships and youth which has and continues to help employers with their recruitment and retention efforts.
- 2) **The HR Resource Library** (<https://truckinghr.com/hr-training-resources/>) is a comprehensive collection of free practical up-to-date guides, tools and templates designed for industry employers to support effective human resources management. The resources cover a number of topics including how to build inclusive workplaces. Through other project work, the Government of Alberta has funded the development of resources that are currently available in the library.
- 3) **Trucking Careers GPS** (<https://truckingcareersgps.com/>) is an interactive online resource where career-seekers can learn about the industry, careers offered, and how their skills can be put to work.
- 4) **National Occupational Level Training Standard for Truck Driver** is a new project beginning January 2023 that will develop a standard for driver onboarding/ finishing training programs deployed by employers and driver training schools. Trucking HR Canada will work with industry employers, driving schools and insurance to design a training standard the meets the needs of today's truck drivers and bridges the gap between MELT training and on the road readiness.
- 5) **Industry Labour Market Information** (<https://truckinghr.com/labour-market-information/>) – Trucking HR Canada continues to publish the most accurate and up to date industry LMI to help describe the labour market and facilitate better decision making by employers, workers, job seekers, policymakers, educators, academics, students, parents and more.