



British Columbia  
Maritime Employers  
Association

*Serving the ports of British Columbia*

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December 8<sup>th</sup>, 2008

To: All ILWU – Local 514 Members

**Re: Status of Bargaining – as of December 5, 2008**

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As you are aware, the BCMEA and ILWU Local 514 have been bargaining since April 2008 for a renewal of the Collective Agreement that expired on March 31, 2007.

In an effort to move the parties along to reach agreement the BCMEA bargaining team has made three consecutive efforts within the last three weeks, which are as follows:

**First Effort**

1) **November 20, 2008** the BCMEA tabled a comprehensive proposal, which provided for the following:

- Agreement that all side letters will be renewed as written except as otherwise provided for - see Appendix “A” on the BCMEA Web site [www.bcmea.com](http://www.bcmea.com) by clicking on the "BCMEA & 514" negotiations link;
- Confirmation of agreed to changes to date - see Appendix “B” on the BCMEA Web site [www.bcmea.com](http://www.bcmea.com) by clicking on the "BCMEA & 514" negotiations link;
- A monetary offer, which included the following for Foremen:

**A. TERM OF COLLECTIVE AGREEMENT (DURATION) from April 1, 2007 to and including March 31, 2010.**

**B. Wages:**

**Straight time Base Rate in effect in last year of expired contract was \$ 41.28 (Jan 1, 2006)**

Effective April 01, 2007 add \$1.53 new straight time base rate = \$ 42.81

Effective April 01, 2008 add \$1.60 new straight time base rate = \$ 44.41

Effective April 01, 2009 add \$1.60 new straight time base rate = \$ 46.01

These proposed wage rates are 4/3rds of the wages agreed to with the recent ILWU CANADA Longshore Collective Agreement settlement.

Retroactive pay will be from April 1, 2007 to date of implementation of the new rates.

### C. Modernization and Mechanization Payments

Increased M&M payments as follows:

Effective April 01, 2007 – from \$ \***58,750** to \$**63,750 (increase of \$5000)**

Effective April 01, 2008 – from \$ \***63,750** to \$**66,250 (increase of \$2500)**

Effective April 01, 2009 – from \$ \***66,250** to \$**68,750 (increase of \$2500)**

**\*Note this total figure includes the + \$2750 (sub money allocation) and matches the increase that was agreed with the ILWU CANADA Longshore Collective Agreement settlement.**

### D. Additionally, the BCMEA has indicated the following:

It was prepared to discuss where the parties place \$0.50 (fifty cents) spread over the term of a three year contract, as long as it was not on wages. The BCMEA indicated to ILWU Local 514 that historically the parties have allocated these monies into benefits and that was communicated to representatives of ILWU Local 514 on November 20, 2008.

In response to this package, which represented an increase of 11.97% over three years (which matches the agreed increase to the ILWU CANADA Longshore Agreement), representatives from ILWU Local 514 were not prepared to move off their remaining bargaining position, which included the following items (note: both parties agreed to withdraw all other bargaining proposals for foremen):

- 1) The Union demand to add Squamish Travel time to Delta Port into Article 24 of the Collective Agreement;
- 2) The Union demand to add Accidental Death & Dismemberment (“AD&D”) as a new benefit under the terms of the exiting Welfare Plan;
- 3) A Union demand to increase the Pension Floor (minimum employer funding per year) from three million dollars to seven million dollars;
- 4) Re-write of Appendix 1 (Supplemental Manning Agreements for Squamish Terminals, Kinder Morgan Vancouver Wharves, and Pacific Coast Terminals Co. Ltd.); and
- 5) A 13% total package cost over three years.

### **Second Effort**

Again on November 20, 2008 and in an effort to move the process towards achieving a Collective Agreement, the BCMEA agreed to add AD & D as a benefit under the terms of the existing Welfare Plan Agreement. The BCMEA made this offer, in good faith, to move the process along and the BCMEA did so notwithstanding that it had originally taken the position that it would not be prepared to add AD & D as a benefit under the terms of the existing Welfare Plan Agreement.

Additionally, the BCMEA proposed that the parties revert to the status quo for Appendix 1. In other words, that the parties agree to continue to be bound by the changes that have occurred to the Memorandums of Agreement for Pacific Coast Terminals, Squamish Terminals and Kinder Morgan formerly Vancouver Wharves.

