

**BRITISH COLUMBIA
MARITIME EMPLOYERS
ASSOCIATION**



BCMEA

**2003
ANNUAL
REPORT**

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CHAIRMAN'S REPORT

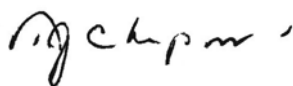
As Chair of the Board I am pleased to report that during 2003 your Board of Directors made significant progress on a number of important fronts. With a Collective Agreement in place until March 2007 we began the process of looking forward to ensuring the Association's continued responsiveness to Industry needs today and into the future. To this end we began to examine the issue of Board governance to ensure our structure, operating methods and procedures reflect the principles of good governance associated with today's effective and efficient Board structures.

The foregoing objective culminated in a two-day working session facilitated by board governance specialists who clarified and refined our focus on matters such as committee types and specific roles each committee would play in furthering the Association's mission and purpose. Following these working sessions, terms of reference were developed for each committee including the creation of a Governance Committee whose mandate is to oversee the issue of board governance on an ongoing basis. I am pleased to report that while the governance process continues to evolve, the new committee structure is working well and is proving of value to the Board as a whole. The realignment in focus of the Board will continue to be adjusted to ensure that all Directors are actively involved in Association governance.

Another issue that your Board dealt with during 2003 was the issue of safety. As you are aware, in 2002 the Board set safety as the Association's number one priority. To ensure that safety receives the highest priority, the Board struck the Industry Policy Safety Committee to oversee new safety initiatives. A Board member was selected to chair the committee and the process is proving to be effective in ensuring that we do not lose sight of our objective to significantly improve safety on the waterfront.

This is the first time that the Association's Chair has provided a report in the Annual Report. Furthermore, I am pleased to announce that beginning next year a report will be provided by the Chair of each Board Committee to apprise you of the issues being dealt with, together with the progress being made.

On behalf of the Board of Directors I would like to thank Association Staff for their continued hard work and support.



T. J. Chapman
Chair
February 16, 2004

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REPORT

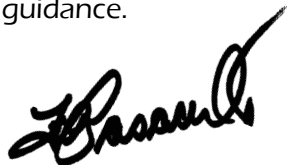
The year 2003 was marked by a number of exciting, significant developments for the BCMEA. Collective Bargaining that had commenced in September 2002 concluded when a tentative agreement was reached in late February 2003. The Collective Agreement was ratified by the Parties in March 2003. The negotiation was a milestone for the Industry as it was the first time since 1966 that an agreement was reached without the assistance of a third party.

Next, the Association shifted attention to its new priority of improved health & safety on the Waterfront. A Director of Health & Safety was hired and the Association embarked upon an ambitious plan to reduce accident frequency by 20% per annum over the next three years. Significant results have already been realized. Accident frequency during 2003 dropped by just over 20%. A variety of initiatives were developed to support the main objective of accident reduction that include, accident investigation training, management & supervisory safety training, risk hazard analysis training and implementing a centralized accident reporting system, to name just a few.

The Association co-partnered with the Vancouver Port Authority to undertake the responsibility of issuing Port Security Photo Identification for longshore and casual employees and member company employees on an as required basis. As part of the ever expanding issue of Port Security the Association began issuing photo identification in early Spring. By year end the majority of all employees on the West Coast were issued their photo identification. The Association and the Vancouver Port Authority also coordinated efforts to provide an on-line training package for management, contractors, truckers, company security officers and members of the ILWU to ensure that Member Companies are compliant with the July 1, 2004 implementation schedule for the International Ship & Port Security Code ("ISPS"). This initiative is intended to ensure a uniform approach to implementation of security across the Waterfront. The Association was also at the forefront in the development of a coordinated national coalition to lobby the Federal Government for funding to reimburse Members for security infrastructure investment required to meet the ISPS Code. To assist in the most comprehensive lobbying effort ever undertaken by the Industry the Association has retained the services of a lobbyist and a public relations firm.

The Association also organized two Board retreats; one to deal with the issue of governance and the other to agree on performance standards for the Association's goals and objectives.

I would like to take this opportunity to express my appreciation to those of you who have contributed so much to the Industry and Association during 2003. Many thanks to the Board of Directors, the Staff and our Standing and Sectoral Committee Members for their advice and guidance.



Frank A. Pasacreta
President and Chief Executive Officer
February 16, 2004

COMMITTEES

Joint Industry Labour Relations Committee

No formal meetings of the Committee were held in 2003. The two co-chairs conducted the year's business informally.

Joint Industry Labour Relations Sub-Committee

The Committee met on five occasions during 2003 to deal with two grievances and nine summary dispositions. One grievance was resolved and the other was referred to Industry Arbitration. Of the nine summary dispositions, the Association withdrew two appeals and the Union withdrew six appeals. At year end, there were no grievances and one summary disposition was held in abeyance pending discussions at the post bargaining Grain Committee.

PORT LABOUR RELATIONS COMMITTEE

Bulk Sector

No formal meetings of the Committee were held in 2003. Matters were resolved on an informal basis, to the satisfaction of the parties.

Ship Owners and Stevedores Sector

No formal meetings of the Committee were held in 2003. Matters were resolved on an informal basis, to the satisfaction of the parties.

General Wharf Operators Sector

The Committee met on two occasions during 2003. Both meetings dealt with Union grievances involving a discharge and subsequent action on the part of the Association. One grievance was referred to the Industry Arbitrator wherein the Arbitrator upheld the imposition of discipline but reduced the quantum of the suspension. The remaining grievance is currently before the Sub-Committee of the Joint Industry Labour Relations Committee.

**Chemainus Port Labour Relations Committee
Prince Rupert Port Labour Relations Committee
New Westminster Port Labour Relations Committee**

No formal meetings of the Committees were held in 2003. Matters arising within the Port areas were resolved on an informal basis, to the satisfaction of the parties.

Vancouver Island Committee

The Vancouver Island Committee met twice in 2003. The Committee primarily discussed means to deal with shortages, workforce size, shift extensions and training.

Joint Safety Committee

The Joint Safety Committee met four times in 2003. Discussion of accident statistics will be a standing item for the Committee. In addition, there were a number of sub-committees established to deal with specific items that came before the Committee.

Of the many issues raised and discussed during the year, agreement was reached on the following:

- Terms of Reference for the Committee to complement those provided for in the Collective Agreement.
- Training for representatives on the Joint Safety Committee.
- Provision of information relative to hazards of bulk commodities to the Union in response to concerns raised by pregnant employees.
- Consideration of implementation of fall arrest device for container operations.
- Stopping the opening of pre-packaged first aid supplies during checks of safety box equipment.
- Band cutting in one hatch during log operations to be limited to one operation at a time.

Allocation Committee

The Committee continued to convene daily throughout 2003 to ensure fair and equitable distribution of labour to all Association members. No changes or recommendations were made to the Allocation Rules in 2003.

Daily conference calls between the Vancouver despatch centre and the out port despatch centres were initiated in 2003 to improve communication regarding the traveling of workers and anticipated shortages.

The Chamber of Shipping Liner Committee continued to assist the Despatch Office by faxing forecasted information of labour requirements during the busy months of December and January.

Up to date information is broadcast daily to the workforce to keep them apprised of industry requirements and work opportunity, via the BCMEA web site and IVR systems.

Industry Training Committee

The Committee met twice in 2003 and will meet quarterly in 2004. The Committee will actively participate in forecasting training needs, budget development, and program development.

Classroom training was increased to include the upgrading of Bulk Operators and the training of new container terminal Head Checkers. The traditional form of delivery, such as classroom instruction and text-based learning materials, are now augmented with technology based media components. This initiative will be further enhanced in 2004.

The Association, in conjunction with the Industry Log Safety Forum, developed a Log Safety training video and a program was developed to evaluate, monitor and train employees working on log operations. There was a significant reduction in injuries on log operations reported during the year.

The following training activities to maintain required inventories in critical skill categories took place in 2003:

	Passed		Failed		Incomplete		Total Processed
	U	C	U	C	U	C	
U = Union C = Casual							
VANCOUVER (Local 500)							
Topside Category							
Upgrade	2	-	-	-	-	-	2
Dock Gantry Crane	4	-	1	-	2	-	7
Upgrade - NW	7	-	-	-	-	-	7
Wheat Specialty Category							
Upgrading	2	-	-	-	1	-	3
Machine Category							
Lift Truck Completion	1	13	-	-	1	-	15
Upgrade	1	1	-	-	-	-	2
Ship Lift Truck	-	20	-	1	-	-	21
Bombcart Centerm Upgrade	13	4	-	-	-	-	17
Bombcart Vanterm Upgrade	5	3	-	-	-	-	8
Pusher	3	7	-	-	-	-	10
Bulldozer	3	5	1	-	-	-	9
Upgrade	4	9	-	-	-	-	13
Bombardier	-	-	-	-	1	-	1
Heavy Lift Truck	7	1	1	-	-	-	9
Upgrade - Centerm Fantuzzi	25	6	-	-	-	-	31
Rubber Tire Gantry	-	1	-	-	-	-	1
Excavator	3	-	-	-	-	-	3
Upgrade	-	1	-	-	-	-	1
Trades							
Maintenance Lift Truck	58	37	2	2	-	-	99
Checking Category							
Centerm Head Checker	10	-	1	-	7	2	20
Upgrade	1	1	-	-	1	-	3
Vanterm Head Checker	7	-	-	-	-	-	7
Upgrade	3	-	-	-	1	-	4
Standard Checker	4	-	1	-	-	-	5

	Passed		Failed		Incomplete		Total Processed
	U	C	U	C	U	C	
U = Union C = Casual							
Coastwise							
Mobile Gangway Upgrade	50	-	-	-	-	-	50
Bulk Operator							
Vancouver Wharves Ltd.							
Bulk Operator	3	-	-	-	4	-	7
Upgrade	9	-	-	-	-	-	9
Agri Dumper Upgrade	5	-	-	-	-	-	5
Fibreco Export Inc.							
Bulk Operator	6	-	-	-	1	-	7
Upgrade	2	-	-	-	1	-	3
Neptune Bulk Terminals Ltd.							
Bulk Operator	4	-	1	-	4	-	9
Upgrade	8	-	-	-	-	-	8
Pacific Coast Terminals (Port Moody)							
Bulk Operator	5	-	-	-	3	-	8
Upgrade	59	-	-	-	-	-	59
Rail Category							
Switching	3	-	2	-	1	-	6
Upgrading	1	-	-	-	-	-	1
Railperson	1	-	-	-	-	-	1
Upgrade	1	-	-	-	-	-	1
Locomotive	1	-	-	-	-	-	1
Liquid Bulk Operator							
Dow - Upgrade	9	5	-	-	-	-	14
Port Moody - Upgrade	-	1	-	-	-	-	1
NEW WESTMINSTER (Local 502)							
Topside Category							
Topside	2	2	1	-	3	-	8
Dock Gantry Crane	10	-	-	-	1	1	12
Prince Rupert Dock Gantry	-	-	-	-	2	-	2

	Passed		Failed		Incomplete		Total Processed
	U	C	U	C	U	C	
U = Union C = Casual							
Checker Category							
Delta Port Checker							
Level I Checker	-	32	-	-	-	2	34
Level II Checker	-	12	-	-	-	-	12
FSD Checker	-	19	-	1	-	-	20
FSD Computer Checker	-	6	-	3	-	1	10
Machine Category							
Standard Lift Truck	-	44	-	-	-	-	44
Heavy Lift Truck	-	10	1	2	-	1	14
Reach Stacker	-	13	-	-	-	-	13
Rubber Tire Gantry	8	7	-	-	-	-	15
Rail Mounted Gantry	5	-	-	-	-	-	5
Upgrade	50	8	-	-	-	-	58
Multi Tractor	2	30	-	1	-	1	34
Rail Category							
Switching	5	-	1	-	2	-	8
Locomotive	4	-	-	-	-	-	4
Log Safety Training	2	156	-	-	-	-	158
Trades Category							
(Trades School)							
HD Mechanic Apprentice	-	2	-	-	-	-	2
PRINCE RUPERT (Local 505)							
Topside	-	-	-	-	1	1	2
Console	2	-	-	-	-	-	2
Shiploader	2	6	-	-	1	-	9
Trackmobile	1	1	-	-	-	-	2
Front End Loader	3	6	-	-	-	-	9
Millwright Upgrade	-	2	-	-	-	-	2
HD Mechanic Upgrade	-	2	-	-	-	-	2
CHEMAINUS (Local 508)							
Topside	4	-	-	-	1	-	5
Lift truck	4	-	-	-	-	-	4
Standard Checker	2	-	-	-	-	-	2

2003 First Aid Training

48 longshore employees newly qualified or renewed their first aid certificate in 2003:

	Union	Casual	Total
Vancouver / New West	17	22	39
Chemainus	5	2	7
Prince Rupert	2	0	2
Total	24	24	48

Dock Gantry Training

The upgrading of Dock Gantry operators to facilitate an interchange between Local 500 and Local 502 areas, proved to be a cost effective initiative resulting in the mitigation of several gang shortages. Eight additional Dock Gantry operators from Local 500 were upgraded in 2003 to work in the New Westminster local area and planning is underway to upgrade another 10 operators from Local 500 and 502 respectively to service the needs of our members.

