

Trucking Disruption of Terminal Operations at Port of Vancouver

Container operations at Port of Vancouver were disrupted in 2014 by a 28-day withdrawal of services by non-union and unionized container truck drivers. A similar 47-day work stoppage occurred in 2005 and pertained to escalating fuel prices, practices of undercutting driver pay by some container drayage (transport) carriers and operational delays encountered by truckers at marine container terminals.

The 2014 stoppage affected the regional, provincial and national economies with an approximate economic impact of \$750 to \$885 million per week, for a total of \$3.5 billion. The B.C. provincial government and the federal government mutually agreed to a deal, known as the *Joint Action Plan*, with truck drivers to get them back to work. Federally-appointed facilitators Vince Ready and Corinn Bell were also involved in facilitating the agreement and its implementation. It is important to note that the container drayage sector is provincial jurisdiction, marine ports are federal, and marine terminal container operators are privately held.

The Port of Vancouver is the third largest port in all of North America, and handles close to 20 per cent of all Canada's trade by value, including more than half of the total containers that go through Canadian ports.¹ Approximately three million TEUs (twenty-foot equivalents) were handled during 2016 according to Vancouver Fraser Port Authority statistics.² The approximately 4,500 ILWU longshore personnel employed in local port operations work under an unprecedented multi-year negotiated contract intended to provide labour stability in the gateway.

The Vancouver Fraser Port Authority is the landlord of federally-owned port land, leasing it to independent container terminal operators. The mandate of the port authority is to safely facilitate the movement of goods and passengers through the port while protecting the environment and considering local communities. The port authority does not directly operate marine terminals, but does control access to port lands. Shipping lines contract with terminals, and shippers contract with trucking companies, who in turn run their own operations, negotiating service contracts with customers and employment contracts with their driver base.

After the 2005 disruption, the federal government created a task force to provide recommendations to prevent further disruptions. Two key recommendations were the implementation of a mandatory truck licensing system (TLS) and a container terminal reservation system wherein the trucking industry is required to secure a reservation to pick-up or deliver laden or empty containers. Both recommendations were implemented with some success, though problems that caused the earlier disruption persisted, particularly undercutting of rates and not enough work for the drivers licensed to work at the port.

Although not directly in control of operations, the port authority has an interest in container trucking and service reliability at the Port of Vancouver to ensure the port's international competitiveness and reputation for reliability in the interests of Canada's trade. In December 2011, the port authority 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, the port authority announced its Smart Fleet trucking strategy, an action plan to achieve excellence in the local container trucking sector. Smart Fleet continues to guide work with industry and government to drive performance, accountability, sustainability and transparency within the container drayage supply chain. Despite those efforts, the 2014 disruption by truck drivers took place due to the perceived failure of the port community to address driver complaints about delays and waiting time at port container terminals, among other concerns.

After the 2014 disruption, and as part of the *Joint Action Plan*, immediate efforts were made to reform and improve the TLS and reservations programs, including introduction of night gates and a directive to implement a common reservation system.

The Province of B.C. gained responsibility, through the new *B.C. Container Trucking Act*, for issuing trucking companies a "Container Trucking Services License" to access the Port of Vancouver, while the Vancouver Fraser Port

¹ Shipping in Canada, *Statistics Canada*

² www.portvancouver.com

Authority issues commercial access agreements to B.C. Container Services License holders. Further to the new *Container Trucking Act*, the Province of B.C. passed legislation to regulate competing owner-operators and employee drivers' earnings through creation of the Office of the BC Container Trucking Commissioner (OBCCTC), with responsibility to enforce compensation and oversee the TLS and the management of truck "tags" for individual truck access to the port.

With respect to the common reservations system, the intent is to provide a shared platform for users accessing any of the container terminals. There are four container terminals run by three operators. In addition to GPS truck tracking which is already in place, the shared platform would provide industry with greater transparency into operational performance metrics, including reservation slot availability, and facilitate more round trips for Port of Vancouver users. The reservation system is not yet in place. It is being developed by terminals through upgrades to their software operating systems and involves agreement among stakeholders on the shared interface.

The outcome of the work directed by the *Joint Action Plan* has been generally successful with driver turn times at the Port of Vancouver leading in North America, and drivers now being compensated for exceptional delays.

However, despite enhancements to container operations, including the addition of a second eight-hour shift for trucks to ease congestion and increase fluidity, challenges remain on a number of administrative issues including rate undercutting and non-compliant pay practices. Since the 2014 disruption, there is still unrest in the sector and a widely held view that the container drayage industry is oversubscribed with too many parties competing for the existing business, limiting the earnings available for many drivers.

Issues remain that need to be addressed in order to bring greater stability to this sector.

The current reservation protocol has inefficiencies that have resulted in unintended consequences, including challenges to efficiently coordinate the pick-up and drop-off of containers at the container terminals.

Additionally, restrictions in the TLS program's licensing component of truck tag management by the OBCCTC, initially in place to manage the supply of trucks against the number of containers, has unintentionally posed a barrier that is preventing TLS trucking companies from free market competition. They cannot secure new tags, nor can they surrender them when business is slower for fear of not being able to regain them in the future.

Although the Port of Vancouver has stringent environmental requirements for container trucks in the TLS program, inefficient truck moves and excess wait times between reservation windows to achieve the efficient utilization of trucks, plus frequent elongated turn times at the port, pose a negative impact on air emissions, the need for drayage companies to deploy larger fleets of trucks, and overall increased traffic congestion.

The container supply chain and trucking industry is complex and resolving supply chain inefficiencies is very challenging. However, it is clear that all stakeholders seek solutions for a reliable container sector, including stabilization of container trucking.

Recommendations

That the federal government with the relevant provincial/territorial governments:

1. Undertake a comprehensive rapid review of the 2014 *Joint Action Plan* to develop a long-term sustainable solution;
2. Ensure that revisions incorporate relevant data transparency and mutual accountability of supply chain participants to optimize efficiency and improve cost competitiveness for the entire supply chain; and
3. Include relevant industry representation throughout the review and implementation process in order to provide the necessary context and help ensure the resulting revisions are practical and will achieve long-term stability.