Despite these efforts by the BCMEA bargaining team ILWU Local 514 remained unwilling to move off of their bargaining demands as outlined above.

### Third Effort

On Friday November 28, ILWU Local 514 raised three questions regarding the costing methodology used by the BCMEA in the way it calculated the costs for the renewal of the expired collective agreement:

1. The Head Foremen premium should be separated out from the wage calculation to get net Foremen wages after the 4/3rds wage increase has been applied;
2. Fares, meal allowances and boot allowances should be included in the base costs;
3. The costing of the M&M benefit should be based on the service costs (actual cost experience per year) as opposed to the earned benefit approach taken by the BCMEA.

In response, the BCMEA provided the following:

1. On December 5, 2008 the BCMEA indicated that the costing of the Head Foremen premiums is consistent with the 1999 and 2002 agreements and has never been segregated in the manner now proposed by the ILWU Local 514 bargaining committee;
2. The BCMEA has never added boot or meal allowances in the costing of a labour agreement and did not do so in the recent settlement with ILWU CANADA;
3. In this round of bargaining the BCMEA did change the way it calculated the cost of the Modernization and Mechanization benefit. The difference is that the BCMEA has moved to a fully funded benefit. In order to provide maximum protection to the industry's longshore and foremen employees, M&M benefits totalling \$31 million have been recognized and recorded on the BCMEA audited financial statements. This was a requirement under current accounting rules that were phased in since the 2003 rounds of collective bargaining with both longshore and foremen on advice from our accounting / auditing firm which recommended that we calculate and report the full monetary liability associated with Employee Future Benefits, including the Modernization and Mechanization benefit.

The BCMEA applied the same approach to the costing methodology for M&M benefits in the 2007 and 2008 round of collective bargaining with ILWU CANADA and the Longshore Locals it represents.

Again in an effort to move the process along on December 5, 2008, the BCMEA agreed with ILWU Local 514's position on separating out the Head Foremen premium from the wage calculation **provided** ILWU Local 514 agreed to drop its demand to add Squamish Travel time to Delta Port into Article 24 of the Collective Agreement and that it agree to no change to Appendix 1. The BCMEA's agreement to separate out the Head Foremen premium from the wage calculation added an additional 15 cents across three years or a total of \$0.65 that was available to be allocated to benefits. However, the total package cost over three years remained at 11.97%.

Despite these efforts by the BCMEA bargaining team, ILWU Local 514 remained unwilling to move off of their bargaining demands as outlined above. The BCMEA regrets ILWU Local 514's decision to not respond to these good faith attempts to move the bargaining process along to a successful conclusion.

In the light of this, the BCMEA bargaining team does not see any purpose, for the time being, for any further involvement in the conciliation process.

The BCMEA bargaining committee remains ready and willing to meet further if ILWU Local 514 is prepared to engage in a dialogue that will move the parties towards achieving a renewal of the expired Collective Agreement.

Yours truly,

**THE BCMEA BARGAINING COMMITTEE** on behalf of

**General Terminal (Break Bulk) Operators Sub-Class**

Associated Stevedoring Co. Ltd.  
Cerescorp Company  
Empire Grain Stevedoring Ltd.  
Louis Wolfe & Sons (Vancouver) Ltd.  
Pacific Rim Stevedoring Ltd.  
Pacific Stevedoring & Contracting Co. Ltd.  
PCDC Canada Ltd.  
Squamish Terminals Ltd.  
Vancouver Shipping Agencies Ltd.  
Western Stevedoring Company Limited  
Western Stevedoring Terminal Operations Ltd.

**Container Terminal Operators Sub-Class**

DP World (Canada) Inc.  
Fraser Surrey Docks LP  
Maher Terminals of Canada Corp.  
TSI Terminal Systems Inc.

**Bulk Terminal Operators Sub-Class**

Fibreco Export Inc.  
Kinder Morgan Canada Terminals ULC  
Neptune Bulk Terminals (Canada) Ltd.  
Pacific Coast Terminals Co. Ltd.

CC: All BCMEA Members  
Canada Industrial Relations Board  
Mr. Bill Lewis  
Mr. John Rooney