Trades Training

Five apprentices were sponsored in the following areas:

- Two Heavy Duty Mechanics (Deltaport)
- Two Electrical Apprentices (Deltaport)
- One Electrical Apprentice (Fraser Surrey Docks)

The Association, in conjunction with an independent training institution, spent time developing a program to determine the competency of individuals in programmable logic control systems. In addition to evaluating individual competencies, the independent training institution will develop and deliver training courses that will enable these individuals to gain the necessary experience to be successful in this environment.

New Westminster and Deltaport

The recruitment program implemented in Local 502 was successful. 183 new employees were registered in 2003. All of these employees received training in log boom safety.

Recognizing that a significant number of workplace injuries occur on log operations a target program was developed to train employees on log boom safety. A trainer worked with employees working on log operations on the boom, "down below" and on deck. A significant reduction in injuries was reported.

Head Checker Training

The container terminal Head Checker training program was redesigned using a blended learning approach, utilizing instructor led, classroom based training materials and technology based media components. The result of this approach was an increased trainee to trainer ratio and a subsequent increase in throughput of trainees.

New Developments

A computer classroom complete with ten multi-media workstations and projection system was set up at the Despatch Hall. The container terminal Head Checker program, as well as an upgrading program for Pacific Coast Terminals Bulk Operators, were presented in the classroom.

The redevelopment of the Bulk Operator training program using a blended approach of classroom and on the job training is well under way and will be implemented in 2004 with a knowledge based component presented in the classroom.

TRANSPORT CANADA – MARINE SAFETY

The Association met informally with representatives of Transport Canada on a number of occasions during 2003 to resolve issues specific to its Members. These issues were resolved to the satisfaction of both parties.

Association representatives attended the National Canadian Marine Advisory Council meetings in Ottawa in support of the interests of its Members. The review of the Marine Occupational Safety and Health Regulations (MOSH) continued with management and labour providing input to the regulatory agencies that are jointly undertaking this review – Transport Canada, Marine Safety and Human Resources Development Canada, Labour Programs. It was announced that the regulatory review of the Cargo Regulations pursuant to the Canada Shipping Act will begin in early 2004. We will be closely monitoring this initiative and providing input.

HUMAN RESOURCES DEVELOPMENT CANADA (HRDC)

Warning Lights on Trailers

This issue has been ongoing for a number of years now. The Association has made representation on the issue to Ottawa and local HRDC representatives have also discussed the matter with Ottawa. We have been informed that advice on this issue is to be forthcoming very early in the New Year.

Health and Safety Initiatives

Throughout the year the Association met with HRDC representatives and the Union relative to a pilot project being undertaken by HRDC. This project, specific to the West Coast, is called 'Focus Firm', and was borrowed from a WCB initiative. It is being undertaken with the cooperation of HRDC, Transport Canada, Marine Safety, the WCB and one Member company. Only one Member is currently involved due to resource issues being experienced by the regulators. HRDC is undertaking similar pilot projects in other regions.

A presentation by the Association to the Regional HRDC management and staff was conducted outlining the future directions within Industry Health and Safety. Quarterly meetings are planned for 2004 to provide information on program measures.

CANADIAN HUMAN RIGHTS COMMISSION

Employment Equity

The Association is currently working with the Canadian Human Rights Commission to complete the audit that has been underway for sometime and we are pleased to report the following:

The Association continued to work with ILWU Locals to increase the voluntary self-identification survey response levels. Efforts in this regard were very successful. The number of women working as longshore employees significantly increased during the year. Sixty women were recruited for Local 502. As a result of our current and ongoing efforts to increase the number of women in the longshore workforce along with increasing response rates for the self-identification survey, the Association is very close to being in compliance with the Employment Equity Act.

To date the Commission has been very pleased with our efforts.

FEDERAL COURT OF CANADA / SUPREME COURT OF BRITISH COLUMBIA

There were no actions brought before either court during 2003.

Arbitrations

During 2003, the Association presented one Job Arbitration. The decision of the Job Arbitrator upheld the right of the employer to transfer a gang from a vessel loading logs to a vessel loading steel.

There was also one Industry Arbitration hearing which dealt with a Union grievance involving the discharge and subsequent suspension of an employee for refusing to work as directed. The Industry Arbitrator upheld the imposition of discipline but reduced the quantum of the suspension.

Picket Line Notifications, Lockouts, Injunctions

During their strike in November 2003, Port Alberni IWA workers picketed the Port Alberni Government Assembly Dock while a vessel was loading Weyerhaeuser lumber. Following a disruption in the loading process over the course of the weekend, the IWA agreed to cease and desist from picketing. There were two more incidents in New Westminster and Vancouver of IWA pickets that were resolved shortly after the pickets went up resulting in only minor disruptions to operations.

UNION PAY CLAIMS—ALL PORTS

	2002	2003
Accepted	14	28
Rejected	18	42
Withdrawn	2	9
Pending	10	13
Total	44	92

SECTORAL INITIATIVES

With the conclusion of Collective Bargaining in late February 2003 and ratification shortly thereafter, meetings were held with each of the following sectors but were devoted, almost exclusively, to post bargaining committee work and related matters.

General Wharf Operators Sector
Maintenance Sector
Bulk Operators Sector
Stevedores Sector – General Cargo
Stevedores Sector – Grain
Ship Owners Sector
Vancouver Island Employers Sector

NEW OPERATIONS AND TECHNOLOGICAL CHANGE

Terminal Systems Inc. (Vanterm) finalized implementation of its new computerized operating system in 2003.

HEALTH & SAFETY

In consultation with the Board of Directors' Senior Safety Advisory, key strategies for 2004 were identified. The further development of Industry Safety and Health standards, the delivery of Safety training for Management and Supervisors and improved safety and health communications throughout the Industry are just a few examples of the key strategies.

In 2003, ten sessions of the Industry Safety Orientation Program were delivered. The majority of these sessions were for new employees for the New Westminster area.

The Association continues to participate as an employer representative on the WCB Research Advisory Committee. This committee reviews and makes recommendations for funding of research projects through the WCB.

The Association continues to maintain contact with industry representatives in Eastern Canada and the United States to keep apprised of issues arising in other longshore jurisdictions which may surface here. In the fall of 2003 the Association hosted a meeting of the US group, the National Maritime Safety Association ("NMSA"). We encouraged them to hold the meeting here to provide us the opportunity to interact with them and learn about upcoming and ongoing issues they face. With the cooperation of our members and the Port, we also arranged for them to tour some of our facilities.

Through the Association's membership in the Federally Regulated Employers, Transportation and Communications Organization ("FETCO"), our members interests continue to be represented. In conjunction with FETCO, we have made representation to HRDC relative to the issue of 'warning lights' on trailers as well as expressing concern relative to a regulation on ergonomics.

The Association continues to monitor the progress of the review of the Marine Occupational Safety and Health Regulations (MOSH) as well as the review of the cargo regulations pursuant to the Canada Shipping Act.

A Log Safety Forum was established and a series of meetings on this topic held with the Union. Arising out of this forum, with the cooperation of the Training Department, was the development and filming of a log video and a program was developed to evaluate, monitor and train employees working on log operations. A trainer worked with employees working on log operations on the boom, down below and on deck. Our members reported a significant reduction in injuries on log operations during the year.

During 2003, the Association sponsored a number of seminars and training sessions for the benefit of our members. Topics included the issue of the need for increased due diligence arising from changes to the Canada Labour Code, Duties and Responsibilities of Safety Committees and Accident Investigation. The Association also arranged for a review of Fall Arrest and Confined Space issues in the Industry.

In 2003 the Association, in cooperation with Royal Roads University, arranged for an MBA student to assist in a review of the Health and Safety structure and to suggest future initiatives for the Industry based on best practices reviewed with other organizations. The outcomes of this project should be available in early 2004.

As a result of the ongoing efforts of all Parties in the Industry, injury frequency rates continue to decline for the fourth year in a row. The decline in the 2003 rate from 2002 was approximately 20 percent.

Claims Management

WCB activity continued to be heavy in 2003. A great deal of time has been spent dealing with appeals. With the new legislation introduced last year, appeals scheduling is less flexible than previously and the timelines for submissions has been shortened.

The Association represents members by way of written submissions and attendance at oral hearings. In 2003, 47 major submissions were made on behalf of our members. The Association also represents the Industry relative to claims / appeals filed for employees of companies no longer in business.

Appeal decisions received in 2003 represented 29 employee appeals and 10 employer appeals. The decisions on these appeals yielded results as follows: employees were successful in 18% of their appeals and employers were successful in 40% of theirs. Overall, this reflects a success rate of 72% in Industry representations.

The efforts in the area of claims management and prevention by the Industry both this year and the previous year have helped to contribute to a reduction in the Industry WCB base rate for 2004. The Industry base rate for 2004 per \$100 of assessable payroll will go from \$6.38 to \$5.95. This represents a reduction of approximately 7%.

The Association continued to work with injured employees in conjunction with the WCB and the Union in efforts to return them to work. The implementation of graduated or modified return to work programs and retraining are the primary tools used in these efforts. We are also meeting with the Union to try to enhance return to work outcomes for injured employees.

The Association continued to work with employees with high claims frequency. We contact these employees to offer assistance and have meetings with them and their Union representatives to discuss their situations and offer programs to assist them in reducing their incidence of injury.

In 2003, the Universal Data Base for Health and Safety was introduced. Members now input details of injuries and claims into the system and to file reports, as required, with the WCB and regulatory agencies (HRDC and Transport Canada). Access to the system is through the internet and members can track their company accidents. The Association can also access this information to determine Industry accident trends to enable development of prevention initiatives.

DESPATCH

Under the current Collective Agreement, orders for labour requirements are placed through the various ports of British Columbia; Vancouver, New Westminster, Chemainus, Prince Rupert and Stewart. The Despatch Manager and staff monitor all labour requirements, discrepancies, and shortages through one centralized office in Vancouver. Continual effort is made to minimize delays and shortages.

Regular meetings are held between employers in Vancouver and BCMEA representatives from Despatch and Information Services. These meetings provide a good forum in which to address the concerns of each employer pertaining to despatch issues.

In late 2003 a renovation of the Despatch Hall and immediate surrounding area was initiated. To date the building has been painted and the roof replaced. In 2004 the parking lot will be resealed and some landscaping will be done.

INFORMATION SERVICES

Despatch Order Entry and Vessel Allocation

The re-engineering of the Despatch system was completed late in 2003, two years ahead of schedule and under budget. Enhancements and performance improvements were implemented throughout the year as the system was tuned to reflect increased business usage.

Direct Remote Order Entry ("DROE")

DROE facilitates a direct data exchange with our member companies and testing continued with several new clients. Senior staff conducted their program of visits to members to monitor system activity and conduct ongoing dialogue with their representatives.

Website Development

The Waterfront Occupational Health and Safety system was implemented early in 2003 after consultation with members. 28 member company users have online access to 21,200 incidents, 684 of which have been created in the new system.

The Association's public website, www.bcmea.com was redesigned with an improved interface and now also acts as a gateway to other site specific websites.

The Employers website has been established for BCMEA, WEBC, and WFEA board members and senior staff. The content of the site includes General Membership Information and Board Member Information (e.g., agendas, board minutes). The site will also include the BCMEA Vessel Allocation System and the Waterfront Human Resources Information System. The BCMEA Vessel Allocation System is a database system that facilitates the assignment of available gangs to declared vessels at BCMEA-ILWU Ports in British Columbia.

