

## Trucking Disruption of Terminal Operations at Port Metro Vancouver

The operations within marine terminals at Port Metro Vancouver have resumed and are in a recovery mode following a 28 day withdrawal of services by non-union truckers and a subsequent strike called by Unifor-VCTA owner-operators during the later period of the truckers dislocation to port operations. This dislocation follows a similar 47 day work stoppage in 2005 pertaining to drayage compensation and escalating fuel prices, which was exacerbated by price undercutting practices by some drayage carriers and terminal delays being encountered to handle container traffic at the port.

The most recent dislocation held up cargo with an economic value in the order of \$750 to \$885 million per week and thus negatively impacted the regional, provincial and national economy by approximately \$3.5 billion. The B.C. Provincial Government, along with assistance from the Federal Government and Port Metro Vancouver brokered a sidebar deal with UTA and Unifor without input from the trucking sector or other stakeholders to get the trucking entities and port operations functioning again under a Joint Action Plan, which includes the involvement of Mr. Vince Ready, federally appointed facilitator.

The results of the above dislocation have seriously damaged the reputation of Port Metro Vancouver, as the 4th largest port in all of North America handling more than half of containers that go through Canadian Ports<sup>1</sup>. Some 2,825,475 TEU's (twenty foot equivalents) were handled during 2013 according to PMV statistics<sup>2</sup>. Approximately 4500 ILWU longshore personnel are employed in local port operations. The ILWU are working under an unprecedented 8 year negotiated contract intended to provide labour stability in the Gateway which has been disrupted, yet again, by this most recent 28 day work stoppage by truckers.

Port Metro Vancouver is the landlord of the port's federally-owned land. It does not operate the container terminals, it does not contract with shippers, it does not employ truckers, nor does it have any jurisdiction to intervene in any way with negotiations between truckers, their employers and government. Coming out of the 2005 resolution, the port introduced the Truck Licensing System (TLS), which has become one of the mechanisms that caused Port Metro Vancouver to be an involved party. Furthermore, in December 2011, Port Metro Vancouver launched a stakeholder engagement process to develop a broadly supported, long-term vision for the container trucking sector that would enhance the Port's global position as a sustainable and competitive supply chain leader. In February 2013, Port Metro Vancouver announced its Smart Fleet trucking strategy, a three-year action plan to achieve excellence in the local container trucking sector. Smart Fleet is a plan that is guiding the work with industry and government to drive performance, accountability, sustainability and transparency within the container drayage supply chain.

The introduction of a Reservation system wherein the trucking industry is required to secure a reservation to pick-up or to delivery laden or empty containers is currently considered to be seriously flawed. The system is unable to provide sufficient and timely reservations with any reasonable degree of reliability. It frequently impedes the flow of container traffic and is adversely affecting Vancouver's reputation as a Gateway for container trade to and from global markets.

There are numerous issues facing the drayage sector including the conflicting employment and contractual arrangements between drayage carriers with various of unions and non-union truckers. Some truckers are employees of drayage firms and are paid on an hourly basis and others are dependent operators paid on a per trip basis, which results in various levels of earnings and compensation depending on the port turn time achieved for trucks. Over the years, despite set rates for non-unionized, independent container truckers, there has been systemic undercutting of those rates by as much as 50%. Marine terminal service levels have also exacerbated the situation.

The most recent withdrawal of services was achieved by a small core of owner-operators intimidating and harassing drivers who would have otherwise preferred to work. Unfortunately, for the most part this illegal activity was not subject to police enforcement. This is not to suggest that the trucking industry does not have valid issues deserving of addressing – which is acknowledged by all parties.

<sup>1</sup> Shipping in Canada 2008, *Statistics Canada*

<sup>1</sup> Port Metro Vancouver Website, Facts and Stats

The fact that, for the most part, the withdrawal of port services was perpetrated by non-unionized owner-operators who only represent a portion of the container truckers and the support by 1 union (UNifor) representing 12 companies created extreme challenges. The task in dealing with a multitude of individual competing trucking firms and independent operators can be onerous for Vince Ready to make recommendations to the assorted parties being trucking firms, trucking owner operators, terminal operators and Port Metro Vancouver as well as the provincial and federal governments. Understandable concern within the industry questions whether this latest round of concessions merely represents a “band-aid” solution which may not lead to long-term stability and be subject to repeat performances of labour strife.

This latest disruption in handling container traffic has been devastating to both shippers and importers. For smaller companies, the ability to divert traffic to other ports has been extremely limited, costly and in some cases prohibitive. Shippers and importers have been held hostage to this strife and severely penalized with storage charges for substantially inaccessible cargo in terminals because drivers were being threatened and their employer/contractor trucking companies chose not to subject them to harm. Storage charges of several hundreds of dollars per day have resulted in the closure of a number of small businesses.

The severity of the damage caused by the 47 day work stoppage by truckers in 2005, coupled with the 28 day stoppage in 2014, prompts Industry to have grave concerns as to whether this latest round of appeasement merely represents a “band-aid” remedy instead of a permanent solution. Will exporters and importers be subject to continuing repeat performances of labour strife of this nature in the not too distant future?

Following the 2005 trucking disruption, the Federal Task Force review produced certain recommendations that have not been implemented. This latest trucking disruption will serve to justify inquiry into referenced Report, review and update subsequent developments with a view to developing long range solutions with potential regulatory requirements.

Therefore, it is submitted that these issues are deserving of careful examination to better determine long term solutions.

### **Recommendations**

That the federal government with the relevant provincial/territorial governments, implement appropriate actions after:

1. Instituting an official inquiry into the intricacies of the convoluted employment of union and non-union truckers under conflicting conditions.
2. Examining the legal ramifications of such employment under prevailing legislation and/or regulations within both provincial and federal laws.
3. Exploring “best practices” of trucking employment in other comparable port jurisdictions recognized for stable trucking employment to determine how they manage the relationship.
4. Including industry representation throughout the process in order to provide the necessary context and help ensure the resulting recommendations are practical and will achieve long-term stability