The BCMEA Waterfront Human Resources Information System contains employment related information pertaining to longshore employees working under the BCMEA/ILWU Collective Agreement. It was developed as an initiative to provide required information to direct employers of the BCMEA to enable them to more efficiently manage on-site ILWU personnel in a safe and productive manner.

The Longshore website, www.mybcmea.com was established for ILWU Canada Longshore employees to individually access their own personal employment and despatch information. The site has been well received with 500-600 visitors daily. The upcoming year will see many new features added to this site.

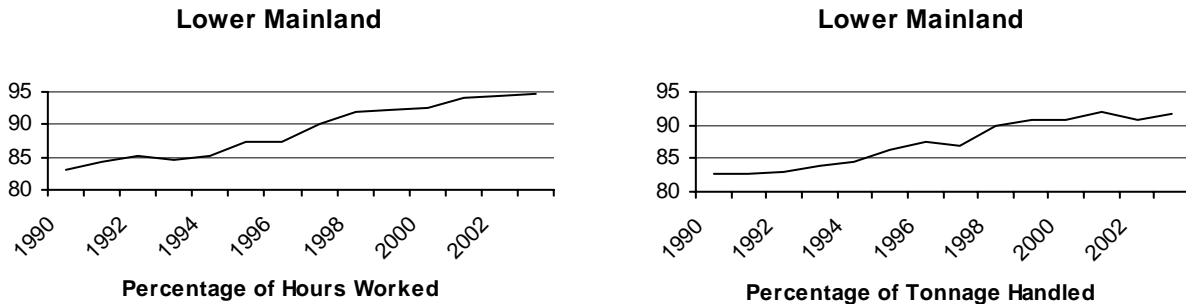
Strategic Planning

The BCMEA Strategic Planning Committee for Information Services continued to meet and there was considerable discussion regarding initiatives of both the Association and member companies. Port security and its impact on I.S. remains a high priority.

FINANCIAL REPORT

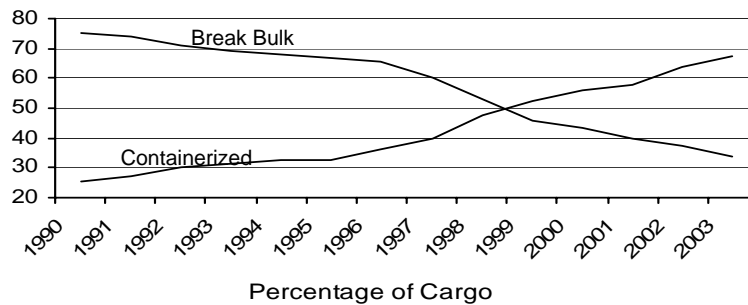
GENERAL

The percentage of hours worked and tonnage handled in the lower mainland ports of Vancouver and New Westminster, compared to the total for all BC ports continues its average upward trend. 94.3 percent of the work opportunity and 90.6 percent of the tonnage is handled in the lower mainland ports of Vancouver and New Westminster.



The ever increasing trend to ship non-bulk goods, including forest related commodities, in containers continues to result in a dramatic shift in the traditional methods of handling waterborne cargo. As can be seen from the following chart, the percentage of non-bulk cargo being handled on a break bulk basis has steadily declined from 75% in 1990 to 34% in 2003, while the percentage of containerized cargo handled has increased from 25% in 1990 to 66% in 2003.

MOVEMENT OF NON-BULK CARGO - BREAK BULK VERSUS CONTAINERS

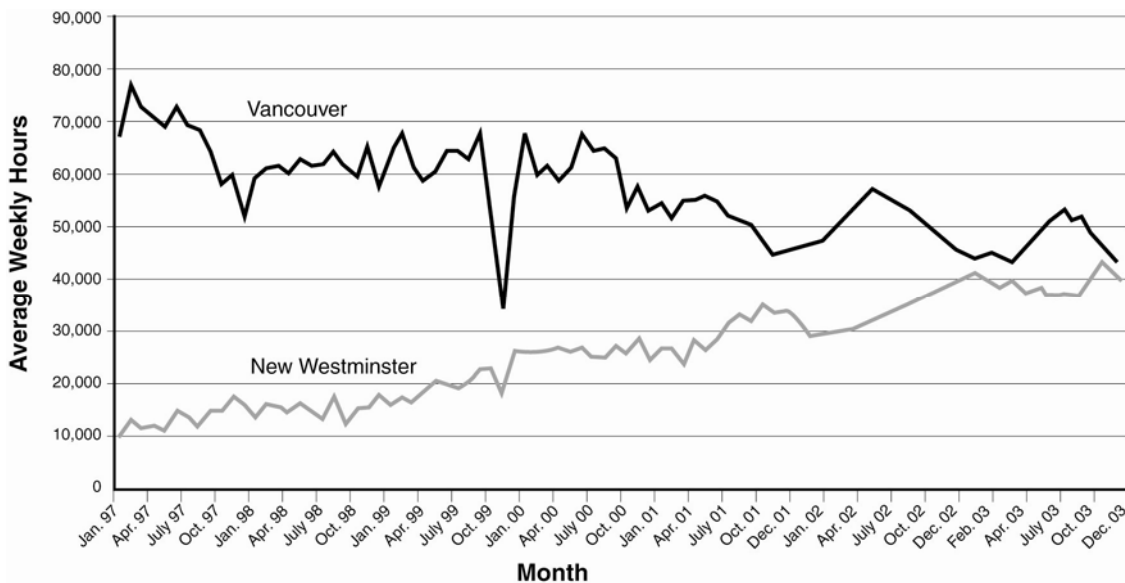


Container terminals need to be near transportation hubs with efficient road and rail access in order to allow for the timely and efficient receipt and delivery of goods. In anticipation of the changes in shipping and receiving cargo, port authorities in the lower mainland, in conjunction with their terminal operators, embarked on a program of improving and expanding the capacity of and access to their existing container terminals. This, combined with the construction of a new container terminal at Delta Port resulted in the lower mainland's container throughput capacity more than doubling with container traffic increasing from 764,405 TEU's in 1997 to 1,802,398 TEU's in 2003.

Lower mainland port authorities are examining ways to continue to increase container throughput capacity including the construction of additional container terminal facilities. Estimates are that within the next 10 years the lower mainland will be handling more than twice the volume of containers that it is currently handling.

The effect that the current changes have had on the distribution of work opportunity in the lower mainland can be seen in the following chart. Since 1997 the work opportunity serviced by the Vancouver Local of the ILWU has declined by 945,659 hours while the work opportunity serviced by the New Westminster Local of the ILWU has increased by 1,372,683 hours. Much of this change is directly attributable to change in the method of shipping non-bulk cargo from break-bulk to containers and the development of new container handling facilities.

AVERAGE WEEKLY HOURS WORKED IN VANCOUVER AND NEW WESTMINSTER



Effective October 1994 the Board of Directors set cargo assessment rates at levels less than those necessary to meet the Association's operating, despatch and Collective Agreement costs. This was done to assist the industry in maintaining its relative competitive position during times of significant change. Beginning in 2000, the Board of Directors initiated a three-year program to return cargo assessment rates back to a break-even position. This net break-even position was achieved in 2002.

Effective August 2003 the Board of Directors elected to acknowledge the post retirement liability associated with the longshore retiring allowance program. As a consequence, this unfunded liability will be amortized over the next 15 years and funded through cargo assessments.

BCMEA ASSESSMENT RATE HISTORY

Effective Date	CARGO									PAYROLL	HOURLY
	Other	Bulk	Grain	Logs	Lumber	General	Vehicles	Steel	Containers	as a % of Earnings	Dollars per Hour
	per Metric Tonne	per Hour	per Metric Tonne	per M. Scribner	per M.B.M.	per Metric Tonne	per Vehicle	per Metric Tonne	per TEU		
Jan-76	0.0363	1.1200	0.1270	0.6610	0.3000	0.1726	0.0000	0.0000	0.0000	12.500%	1.300
Jan-77	0.0363	1.1200	0.1270	0.6610	0.3000	0.1726	0.0000	0.0000	0.0000	12.500%	1.300
Jan-78	0.0363	1.1200	0.1270	0.6610	0.3000	0.1726	0.0000	0.0000	0.0000	12.500%	1.300
Jan-79	0.0363	1.1200	0.1270	0.6610	0.3000	0.1726	0.0000	0.0000	0.0000	12.500%	1.300
Jan-80	0.0272	0.7800	0.0840	0.4698	0.2100	0.1179	0.0000	0.0000	0.0000	12.500%	1.250
Jan-81	0.0330	0.7800	0.0840	0.4698	0.2100	0.1430	0.0000	0.0000	0.0000	13.100%	1.200
Jan-82	0.0330	0.7800	0.0840	0.4698	0.2100	0.1430	0.0000	0.0000	0.0000	14.930%	1.370
Jan-83	0.0500	1.1700	0.0840	0.7047	0.3150	0.2150	0.0000	0.0000	0.0000	12.100%	1.390
Jul-84	0.0530	1.2600	0.0840	0.7569	0.3380	0.2300	0.0000	0.0000	0.0000	14.600%	1.860
Jan-85	0.0590	1.4100	0.0840	0.8280	0.3780	0.2570	0.0000	0.0000	0.0000	14.900%	1.970
Jan-86	0.0590	0.4770	0.0840	0.8280	0.3780	0.2570	0.0000	0.0000	0.0000	14.900%	1.970
Mar-87	0.0530	0.5520	0.0750	0.7450	0.3400	0.2310	0.0000	0.0000	0.0000	14.900%	1.970
Jan-88	0.0450	0.5640	0.0640	0.6330	0.2890	0.1960	0.0000	0.0000	0.0000	14.900%	1.970
Jan-89	0.0530	0.6770	0.0750	0.7450	0.3400	0.2310	0.0000	0.0000	0.0000	15.600%	2.070
Jul-89	0.0530	0.6940	0.0750	0.7450	0.3400	0.2310	0.0000	0.0000	0.0000	23.920% ¹	0.740 ¹
Mar-90	0.0620	0.8080	0.0870	0.8680	0.3960	0.2690	0.0000	0.0000	0.0000	25.960%	0.890
May-90	0.0620	0.8720	0.0870	0.8680	0.3960	0.2690	0.0000	0.0000	0.0000	22.810%	0.890
Jan-91	0.0700	0.9850	0.0980	0.9810	0.4470	0.3040	0.0000	0.0000	3.1500	23.200%	1.090
Jan-92	0.0700	0.9850	0.0980	0.9810	0.4470	0.3040	0.0000	0.0000	3.1500	23.444%	2.410 ²
Jan-93	0.0700	0.9850	0.0980	0.9810	0.4470	0.3040	0.0000	0.0000	3.1500	23.444%	2.410
May-94	0.0700	0.9850	0.0980	0.9810	0.4470	0.3040	0.0000	0.0000	3.1500	25.750% ³	2.760
Oct-94	0.08	0.93	0.06	0.90	0.35	0.24	0.00	0.00	2.00	25.75%	2.76
Jan-95	0.08	0.93	0.06	0.90	0.35	0.24	0.00	0.00	2.00	24.25%	2.70
Jan-96	0.08	0.93	0.06	0.90	0.35	0.24	0.00	0.00	2.00	24.88%	2.76
Oct-96	0.09	1.02	0.06	0.99	0.39	0.27	0.00	0.00	2.20	24.88%	2.76
Jul-97	0.10	1.18	0.06	1.15	0.45	0.31	0.00	0.00	2.55	24.88%	2.76
Jan-98	0.11	1.31	0.06	1.28	0.50	0.34	0.00	0.00	2.83	24.88%	2.81
Jan-99	0.11	1.31	0.06	1.28	0.50	0.34	0.00	0.00	2.83	24.88%	2.81
Jan-00 ⁴	0.17	1.80	0.06	0.72	0.54	0.32	0.72 ⁵	.44 ⁴	3.12	24.88%	3.05
Jan-01	0.22	2.29	0.06	0.92	0.69	0.41	0.92	0.56	3.97	24.88%	3.05
Jan-02	0.24	2.54	0.06	1.02	0.76	0.46	1.02	0.62	4.40	25.25%	3.15
Jan-03 ⁶	0.24	2.54	0.06	1.02	0.76	0.46	1.02	0.62	4.40	25.25%	3.15
Aug-03 ⁷	0.28	2.92	0.07	1.17	0.87	0.53	1.17	0.71	5.06	25.25%	3.40
Jan-04	0.28	2.92	0.07	1.17	0.87	0.53	1.17	0.71	5.06	25.25%	3.56

1 Funding of Longshore Pension Plan changed from Dollars per Hour to a Percentage of Earnings.

2 Total negotiated increase applied to Longshore Pension and Health & Benefit Plans.

3 The Association imposed a 9.15% surcharge of wages January 2, 1994. This surcharge was eliminated May 1, 1994 and replaced by increased Payroll and Hourly Assessments.

4 Effective Jan 1, 2000 cargo assessment rates were adjusted so that cost of handling each type of cargo was the same cost per unit of cargo handled per longshore hour worked.

5 Previously included as general cargo.

6 Effective January 1, 2003, the Board of Directors of the BCMEA instituted a 2.0% surcharge on all longshore wages, payroll and hourly assessments.

7 Effective August 3, 2003, the Board of Directors of the BCMEA eliminate the 2% surcharge on all longshore wages, payroll and hourly assessments.

The ratio of overtime and premium shift hours worked as compared to the Monday to Friday day shift hours worked remains high. This continuing trend confirms previous assertions that in order to maintain "just in time" delivery schedules there is a growing tendency for vessels to work around the clock or more than just the day shift.

PERCENTAGE OF OVERTIME HOURS TO MONDAY TO FRIDAY DAY SHIFT HOURS WORKED

1985	37.0%	1995	48.6%
1986	37.5%	1996	49.3%
1987	40.0%	1997	48.8%
1988	42.4%	1998	48.8%
1989	43.7%	1999	49.6%
1990	44.4%	2000	50.2%
1991	45.4%	2001	50.0%
1992	45.1%	2002	51.5%
1993	43.7%	2003	54.0%
1994	46.9%		

The first of the following tables provides an historic review of the number of longshore hours worked, basic Monday to Friday day shift rate of pay and fringes as a percentage of total wages paid to longshore workers by members of the Association. The second table shows the annual cost to Association members of fringe benefits paid directly by the Association from its assessment revenues.

BASIC LONGSHORE WAGE RATE AND COMPARISON OF WAGES PAID TO WAGES & FRINGE BENEFITS PAID 1972 TO 2003

YEAR	HOURS WORKED 000's	BASIC WAGE RATE	WAGES PAID 000's	WAGES & FRINGES PAID 000's	FRINGES as a % of WAGES PAID	YEAR	HOURS WORKED 000's	BASIC WAGE RATE	WAGES PAID 000's	WAGES & FRINGES PAID 000's	FRINGES as a % of WAGES PAID
1972	6,281	5.18	38,526	46,578	20.90%	1988	5,446	17.76	119,832	147,034	22.70%
1973	5,692	5.60	41,195	50,122	21.67%	1989	5,116	19.01	120,511	155,741	29.23%
1974	5,773	5.93	43,898	53,994	23.00%	1990	4,946	20.21	122,858	157,142	27.91%
1975	4,545	7.23	41,546	51,847	24.79%	1991	4,904	21.41	128,339	164,693	28.33%
1976	5,095	8.03	50,744	63,012	24.18%	1992	4,648	21.41 ¹	121,842	164,512	35.02%
1977	5,309	8.60	56,808	72,019	26.78%	1993	4,216	22.06 ²	113,245	155,368	37.20%
1978	5,499	9.10	62,578	79,003	26.25%	1994	4,385	22.71	122,130	165,598	35.59%
1979	5,363	10.00	68,343	83,798	22.61%	1995	4,546	23.36	130,983	177,571	35.57%
1980	5,638	10.90	79,936	96,947	21.28%	1996	4,569	23.96/24.06	135,473	184,184	35.96%
1981	5,556	12.55	90,032	108,959	21.02%	1997	4,669	24.61/24.71	142,414	194,164	36.34%
1982	5,026	13.85	89,356	109,328	22.35%	1998	4,327	25.36	135,517	187,288	38.20%
1983	4,708	15.45	93,178	114,816	23.22%	1999	4,579	25.81	147,084	207,277	40.92%
1984	4,849	15.95/16.10	95,627	118,323	23.73%	2000	4,956	26.46	163,692	226,881	38.60%
1985	4,585	16.90	95,062	118,890	25.07%	2001	4,523	27.11	153,146	215,418	40.66%
1986	4,535	16.90	94,968	118,632	24.92%	2002	4,599	27.76	160,978	228,512	41.95%
1987	5,350	17.24	114,239	140,500	22.99%	2003	4,918	28.51	180,330	255,657	41.77%

¹ One year contract extension with negotiated increased hourly rate directed to be paid into the Waterfront Industry Pension and Health & Benefit Plans.

² 1993 information has been updated to include retroactive costs paid in 1994.

EMPLOYER ASSESSMENTS PAID TOWARDS LABOUR FRINGE BENEFITS

YEAR	VACATIONS 000's	STATUTORY	INDUSTRY	CANADA	HEALTH &	RETIRING	OTHERS 000's ^{4/5}	WORKERS	TOTAL 000's
		HOLIDAYS 000's	PENSION 000's ¹	PENSION 000's	BENEFITS 000's	ALLOWANCE 000's ²		COMP 000's ³	
1972	2,705	943	2,655	369	671	709	0	0	8,052
1973	2,840	1,067	3,252	336	723	709	0	0	8,927
1974	3,130	1,109	3,668	386	714	1,089	0	0	10,096
1975	3,273	1,043	3,912	404	667	696	306	0	10,301
1976	4,040	1,542	4,194	449	840	948	255	0	12,268
1977	4,545	1,695	5,494	505	1,418	816	738	0	15,211
1978	5,092	1,882	6,570	580	1,566	672	63	0	16,425
1979	6,028	1,951	4,363	658	1,565	713	177	0	15,455
1980	7,075	2,236	4,500	746	1,749	562	143	0	17,011
1981	7,973	2,601	4,680	864	1,748	909	152	0	18,927
1982	8,201	2,299	5,040	904	2,018	990	520	0	19,972
1983	8,696	3,081	5,040	903	2,204	1,258	486	0	21,668
1984	9,156	3,170	5,400	1,011	2,496	965	498	0	22,696
1985	9,340	3,286	5,880	1,075	2,691	1,074	482	0	23,828
1986	9,300	3,286	5,880	1,164	2,586	985	463	0	23,664
1987	10,506	3,692	5,880	1,392	3,235	997	559	0	26,261
1988	10,995	3,837	5,880	1,536	3,302	1,081	571	0	27,202
1989	10,562	3,648	14,750	1,578	3,257	906	529	0	35,230
1990	11,542	3,963	11,217	1,596	4,072	1,353	541	0	34,284
1991	12,057	4,338	11,129	1,859	4,864	1,575	532	0	36,354
1992	12,024	4,070	16,755	1,899	5,810	1,200	525	387	42,670
1993	11,573	3,888	16,897	1,993	5,540	1,560	133	539	42,123
1994	12,180	4,022	17,665	2,036	5,510	1,348	128	579	43,468
1995	12,768	4,182	19,469	2,278	5,725	1,467	131	568	46,588
1996	13,650	4,396	20,141	2,405	5,959	1,486	138	536	48,711
1997	14,016	4,498	22,137	2,678	6,043	1,738	138	502	51,750
1998	13,618	4,420	22,563	2,790	5,722	2,070	144	444	51,771
1999	13,824	4,708	26,083	3,103	5,973	3,059	2,891	552	60,193
2000	15,275	5,189	29,256	3,784	6,455	2,163	474	593	63,189
2001	15,114	4,896	27,715	4,024	6,069	3,439	440	575	62,272
2002	15,543	5,071	31,995	4,566	6,215	3,070	480	594	67,534
2003	16,878	5,353	36,140	5,038	7,583	3,109	560	666	75,327

1 Includes the following lump sum payments: \$1,300,000 for 1977, \$2,250,000 for 1978 and \$5,000,000 in 1989 relating to 1986, 1987 and 1988. Effective 1988 an Industrial Inquiry Commissioner ruled that the Association must compensate Longshoremen for the elimination of the Container Clause. In 1989, the Parties agreed that all such payments would be made to the Waterfront Industry Pension Plan. In addition, the Union instructed that \$692,738 of funds previously used to provide SUB benefits be paid to the Waterfront Industry Pension Plan in 1995.

2 Updated to include a Supplementary Retiring Allowance program negotiated to become effective January 1, 1993.

3 Effective January 1, 1992, the Association structured an agreement with the WCB to pay WCB premiums on Vacation and Statutory Holiday Pay.

4 Includes cost of Employee Assistance, Jury Duty, Bereavement Leave, Medical Exams, Midnight Deadtime and other programs.

5 Health & Benefits, Retiring Allowance, Workers Compensation and Others updated to include retro active costs paid by the Association.

FINANCE & AUDIT COMMITTEE

During 2003 the Board changed the composition of the Finance Committee and established the Finance & Audit Committee.

The Finance component is comprised of "not fewer than three directors one of whom shall act as chair, not less than four senior financial officers from the Association member companies plus the President & CEO and the Vice President - Finance of the Association". The primary duties of the Finance Committee are to make recommendations to the Board in respect of all financial matters including but not restricted to annual operating and capital budgets; strategic financial plans; assessments; significant financial reports of a predictive nature; the appropriateness and validity of any fundamental assumptions and estimates used in the preparation of such financial plans and assessment recommendations.

The Audit component is comprised of the directors who are members of the Finance Committee. The primary duties of the Audit Committee are to review and discuss with management and where appropriate, the External Auditor, all of the financial and related information that require the Board's approval; the Association's financial reporting and accounting standards and principles; recommend to the Board the External Auditor; in conjunction with the Finance Committee, evaluate the independence, effectiveness and cost of the audit services provided by the External Auditor; review and monitor the Association's major financial risks and risk management policies including but not limited to insurance, insurance values, exposures that may flow from changing legislation, post retirement and/or post employment obligations, disaster recovery plans.

Staff and members of the Finance & Audit Committee, through dialogue with Association members and non member users of port facilities across British Columbia, monitor the impact of the Industry's fluctuating work opportunity. As a result we are able to keep the Board apprised of current waterborne cargo forecasts, one of the major indicators that drive costs and assessment rates.

2003 was a busy year for the Finance & Audit Committee which met on 13 occasions during the year. The Committee advised the Board of or recommended and received Board agreement and/or approval of the following:

- 2002 internal statements as fairly representing the activities of the Association throughout the year including a comparison of operating and despatch expenses along with an explanation of significant variances
- 2002 audited statements for inclusion in the BCMEA Annual Report
- 2003 assessment levels as a result of the conclusion of collective agreement negotiations
- funding longshore retiring allowance obligations on the same basis as a pension plan
- the legal requirement to fund post employment and post retirement benefits
- actuarial analysis of the retiring allowance liability over the next 15 years
- terms of reference for both the Finance & Audit Committees

- composition of the Finance Committee
- provincial sales tax appeal of a ruling against one of the Association's member companies that payroll processed by the Waterfront Employers of B.C. was a taxable service in the hands of the member company
- recommend the required level of retiring allowance reserve funding
- recommend the required level of Association operating reserve
- recommend changes in the Association's accounting policies and practices to bring them more in line with current generally accepted accounting principles
- preparation and recommendation of 2004 operating and capital budgets
- preparation and recommendation of 2004 payroll, hourly, cargo, container gainshare, lower mainland and gang interchange assessment rates
- preparation and recommendation of a new monthly and annual financial statement presentation

INVESTMENTS

Investment and other income increased from \$361,123 in 2002 to \$576,559 in 2003. This increase was due primarily to the larger amounts held to meet an 8.5% increase in longshore vacation pay liability and the establishment of both an operating reserve and a retiring allowance liability accrual.

VANCOUVER ISLAND AND THE GANG INTERCHANGE POOL

As can be seen from the statistical data reported later in this report there was no appreciable increase, 2003 over 2002, in the work opportunity on Vancouver Island. Since 1997 work opportunity on Vancouver Island has declined by approximately 33% while the available work force has declined by approximately 31%.

The pool is designed to equalize the cost of employing longshore labour on Vancouver Island. The pool reimburses direct employers of labour for the amount they have paid to longshore workers for travel time and fares, less the travel and fare costs equal to that stipulated for travel from Chemainus to Crofton, when longshore workers are required to travel to directly or indirectly service ships working at most Vancouver Island ports.

In 2000 the longshore locals on Vancouver Island were consolidated into one, with small residential workforces in both Victoria and Port Alberni. The Vancouver Island Committee monitors both revenues obtained from Gang Interchange assessments and expenses paid from the accumulated Gang Interchange pool. Up until 2002 these assessments roughly equaled expenses. This did not hold true for 2003 where revenues exceeded expenses by approximately 17%. The Vancouver Island committee is currently reviewing the balance of the pool and will make its recommendations to the Board during the first quarter of 2004.

LOWER MAINLAND INTERCHANGE POOL

In 2001 the Board of Directors determined that the practice whereby some lower mainland travel is paid for by employers and some by the BCMEA from general revenues was not equitable. The Board further agreed that the cost of traveling employees to and within the lower mainland should be as transparent as possible.

Effective 2002, the Board established a Lower Mainland Interchange Pool, to be funded through assessments on all cargo handled on the lower mainland, except grain. The pool reimburses direct employers of labour for the costs of traveling longshore labour to and within the lower mainland. The direct employer is only reimbursed for longshore workers who are required to travel by the Vancouver Despatch Centre and only in accordance with the following Board approved set of rates:

- Required travel to or from the Squamish area 1 ½ hours
- Required travel to or from the New Westminster area 1 ½ hours

The Finance Committee continues to monitor the balance of this pool on a regular basis.

CONTAINER GAINSHARE (INDUSTRIAL INQUIRY COMMISSION OBLIGATIONS)

During 1991, the Parties to the Collective Agreement agreed that all the monies then accumulated and current monies flowing from the Gainshare and Waterfront Industry Productivity obligations mandated by the Industrial Inquiry Commission would be paid on an annual basis to the Waterfront Industry Pension Plan. The Commission requires the Association to pay \$10.00 for every TEU, full or empty, handled in excess of the number of TEU's handled in 1987 (the base year).

Since the elimination of the Container Clause from the Collective Agreement and the imposition of the Industrial Inquiry Commission obligations in 1987, the total number of TEU's handled by Association members has increased at an average growth rate of approximately 12.8%. This has resulted in the Waterfront Industry Pension Plan being the beneficiary of a total of \$81,116,343.

	IMPORT TEU's FULL & EMPTY	EXPORT TEU's FULL & EMPTY	TOTAL TEU's FULL & EMPTY	INDUSTRIAL INQUIRY COMMISSION OBLIGATION	GAINSHARE ASSESSMENT RATE per TEU ⁴
1987	124,308	153,711	278,019	0	0
1988	150,304	174,014	324,318	\$462,990	\$2.33
1989	154,711	166,648	321,359	\$433,400	\$2.00
1990	164,187	170,896	335,083	\$570,640	\$2.00
1991	188,829	196,290	385,119	\$1,071,002	\$2.00
1992	213,340	232,939	446,279	\$1,682,598	\$4.00 ¹
1993	214,414	246,110	460,524	\$1,825,050	\$4.50 ²
1994	242,594	292,143	534,737	\$2,567,180	\$5.50 ²
1995	236,080	299,774	535,854	\$2,578,348	\$5.50
1996	297,867	337,156	635,023	\$3,570,043	\$5.50
1997	365,800	398,605	764,405	\$4,863,860	\$6.75 ¹
1998	427,806	456,200	884,006	\$6,059,868	\$6.75
1999	532,133	583,105	1,115,238	\$8,372,195	\$7.25/\$8.00 ^{4/1}
2000	579,313	650,913	1,230,226	\$9,522,070	\$8.00
2001	577,540	630,824	1,208,364	\$9,303,449	\$8.00
2002	797,130	779,876	1,577,006	\$12,989,870	\$8.25
2003	888,445	913,953	1,802,398	\$15,243,780	\$8.55 ⁵
Total				\$81,116,343 ³	

1. Effective July 1

2. Effective October 1

3. Paid to the Waterfront Industry Pension Plan

4. Effective January 1

5. Effective August 1

Total Gainshare contributions of approximately \$59,500,000 to the end of 2002 have been used by the Waterfront Industry Pension Plan Trustees to purchase an increased benefit, on a fully funded basis, totaling \$9.90 per month per year of eligible service in basic benefit plus \$2.00 per month per year of qualifying service in bridge benefit, applicable to all Union longshore members and retirees.

COLLECTIVE AGREEMENT OPERATING ITEMS

							2003 % Variance
		1999 ²	2000	2001	2002	2003	from 2002
Number of Employees Working							
	Union	2,021	2,068	1,952	1,940	1,949	0.46%
	Welfare Casual	320	314	384	400	349	-12.75%
	Casual	1,153	1,209	1,122	1,372	1,276	-7.00%
	Total	3,494	3,591	3,458	3,712	3,574	-3.72%
Hours Worked							
	Union	3,347,687	3,636,744	3,253,444	3,238,619	3,401,681	5.03%
	Welfare Casual	535,564	440,251	574,660	532,230	490,592	-7.82%
	Casual	695,725	879,503	695,042	827,898	1,025,842	23.87%
	Total	4,578,976	4,956,498	4,523,146	4,598,747	4,918,115	6.94%
Average Hours Worked							
	Union	1,656	1,759	1,667	1,669	1,745	4.55%
	Welfare Casual	1,674	1,402	1,497	1,331	1,406	5.63%
	Casual	603	727	618	603	804	33.11%
	Average	1,311	1,380	1,308	1,239	1,376	11.06%
Average Earnings Per Worker ¹							
	Union	\$61,523	\$67,403	\$67,908	\$67,654	\$72,845	7.67%
	Welfare Casual	\$55,951	\$48,526	\$52,463	\$50,111	\$54,240	8.24%
	Casual	\$19,450	\$23,938	\$17,968	\$21,509	\$30,860	43.47%
	Average	\$47,138	\$51,119	\$49,989	\$48,538	\$56,038	15.45%
Average Earnings Per Hour Worked							
	Union	\$37.14	\$38.33	\$40.74	\$40.54	\$41.74	2.98%
	Welfare Casual	\$33.43	\$34.61	\$35.05	\$37.65	\$38.58	2.47%
	Casual	\$32.23	\$32.91	\$29.07	\$35.61	\$38.38	7.78%
	Average	\$35.97	\$37.04	\$38.22	\$39.18	\$40.72	3.95%
Basic Rates of Pay							
Day	Monday to Friday	\$25.81	\$26.46	\$27.11	\$27.76	\$28.51	2.70%
	Saturday	\$33.04	\$33.87	\$34.70	\$35.53	\$36.49	2.70%
	Sunday	\$41.30	\$42.34	\$43.38	\$44.42	\$45.62	2.70%
Night	Monday to Friday	\$32.52	\$33.33	\$34.15	\$34.97	\$35.92	2.72%
	Saturday & Sunday	\$41.30	\$42.34	\$43.38	\$44.42	\$45.62	2.70%
Graveyard	Monday to Friday	\$40.16	\$41.17	\$42.18	\$43.19	\$44.36	2.71%
	Saturday & Sunday	\$41.30	\$42.34	\$43.38	\$44.42	\$45.62	2.70%

¹ Includes vacation and holiday pay earned during the appropriate period

² 1999 rates effective Jan 1st but not introduced until November

OTHER

As mentioned earlier in this report, there has been and continues to be a significant shift in the location of the work opportunity within all ports serviced by our Union, Welfare paying Casual and Casual employees.

	Year	Workers	Hours Worked Within Local	Hours Per Worker
Vancouver	1997	2,626	3,502,689	1,334
	2003	1,926	2,557,030	1,328
New Westminster	1997	708	707,306	999
	2003	1,289	2,079,989	1,614
Vancouver Island	1997	286	337,429	1,180
	2003	196	225,006	1,148
Prince Rupert	1997	203	117,749	580
	2003	146	44,153	302
Total Industry	1997	3,919	4,669,072	1,191
	2003	3,649	4,918,115	1,348

The significant shifting of work locations and the ever increasing trend towards containerization combined with the impact resulting from workers who retire or leave the industry has a dramatic impact on the Association's longshore training budget. In order for ports in British Columbia to remain competitive, Industry must have, among other things, a well trained longshore workforce capable of meeting the complex skill requirements demanded by our industry. Since 1997 the Association's longshore training expenses have consumed an average of approximately 30% of cargo assessment levies.

As can be seen from the following schedule, since 1990 our industry has had a turnover of 6,260 workers. Most if not all of these individuals possessed work skills that had to be replaced through various industry training programs.

LEAVING THE LONGSHORE INDUSTRY

YEAR	RETIREMENTS	TRANSFERRED TO FOREMAN	LEFT INDUSTRY	TOTAL
1990	94	18	550	662
1991	100	19	379	498
1992	68	13	421	502
1993	79	6	509	594
1994	72	13	329	414
1995	88	22	421	531
1996	80	18	397	495
1997	95	21	264	380
1998	110	3	370	483
1999	112	20	272	404
2000	76	28	245	349
2001	76	5	271	352
2002	61	15	198	274
2003	84	17	221	322
Total	1,195	218	4,847	6,260

CONCLUSION

Senior staff, working with the Finance & Audit Committee are challenged with the task of ensuring that the Association is in a position to meet the various needs and demands of our Industry. 2003 was a challenging year which, through the continued hard work of our staff and countless volunteer hours put in by members of the Board and the Finance & Audit Committee, resulted in a significant modernization of the Association's accounting policies and procedures. The results of these changes can be seen in the Association's Financial Statements which form part of this report.



B. D. Ciccozzi
Vice President, Finance
February 16, 2004

STATISTICAL REPORTS

LONGSHORE EMPLOYEES BY LOCAL ¹

LOCAL Union	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
500 VANCOUVER	1,532	1,541	1,603	1,583	1,520	1,509	1,504	1,458	1,395	1,335
502 NEW WESTMINSTER	225	228	228	225	261	286	337	349	378	450
508 CHEMAINUS ²	296	279	269	246	220	212	199	179	166	165
505 PRINCE RUPERT	69	67	61	67	68	67	64	64	61	56
515 PORT SIMPSON	0	0	0	0	0	1	1	1	0	0
519 STEWART	3	3	3	3	4	4	4	4	4	4
Total Union	2,125	2,118	2,164	2,124	2,073	2,079	2,109	2,055	2,004	2,010
Welfare Paying Casuals										
500 VANCOUVER	248	252	232	272	256	247	246	245	238	235
502 NEW WESTMINSTER	46	45	47	54	56	80	66	105	88	107
508 CHEMAINUS ²	6	6	7	7	7	1	1	1	1	0
505 PRINCE RUPERT	51	49	33	26	19	17	25	23	24	21
Total Welfare Paying Casuals	351	352	319	359	338	345	338	374	351	363
Casuals										
500 VANCOUVER	786	847	868	771	625	481	491	445	425	356
502 NEW WESTMINSTER	345	316	259	429	365	458	525	472	683	732
508 CHEMAINUS ²	34	40	34	33	37	23	24	35	36	31
505 PRINCE RUPERT	145	109	117	110	100	95	84	83	106	69
515 PORT SIMPSON	65	65	20	28	4	4	8	7	9	7
519 STEWART	74	55	37	36	38	43	46	46	49	54
OTHERS	36	51	39	29	24	48	31	31	64	27
Total Casuals	1,485	1,483	1,374	1,436	1,193	1,152	1,209	1,119	1,372	1,276
GRAND TOTAL	3,961	3,953	3,857	3,919	3,604	3,576	3,656	3,548	3,727	3,649

1. as at December 31

2. In December 1998 the Canada Labour Relations Board ruled that all of the Locals on Vancouver Island be consolidated into one local. Chemainus is a consolidation of the information previously reported as Chemainus, Port Alberni & Victoria.

SUMMARY OF EARNINGS AND HOURS 1999 - 2003

(000)

ALL PORTS	1999	2000	2001	2002	2003
Wages	147,084	163,692	153,146	160,978	180,330
Vacation & Holidays ¹	18,244	19,865	19,002	19,862	21,475
LONGSHORE EARNINGS	165,328	183,557	172,148	180,840	201,805
Pensions, Welfare, C.P.P. & E.I. ²	39,815	43,496	41,550	45,214	51,145
TOTAL LABOUR COST	205,143	227,053	213,698	226,054	252,950
Hours Worked	4,579	4,956	4,523	4,599	4,918
VANCOUVER					
Wages	105,265	112,451	97,223	98,310	102,743
Vacations & Holidays	13,442	14,340	13,253	13,267	13,728
LONGSHORE EARNINGS	118,707	126,791	110,476	111,577	116,471
Pensions, Welfare, C.P.P. & E. I.	28,290	29,661	26,481	27,897	29,130
TOTAL LABOUR COST	146,997	156,452	136,957	139,474	145,601
Hours Worked	3,238	3,372	2,887	2,831	2,832
NEW WESTMINSTER					
Wages	29,487	38,726	45,199	51,621	66,005
Vacations & Holidays	2,976	3,646	4,088	4,905	6,000
LONGSHORE EARNINGS	32,463	42,372	49,287	56,526	72,005
Pensions, Welfare, C.P.P. & E. I.	7,898	10,222	11,884	14,133	18,696
TOTAL LABOUR COST	40,361	52,594	61,171	70,659	90,701
Hours Worked	914	1,164	1,285	1,415	1,729
VANCOUVER ISLAND ³					
Wages	8,594	8,476	7,298	7,300	7,967
Vacations & Holidays	1,365	1,377	1,222	1,204	1,269
LONGSHORE EARNINGS	9,959	9,853	8,520	8,504	9,236
Pensions, Welfare, C.P.P. & E. I.	2,546	2,464	2,180	2,126	2,273
TOTAL LABOUR COST	12,505	12,317	10,700	10,630	11,509
Hours Worked	306	292	245	237	250
PRINCE RUPERT					
Wages	3,443	3,777	3,205	3,485	3,268
Vacations & Holidays	444	486	425	473	461
LONGSHORE EARNINGS	3,887	4,263	3,630	3,958	3,729
Pensions, Welfare, C.P.P. & E. I.	996	1,071	933	990	943
TOTAL LABOUR COST	4,883	5,334	4,563	4,948	4,672
Hours Worked	110	119	99	108	96
OTHERS ⁴					
Wages	295	262	221	262	347
Vacations & Holidays	17	16	14	13	17
LONGSHORE EARNINGS	312	278	235	275	364
Pensions, Welfare, C.P.P. & E. I.	85	78	72	68	103
TOTAL LABOUR COST	397	356	307	343	467
Hours Worked	11	9	7	8	11

1. Earned during the appropriate period by members of that Local.

2. Workers Compensation and other insurance costs are not included. Pension costs include Container Gainshare and other Pension contributions.

3. In December 1998 the Canada Labour Relations Board ruled that all of the Locals on Vancouver Island be consolidated into one local at Chemainus, therefore Vancouver Island is a consolidation of the information previously reported as Chemainus, Port Alberni & Victoria.

4. Consists of work at Bella Coola, Massett, Nisga'a, Port Simpson and Stewart.

EMPLOYEE HOURS WORKED IN EACH PORT AREA

	Hours Worked by Vancouver Employees in	Hours Worked by New Westminster Employees in	Hours Worked by Vancouver Island ¹ Employees in	Hours Worked by Prince Rupert Employees in	Hours Worked by Outport ² Employees in	Hours Worked by All Employees in
VANCOUVER						
1997	3,480,259	7,804	694	13,921	11	3,502,689
1998	3,108,478	10,893	5,799	1,705	851	3,127,726
1999	3,145,632	7,581	3,934	8,532	1,059	3,166,738
2000	3,205,660	16,542	4,296	5,073	805	3,232,376
2001	2,693,423	2,547	1,985	2,807	65	2,700,827
2002	2,574,537	2,171	1,765	5,168	0	2,583,641
2003	2,545,472	3,615	3,511	4,424	8	2,557,030
NEW WESTMINSTER						
1997	34,477	671,013	183	1,555	78	707,306
1998	65,440	751,028	7,123	2,413	48	826,052
1999	92,364	906,654	6,366	16,734	1,538	1,023,656
2000	166,622	1,147,734	11,449	22,381	1,762	1,349,948
2001	193,486	1,282,244	13,587	22,008	2,617	1,513,942
2002	256,058	1,412,847	15,512	39,410	1,893	1,725,720
2003	286,295	1,725,639	21,936	44,452	1,667	2,079,989
VANCOUVER ISLAND						
1997	2,383	33	335,013	0	0	337,429
1998	0	0	247,782	8	16	247,806
1999	449	0	295,785	0	0	296,234
2000	42	0	276,424	0	0	276,466
2001	136	0	228,971	0	0	229,107
2002	288	0	219,263	218	408	220,177
2003	248	0	224,579	179	0	225,006
PRINCE RUPERT						
1997	0	0	0	117,718	31	117,749
1998	0	0	0	122,472	192	122,664
1999	0	0	0	84,624	182	84,806
2000	0	0	0	91,543	359	91,902
2001	24	0	0	74,025	421	74,470
2002	0	0	0	60,069	996	61,065
2003	0	0	0	43,724	429	44,153
OTHERS						
1997	0	0	0	24	3,875	3,899
1998	0	0	0	0	2,113	2,113
1999	76	0	0	0	7,466	7,542
2000	24	0	0	0	5,782	5,806
2001	8	0	0	33	4,759	4,800
2002	42	0	426	2,989	4,687	8,144
2003	0	0	0	3,177	8,760	11,937
TOTAL						
1997	3,517,119	678,850	335,890	133,218	3,995	4,669,072
1998	3,173,918	761,921	260,704	126,598	3,220	4,326,361
1999	3,238,521	914,235	306,085	109,890	10,245	4,578,976
2000	3,372,348	1,164,276	292,169	118,997	8,708	4,956,498
2001	2,887,077	1,284,791	244,543	98,873	7,862	4,523,146
2002	2,830,925	1,415,018	236,966	107,854	7,984	4,598,747
2003	2,832,015	1,729,254	250,026	95,956	10,864	4,918,115

¹ In 1998 the Vancouver Island Locals, 503, 504 and 508 were consolidated into one (1) local - Local 508

² Hours worked in Stewart, Bella Coola, Masset, Nisga'a and Port Simpson

TONNAGE DISTRIBUTION AND HOURS WORKED BY COMMODITY AND PORT AREA

	(000) ¹				
	1999	2000	2001	2002	2003
VANCOUVER					
Bulk	19,740	20,292	17,125	17,089	18,849
Grain	11,807	14,398	12,896	5,011	5,348
Logs	680	561	291	88	240
Lumber	803	866	676	557	583
General	3,791	3,711	3,257	3,142	3,222
Containers	5,795	6,200	4,400	6,052	5,965
Total	<u>42,616</u>	<u>46,028</u>	<u>38,645</u>	<u>31,939</u>	<u>34,207</u>
Hours Worked in -	<u>3,167</u>	<u>3,232</u>	<u>2,701</u>	<u>2,584</u>	<u>2,557</u>
NEW WESTMINSTER					
Bulk	27	45	22	36	0
Logs	40	158	552	906	886
Lumber	398	364	323	252	272
General	1,344	1,543	1,426	1,386	1,227
Containers	3,842	4,780	6,832	8,222	10,157
Total	<u>5,651</u>	<u>6,890</u>	<u>9,155</u>	<u>10,802</u>	<u>12,542</u>
Hours Worked in -	<u>1,024</u>	<u>1,350</u>	<u>1,514</u>	<u>1,726</u>	<u>2,080</u>
VANCOUVER ISLAND⁴					
Bulk	0	24	0	0	0
Logs	7	0	0	4	16
Lumber	1,153	987	931	971	973
General	773	912	755	785	746
Containers	24	12	1	0	0
Total	<u>1,957</u>	<u>1,935</u>	<u>1,687</u>	<u>1,760</u>	<u>1,735</u>
Hours Worked in -	<u>296</u>	<u>276</u>	<u>229</u>	<u>220</u>	<u>225</u>
PRINCE RUPERT					
Bulk	43	0	0	0	68
Grain	1,867	2,619	2,028	2,534	2,842
Logs	109	224	126	160	167
Lumber	170	196	93	0	0
General	334	423	204	66	15
Total	<u>2,523</u>	<u>3,462</u>	<u>2,451</u>	<u>2,760</u>	<u>3,092</u>
Hours Worked in -	<u>85</u>	<u>92</u>	<u>74</u>	<u>61</u>	<u>44</u>
OTHERS					
Logs	86	57	50	74	50
Total	<u>86</u>	<u>57</u>	<u>50</u>	<u>74</u>	<u>50</u>
Hours Worked in -	<u>8</u>	<u>6</u>	<u>5</u>	<u>8</u>	<u>12</u>
TOTAL					
Bulk ²	19,810	20,362	17,147	17,125	18,918
Grain	13,674	17,017	14,924	7,545	8,189
Logs	922	1,001	1,018	1,232	1,359
Lumber	2,524	2,412	2,024	1,780	1,828
General ³	6,242	6,588	5,642	5,379	5,210
Containers	9,661	10,992	11,233	14,274	16,122
Total	<u>52,833</u>	<u>58,372</u>	<u>51,988</u>	<u>47,335</u>	<u>51,626</u>
Hours Worked in -	<u>4,579</u>	<u>4,956</u>	<u>4,523</u>	<u>4,599</u>	<u>4,918</u>

1. Metric Tonnes handled by I.L.W.U./B.C.M.E.A. labour.

2. Including Bulk Liquids

3. Including Vehicles and Steel

4. In 1998 the Vancouver Island Locals 503, 504 and 508 were consolidated into one (1) local - Local 508

LONGSHORE TONNAGE, HOURS & LABOUR COST

	LONGSHORE		TONNAGE (000)	COST PER HOUR	COST PER TONNE	HOURS PER TONNE	TONNES PER HOUR
	LONGSHORE HOURS (000)	LABOUR COST (000)					
1994	4,385	\$164,390	54,574	\$37.49	\$3.01	0.080	12.45
1995	4,546	\$178,870	54,358	\$39.35	\$3.29	0.084	11.96
1996	4,569	\$184,630	53,707	\$40.41	\$3.44	0.085	11.75
1997	4,669	\$194,806	55,695	\$41.72	\$3.50	0.084	11.93
1998	4,326	\$187,721	52,101	\$43.39	\$3.60	0.083	12.04
1999	4,579	\$205,143	52,833	\$44.80	\$3.88	0.087	11.54
2000	4,956	\$227,053	58,372	\$45.81	\$3.89	0.085	11.78
2001	4,523	\$213,698	51,988	\$47.25	\$4.11	0.087	11.49
2002	4,599	\$226,054	47,335	\$49.15	\$4.78	0.097	10.29
2003	4,918	\$252,950	51,626	\$51.43	\$4.90	0.095	10.50

Longshore Labour Cost consists of Wages, Vacation Pay, General Holiday Pay, Pensions, Health & Benefits, C.P.P. and E.I. earned. Workers Compensation and other insurance costs are not included.

Longshore Labour Cost amended to include wage and benefit cost of 1993 Collective Agreement settlement paid in 1994.

DISTRIBUTION OF LONGSHORE EARNINGS

		1 - 10		11 - 20		21 - 30		31 - 40		40 +	
		Hours per Week Average		Hours per Week Average		Hours per Week Average		Hours per Week Average		Hours per Week Average	
		Number Paid	Annual Earnings	Number Paid	Annual Earnings	Number Paid	Annual Earnings	Number Paid	Annual Earnings	Number Paid	Annual Earnings
1994	Union	95	\$8,469	147	\$27,646	406	\$43,382	858	\$58,881	469	\$71,483
	Casual	1,107	\$3,308	276	\$22,886	240	\$37,030	181	\$52,275	32	\$67,990
1995	Union	92	\$9,173	147	\$28,510	389	\$44,845	827	\$60,833	504	\$75,360
	Casual	1,041	\$3,999	262	\$23,679	251	\$38,274	217	\$53,909	64	\$69,386
1996	Union	83	\$9,009	138	\$28,631	378	\$46,304	834	\$63,202	571	\$77,278
	Casual	924	\$4,188	292	\$23,719	265	\$39,164	175	\$54,662	37	\$69,833
1997	Union	96	\$9,380	162	\$30,518	397	\$48,448	820	\$65,497	513	\$80,848
	Casual	931	\$4,396	312	\$24,352	287	\$40,494	191	\$57,204	69	\$73,652
1998	Union	107	\$8,415	163	\$28,634	441	\$48,682	728	\$66,655	490	\$82,967
	Casual	766	\$5,401	271	\$25,358	256	\$42,324	167	\$58,177	69	\$74,944
1999	Union	126	\$10,130	189	\$31,622	418	\$49,288	790	\$67,511	504	\$85,134
	Casual	647	\$4,697	265	\$23,969	255	\$41,969	239	\$59,982	75	\$79,139
2000	Union	140	\$11,231	184	\$31,833	355	\$51,385	734	\$70,050	651	\$88,124
	Casual	596	\$4,511	285	\$25,680	239	\$42,371	258	\$60,625	149	\$80,718
2001	Union	120	\$12,774	166	\$32,931	431	\$52,938	742	\$70,748	499	\$90,990
	Casual	683	\$5,587	264	\$26,426	215	\$44,280	186	\$65,168	140	\$88,019
2002	Union	126	\$12,629	180	\$34,148	405	\$53,713	708	\$72,246	522	\$94,625
	Casual	770	\$4,693	279	\$27,856	242	\$47,320	230	\$68,071	123	\$93,540
2003	Union	116	\$11,983	186	\$35,495	361	\$56,087	666	\$76,705	621	\$100,886
	Casual	700	\$6,429	284	\$30,283	233	\$49,711	230	\$71,072	177	\$97,628

LONGSHORE BENEFIT PLAN

Benefits provided under the Longshore Pension and Health & Benefit Plans are administered by six Trustees, three appointed by the Association and three appointed by the Union. The Trustees are responsible for determining benefit levels in an equitable manner based on qualified advice, but subject to the limitations imposed on the Trustees by the Pension and Welfare Agreements. Day to day administration of these plans is carried out by the Waterfront Employers of B.C.

WATERFRONT INDUSTRY PENSION PLAN

	NUMBER OF BENEFIT RECIPIENTS				MONTHLY PENSION BENEFIT			MONTHLY BRIDGE BENEFIT*		
	Pensioners	Spouses	Others	Total	Maximum Years of Service	Maximum Rate per Month	Maximum Monthly Benefit	Maximum Years of Service	Maximum Rate per Month	Maximum Monthly Benefit
1989	1,183	108	18	1,309	32 years	\$22	\$704	25 years	\$22	\$550
1990	1,210	124	19	1,353	35 years	\$22	\$770	25 years	\$22	\$550
1991	1,246	136	17	1,399	35 years	\$23	\$805	25 years	\$22	\$550
1992	1,242	151	18	1,411	35 years	\$30	\$1,050	25 years	\$25	\$625
1993	1,224	167	19	1,410	35 years	\$31	\$1,085	25 years	\$25	\$625
1994	1,216	180	22	1,418	35 years	\$32	\$1,120	25 years	\$27	\$675
1995	1,198	201	17	1,416	35 years	\$33	\$1,155	25 years	\$27	\$675
1996	1,212	216	23	1,451	35 years	\$35	\$1,225	25 years	\$27	\$675
1997	1,223	229	21	1,473	35 years	\$42.50	\$1,487.50	25 years	\$27	\$675
1998	1,237	241	17	1,495	35 years	\$45	\$1,575	25 years	\$28	\$700
1999	1,267	266	16	1,549	35 years	\$49	\$1,715	25 years	\$28	\$700
2000	1,268	269	14	1,551	35 years	\$52	\$1,820	25 years	\$28	\$700
2001	1,276	286	16	1,578	35 years	\$55	\$1,925	25 years	\$28	\$700
2002	1,294	301	13	1,608	35 years	\$56.50	\$1,977.50	25 years	\$28	\$700
2003	1,305	305	14	1,624	35 years	\$57.50	\$2,012.50	25 years	\$28	\$700

* Payable from age 62 to 65 in the amount shown above or at a lesser rate if retired at age 55 or over but under age 62.

CHANGES IN PENSION FUND ASSETS

	Assets Available at Beginning of Year			Administration Expenses	Employer Contributions	Investment Income	Market Value Gain (Loss)	Assets Available at End of Year
1989	\$78,024,801	\$8,560,311	\$219,205	\$14,750,000	\$9,164,999	\$0	\$93,160,284	
1990	93,160,284	9,552,678	249,729	11,217,031	10,648,114	(2,180,115)	103,042,907	
1991	103,042,907	10,130,488	256,738	11,129,394	11,986,265	10,348,493	126,119,833	
1992	126,119,833	12,558,608	286,254	16,659,739	13,172,381	(843,133)	142,263,958	
1993	142,263,958	12,441,167	330,239	16,686,621	13,808,314	15,627,188	175,614,675	
1994	175,614,675	13,151,584	387,639	17,876,087	13,950,657	(19,513,316)	174,388,880	
1995	174,388,880	13,629,392	470,918	19,468,827	14,584,977	20,151,996	214,494,370	
1996	214,494,370	14,676,178	543,120	20,140,972	15,172,843	18,047,702	252,636,589	
1997	252,636,589	17,988,072	795,306	22,136,855	14,949,173	28,438,069	299,377,308	
1998	299,377,308	19,077,999	1,266,394	22,562,643	14,954,848	6,603,429	323,153,835	
1999	323,153,835	21,691,694	1,157,375	26,083,000	14,322,626	2,393,348	343,103,740	
2000	343,103,740	23,572,290	1,191,634	29,256,281	16,675,759	19,958,685	384,230,541	
2001	384,230,541	24,627,526	1,203,439	27,714,898	16,791,783	(5,666,206)	397,240,051	
2002	397,240,051	26,391,072	1,128,441	31,995,253	15,651,958	(21,445,003)	395,922,746	
2003	\$395,922,746	\$27,178,890	\$1,194,266	\$36,140,335	\$13,169,567	\$44,577,041	\$461,436,533	

ILWU—BCMEA HEALTH AND BENEFIT PLAN

Benefits Provided

Benefits under the ILWU-Employer Association Health and Benefit Plans are provided through a Trust. Benefits paid are limited by the assets of the Trust and are generally based on a flat amount per period. The Trust pays the cost of premiums for selected comprehensive coverage from independent third party carriers (basic medical, vision care and life insurance). The balance of the benefits are limited by the remaining assets of the Trust.

During 2003, qualifying Union and Welfare Eligible Casuals were eligible to apply for the following benefits:

Weekly Indemnity	\$500 per week to a maximum of 52 weeks.
Medical Services Plan of BC	Including Pensioners.
Dental	80% of all routine, restorative and surgical costs. Orthodontics limited at 50% -
Group Life	"A" coverage \$90,000, "B" coverage \$45,000.
Long Term Disability	\$1,710 per month but only after qualifying for CPP permanent disability benefits. Partial CPP offset eliminated 2003.
Extended Health	80% of covered expenses including prescription drugs, long term care, ambulances,
Vision Care	\$200 per individual dependent family member every 2 years.
Death Benefit	\$2,000 survivor benefit.

COST OF HEALTH AND BENEFIT PLAN BENEFITS

	1997	1998	1999	2000	2001	2002	2003
REVENUES							
Employer	\$6,042,674	\$5,722,171	\$5,972,966	\$6,467,183	\$6,078,596	\$6,220,330	\$7,587,655
Employee	3,978,181	3,988,686	4,214,876	4,597,364	4,324,029	4,297,545	4,437,271
Investment & Other	254,726	332,832	347,748	460,858	419,915	299,049	322,810
Total	<u>\$10,275,581</u>	<u>\$10,043,689</u>	<u>\$10,535,590</u>	<u>\$11,525,405</u>	<u>\$10,822,540</u>	<u>\$10,816,924</u>	<u>\$12,347,736</u>
EXPENSES							
Weekly Indemnity	\$2,188,063	\$1,983,600	\$1,692,948	\$1,561,596	\$1,838,459	\$1,877,393	\$1,786,547
M.S.P. of B.C.	2,458,846	2,467,085	2,454,648	2,512,581	2,548,018	3,359,006	3,715,465
Dental	1,621,479	1,525,089	1,889,515	1,911,870	1,884,307	1,861,302	1,953,185
Group Life	1,284,882	1,310,016	1,398,198	1,371,059	1,455,670	1,153,123	1,279,957
Long Term Disability	1,125,796	1,089,264	1,102,508	1,051,347	1,183,091	1,223,507	1,640,646
Extended Health	566,750	628,634	804,234	835,116	775,208	978,837	1,076,184
Vision Care	123,644	84,709	67,664	71,533	106,255	103,938	108,437
Death Benefits	136,000	134,000	126,000	122,000	144,000	122,000	118,000
Administration, Consultants	316,063	334,381	372,268	372,487	383,370	387,715	450,317
Total	<u>\$9,821,523</u>	<u>\$9,556,778</u>	<u>\$9,907,983</u>	<u>\$9,809,589</u>	<u>\$10,318,378</u>	<u>\$11,066,821</u>	<u>\$12,128,738</u>
EXCESS (SHORTFALL)	<u>\$454,058</u>	<u>\$486,911</u>	<u>\$627,607</u>	<u>\$1,715,816</u>	<u>\$504,162</u>	<u>(\$249,897)</u>	<u>218,998</u>

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G. Poitras

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F. Vick

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Bulk Terminal Matters

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M. Leonard

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NEW WESTMINSTER

Deepsea Matters

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T. Genest

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P & O PORTS CANADA, INC.

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General Wharf Operators Matters

B. Denton

CASCO TERMINALS LIMITED

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*Secretary***G. Vurdela**

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**WATERFRONT INDUSTRY PENSION
AND HEALTH AND BENEFIT PLAN TRUSTEES****B. D. Ciccozzi**

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B. Eshleman

WESTERN STEVEDORING COMPANY LIMITED

M. Gordienko

ILWU - CANADIAN AREA

J. McKinley

ILWU - LOCAL 500

L. A. W. Seney

NEPTUNE BULK TERMINALS (CANADA) LTD.

M. Turmel

ILWU - LOCAL 502

*to June 30, 2003***D. Clarkson**

P & O PORTS CANADA, INC.

from July 1, 2003

MEMBERSHIP LIST**British Columbia Maritime Employers Association*****Ship Owners Class***

Anglo Canadian Shipping Company
APL (Canada)

Canada Maritime Agencies Limited
China Ocean Shipping Co. (Canada) Inc.
China Shipping (Canada) Agency Co. Ltd.
Colley West Shipping Ltd.
Compass Marine Services Inc.

Dominion Shipping Co. Ltd.

Empire Shipping Agency Ltd.
Evergreen America Corporation

Fesco Agencies N.A. Inc.

Gearbulk Shipping Canada Ltd.
Greer Shipping Ltd.

Hanjin Shipping Company Limited
Hapag-Lloyd (Canada) Inc.
Hyundai America Shipping Agency (P.N.), Inc.

Inchcape Shipping Services - Canada
International Chartering Services Ltd.
Interocean Steamship Corporation
Island Shipping Limited

Kerr Norton Strachan Agency, Canada

Lavino Shipping Agencies

Maersk Canada Inc.
Maple Shipping
Mason Agency Ltd.
McLean Kennedy Inc.
Montship Inc.

N Y K Line (Western Canada) Inc.
Norasia Container Lines Canada Ltd.
Norsk Pacific Steamship Canada Limited
Nortec Marine Agencies Inc.
North Pacific Shipping Company Ltd.

Oldendorff Carriers
OOCL (Canada) Inc.

P & O Nedlloyd Limited
Pacific Northwest Ship & Cargo Services Inc.
PacNord Agencies Ltd.

Robin Maritime Inc.

Saga Forest Carriers International (Canada) Ltd.
Seaboard Shipping Company Limited
Seabridge International Shipping Inc.
Sinotrans Canada Inc.

SMI Marine Limited
Star Shipping (Canada) Ltd.

Trans-Oceanic Shipping Co. Ltd.

Westward Shipping Ltd.
Weyerhaeuser Canada Ltd.

Stevedores Class

Arrow Stevedoring Inc.
Associated Stevedoring Co. Ltd.

Empire Grain Stevedoring Ltd.

Louis Wolfe & Sons (Vancouver) Ltd.

P & O Ports Canada, Inc.
Pacific Rim Stevedoring Ltd.
Pacific Stevedoring & Contracting Co. Ltd.
PCDC Canada Ltd.

Vancouver Shipping Agencies Ltd.

Westcan Stevedoring Ltd.
Western Stevedoring Company Limited

General Wharf Operators Class

Casco Terminals Limited

Fraser Surrey Docks Ltd.

Squamish Terminals Ltd.

Terminal Dock Limited
Terminal Systems Inc.
TFL Forest Limited - Stuart Channel Wharves Division

Westcan Terminals Ltd.
Western Stevedoring Terminal Operations Ltd.

Bulk Terminal Operators Class

BCR Marine Ltd.

Fibreco Export Inc.

Neptune Bulk Terminals (Canada) Ltd.

Pacific Coast Terminals Co. Ltd.

Associate Members Class

Coastal Containers Ltd.

BRITISH COLUMBIA MARITIME EMPLOYERS ASSOCIATION
(incorporated under the Society Act of the Province of British Columbia)

FINANCIAL STATEMENTS

December 31, 2003

AUDITORS' REPORT

February 6, 2004

To the Directors and Members of
British Columbia Maritime Employers Association

We have audited the balance sheet of British Columbia Maritime Employers Association as at December 31, 2003 and the statement of revenues and expenditures for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Association derives its revenues from assessments of its members. We did not review the accounting records of the member employers to ascertain whether certain assessments had been completely remitted. Accordingly, our verification of certain assessments was limited to amounts recorded by the Association.

In our opinion, except for the effect of any adjustments that might have been required had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

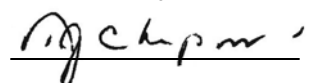
Chartered Accountants

BRITISH COLUMBIA MARITIME EMPLOYERS ASSOCIATION

Balance Sheet

	December 31 2003 \$	December 31 2002 \$
Assets		
Current Assets		
Cash and cash equivalents	37,361,678	29,221,425
Accounts and other receivables	<u>8,601,230</u>	<u>8,242,594</u>
	45,962,908	37,464,019
Property and equipment (Note 6)	<u>3,362,490</u>	<u>3,799,906</u>
	<u>49,325,398</u>	<u>41,263,925</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	6,018,132	5,127,388
Accrued longshore vacation pay	16,217,648	14,928,555
Accrued Container Gainshare liability	15,243,780	12,989,870
COLA clause	0	876,276
Deferred revenue - (Schedule 2)	723,447	759,307
Retiring allowance liability accrual - (Schedule 2)	<u>1,238,478</u>	<u>0</u>
	<u>39,441,485</u>	<u>34,681,396</u>
Net Assets (Note 7)		
Investment in property and equipment	3,362,490	3,799,906
Capital replacement reserve	44,518	0
Unrestricted net assets	<u>6,476,905</u>	<u>2,782,623</u>
	<u>9,883,913</u>	<u>6,582,529</u>
Contingency (Note 5)	<u>49,325,398</u>	<u>41,263,925</u>

Approved by the Board



Director



Director

BRITISH COLUMBIA MARITIME EMPLOYERS ASSOCIATION

**Statement of Revenues and Expenditures
For the Year Ended**

	December 31 2003 \$	December 31 2002 \$
Revenues		
Payroll assessments	44,268,289	40,012,499
Surcharge assessments	830,667	0
Hourly assessments	15,755,014	14,270,395
Cargo assessments	14,122,851	12,475,743
Investment income	576,559	361,123
Container Gainshare - (Schedule 2)	15,243,780	12,989,870
Gang Interchange - (Schedule 2)	468,275	560,222
Lower Mainland Interchange - (Schedule 2)	404,217	205,156
	<u>91,669,652</u>	<u>80,875,008</u>
Expenditures		
Payroll related labour fringe benefits (Schedule 1)	43,615,079	39,754,903
Adjustment pay	1,283,172	0
Hourly related labour fringe benefits (Schedule 1)	14,758,084	13,785,220
Cargo related expenditures (Schedule 1)	12,595,661	10,907,262
Container Gainshare expenditures	15,243,780	12,989,870
Gang Interchange expenditures	468,275	560,222
Lower Mainland Interchange expenditures	404,217	205,156
	<u>88,368,268</u>	<u>78,202,633</u>
Excess of revenues over expenses for the year	<u>3,301,384</u>	<u>2,672,375</u>
Transfer to capital replacement reserve	411,920	0
Excess of revenues over expenses and transfers for the year	<u>2,889,464</u>	<u>2,672,375</u>

BRITISH COLUMBIA MARITIME EMPLOYERS ASSOCIATION

Schedule 1

**Schedule of Labour Fringe Benefits and Related Expenditures
For the Year Ended**

	December 31 2003 \$	December 31 2002 \$
Vacation pay	16,878,290	15,543,279
General holiday pay	5,353,100	5,071,173
Canada Pension Plan	5,037,524	4,566,351
Central records	1,571,849	1,413,660
Pensions contributions (%)	14,047,761	12,566,728
Workers Compensation	<u>726,555</u>	<u>593,712</u>
Payroll related labour fringe benefits	<u>43,615,079</u>	<u>39,754,903</u>
Supplementary retiring allowance (Schedule 2)	182,154	174,088
Bereavement and parental leave	103,559	78,013
Jury duty	10,825	2,984
Health & benefits	7,583,388	6,215,204
Pensions contributions (hourly)	6,848,794	6,438,655
COLA clause	<u>29,364</u>	<u>876,276</u>
Hourly related labour fringe benefits	<u>14,758,084</u>	<u>13,785,220</u>
Operating and despatch (Schedule 3)	5,171,524	5,054,379
Boot allowance (Note 4)	344,050	275,800
Retiring allowance (Schedule 2)	4,165,280	2,895,817
Training	2,763,816	2,558,200
Employee assistance	79,306	87,955
Midnight dead time	34,263	33,069
Medicals	<u>37,422</u>	<u>2,042</u>
Cargo related expenditures	<u>12,595,661</u>	<u>10,907,262</u>
Total Labour Fringe Benefits & Related Expenditures	<u>70,968,824</u>	<u>64,447,385</u>

BRITISH COLUMBIA MARITIME EMPLOYERS ASSOCIATION

Schedule 2

Schedule of Deferred Revenue and Retiring Allowance Liability

as at

	December 31 2003 \$	December 31 2002 \$
Gang Interchange pool		
Balance at beginning of year	451,408	362,569
Levies from members	563,096	599,061
From unappropriated balance	0	50,000
Less: amount recognized as income in the year	<u>(468,275)</u>	<u>(560,222)</u>
Balance at end of year	<u>546,229</u>	<u>451,408</u>
Lower Mainland Interchange pool		
Balance at beginning of year	210,502	0
Levies from members	440,095	415,658
Less: amount recognized as income in the year	<u>(404,217)</u>	<u>(205,156)</u>
Balance at end of year	<u>246,380</u>	<u>210,502</u>
Container Gainshare (Industrial Inquiry Commission) pool		
Balance at beginning of year	97,397	429,449
Levies from members	15,077,221	12,657,818
Less: amount recognized as income in the year	<u>(15,243,780)</u>	<u>(12,989,870)</u>
Balance at end of year	<u>(69,162)</u>	<u>97,397</u>
Total deferred revenue	<u>723,447</u>	<u>759,307</u>
Retiring allowance liability accrual (Note 3)		
Liability at the beginning of year	0	0
Current expense - accrual of future obligation	416,667	0
Current expense - retiring allowance	3,748,613	0
Current expense - supplementary retiring allowance	182,154	0
Less Retiring allowance cash paid	(2,944,308)	0
Less Supplementary retiring allowance cash paid	<u>(164,648)</u>	<u>0</u>
Accrued liability at the end of year	<u>1,238,478</u>	<u>0</u>

BRITISH COLUMBIA MARITIME EMPLOYERS ASSOCIATION

Schedule 3

Schedule of Operating and Despatch Expenses

For the Year Ended

	December 31 2003	December 31 2002
	\$	\$
Salaries and wages	2,209,760	2,220,232
Depreciation	804,818	610,014
Employee benefits	621,182	631,121
Consulting fees	201,918	253,346
Property taxes	127,347	125,539
Telephone and facsimile	105,859	100,991
Janitorial	100,127	96,689
Automobile	79,454	70,754
Legal	64,779	128,658
Utilities	64,779	64,802
Supplies	43,926	34,584
Insurance	42,473	35,657
Travel	40,809	30,342
Audit	39,276	42,855
Miscellaneous	13,952	10,965
Conferences and catering	26,862	30,360
Repairs and maintenance	31,376	37,480
Annual meeting	23,476	21,632
Service contracts	25,349	24,127
Arbitrators fees	25,451	28,655
Dues and memberships	33,198	43,580
Entertainment	22,328	23,671
Printing	21,613	31,381
Port security	19,232	0
Port security funding	39,515	0
Recruitment	37,192	32,886
Despatch errors	9,682	0
Others	44,291	43,777
Staff training	14,124	3,771
Negotiations	6,612	8,820
High visibilty vests	11,244	9,087
	4,952,004	4,795,776
Operating expenses recovered & sign revenue	201,311	201,170
	4,750,693	4,594,606
Outport despatch	420,831	459,773
Operating and despatch expenses for the year	5,171,524	5,054,379

BRITISH COLUMBIA MARITIME EMPLOYERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1 Nature of operations

The Association's primary purposes are to negotiate labour agreements, maintain registers of longshore workers, promote health & safety, conduct training and maintain and administer longshore pension and health and benefit plans. The current collective agreement with the International Longshore and Warehouse Union - Canada (ILWU) expires on March 31, 2007.

2 Significant accounting policies

Revenue recognition:

Unrestricted assessments are recognized as revenue when collection is reasonably assured. Restricted contributions, which consist of Container Gainshare (Industrial Inquiry Commission), Gang Interchange and lower mainland levies, are recognized using the deferral method of accounting, as revenue in the year in which the related expenses are incurred. The Interchange levies are only available to equalize traveling costs that result from interchange of longshore workers between certain ports on Vancouver Island or in the lower mainland. Container Gainshare levies are only available to pay for obligations flowing from the Industrial Inquiry Commission.

Property and equipment:

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over periods varying from 20 years for buildings and 3 to 10 years for furniture and equipment, which will depreciate their original cost over their estimated useful lives.

3 Retiring allowance liability accrual

Pursuant to the Waterfront Industry Retiring Allowance Agreement, the Association is required to pay both a lump sum and a supplementary payment to eligible Union members upon retirement or death. If all Union members with an entitlement were to have retired at December 31, 2003 the Association's liability would be \$20,799,174. In order to recognize the costs relating to providing this benefit both to current and future retirees the Board has agreed to accrue an additional \$1,373,000 annually toward future liabilities (2003-\$416,667). Funding for this benefit is included in the cargo assessment paid by members.

4 Boot allowance

Through negotiation with the ILWU - Canada, the Association agreed to pay longshore workers, who met a minimum work criteria during 2002 and 2003, \$125 towards the purchase of CSA approved footwear. The amount of \$343,750 is included in accounts payable and accrued liabilities.

5 Contingency

The Association is currently undertaking an investigation into potential despatch errors. At this time, the outcome of the investigation and the risk of loss, if any, to the Association has not yet been determined.

6 Property and equipment

	Cost \$	Accumulated Depreciation \$	2003 Net \$	2002 Net \$
Land	753,700		753,700	753,700
Buildings	3,872,407	2,346,403	1,526,004	1,687,723
Furniture and equipment	6,292,514	5,209,728	1,082,786	1,358,483
Automobile	7,769	7,769		
	<u>10,926,390</u>	<u>7,563,900</u>	<u>3,362,490</u>	<u>3,799,906</u>

7 Changes in net assets	Invested in property and equipment \$	Capital		2003 Total \$	2002 Total \$
		Replacement reserve ¹ \$	Unrestricted ² \$		
Balance - Beginning of year	3,799,906		2,782,623	6,582,529	3,960,154
Depreciation	(804,818)		804,818		
Excess of revenues over expenses			3,301,384	3,301,384	2,672,375
Transfer to Gang Interchange pool					(50,000)
Transfer to Capital Replacement reserve		411,920	(411,920)		
Invested in property and equipment	<u>367,402</u>	<u>(367,402)</u>			
Balance - End of year	<u>3,362,490</u>	<u>44,518</u>	<u>6,476,905</u>	<u>9,883,913</u>	<u>6,582,529</u>

1. The Capital replacement reserve represents an appropriation by the Board to ensure adequate resources are available to replace equipment as required.
2. The Unrestricted reserve balance of \$6,476,905 includes a Board mandated operating reserve of \$1,500,000.

THE PEOPLE OF THE BCMEA

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