

Warehouse Sector Profile



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Executive Summary

Challenges: Major Workplace Issues in the Warehouse Sector

- Workload, Pace of Work and Productivity
- Workplace Health & Safety
- Job Ownership
- Automation and Technological Change
- Job Quality: Scheduling and Overtime
- Job Quality: Permanent, Stable and Full-time Work
- Sub-contracting, Third-Party Companies, Closures and Successorship

Opportunities: Towards a Warehouse Sector Development Strategy

Organizing the Warehouse Sector: Increasing union density in the warehouse sector is probably the number one way to improve working conditions for warehouse workers and to turn traditionally precarious and lower quality warehouse jobs into “good jobs.”

Creating Good Warehouse Jobs and Building an Industry Standard: In order to create “good jobs” in the warehouse sector, workers will need to establish an industry standard with basic minimum thresholds for wages and working conditions, to prevent employers from engaging in their usual ‘divide and conquer’ or ‘race to the bottom’ strategies.

Coming Together as a Sector: Warehouse work often takes place out of the public eye, and warehouse workers sometimes feel invisible and isolated. More coordination across the warehouse sector, between union and non-union workers, and even within unions themselves, will create powerful spaces where workers can build their power, share their victories, and build the development strategy for their sector. More sector coordination will lead to more power in bargaining, where workers will be able to address many of the challenges listed above.

Improving Employment and Labour Standards: At the same time, we must work to improve employment and labour standards. Though these kinds of improvements require resource-intensive campaigns and political organizing, we must strengthen employment regulations and legislation to improve workplace health and safety, create more standard and full-time jobs, and create more accountability and real penalties for bad employers.

Introduction

With a workforce of more than 62,000, working in thousands of locations across the country, Canada's warehouse industry is one of the most invisible but vital sectors of our economy. Almost every single good we buy and use every day spent at least some time in at least one warehouse before it eventually wound up in the hands of the end consumer.

Yet relatively little attention is paid to the warehouse sector itself, and to the workers who keep Canada's economic engine running. Unifor's Warehouse Sector Profile will provide some basic information on the warehouse industry itself, its role in the economy, and the people who make it work. We will identify the challenges and key issues facing warehouse workers, and lay out some key opportunities for positive change.

About the Warehouse Sector Profile

The first part of this Warehouse Sector Profile will focus on the facts of the sector, as it exists in Canada today. We will define exactly what we mean when we talk about the "warehouse sector," explore the role of the sector in the overall Canadian economy, highlight some major warehouse employers, and give a brief overview of unionization in the sector, including Unifor's nation-wide presence.

Then we will provide an economic profile for the warehouse sector, including employment trends, a wage analysis, a brief look at investments in the sector, and a high-level look at corporate revenues and profits for some of the main players.

Next, we look at the geographic aspect of the warehouse sector, with a closer look at the provincial distribution of warehouses, and especially the rise of regional "clusters" of warehousing in Canada. Finally, the first part of our profile closes with a closer look at warehouse workers themselves, including their age, gender, race, ethnicity, immigration status, and spoken languages.

For the second part of this Warehouse Sector Profile, we brought together a small group of Unifor members who have decades of combined experience working in the warehouse sector. We asked them to share their thoughts on the challenges and issues they struggle with at work, and not surprisingly, they had a lot to say. In the final – and most important – section of our Profile, we lay out the key components of a warehouse sector strategy.

Warehousing in Canada

Definitions

Any profile of the warehouse sector must begin with a more clear definition of what exactly we mean when we talk about a “warehouse worker.” This type of work can often take place across traditional industrial classifications, and can be absorbed by the ultimate end good or service created or provided by the employer. For instance, warehouse employees working for a food manufacturing company might inadvertently be classified as manufacturing workers. Additionally, what we might informally think of as “warehouse work” falls into several different categories of both the two main systems for industrial classification, the North American Industry Classification System (NAICS) and the National Occupational Classification (NOC).

However, generally speaking, and to keep things simple for the purposes of this profile, we will mostly follow the warehouse work definition provided by NAICS – 4931 Warehousing and storage. According to that classification, the “warehouse and storage” industry group “...comprises establishments primarily engaged in: operating general merchandise, refrigerated and other warehousing and storage facilities. These establishments provide facilities to store goods for customers.”¹ Some additional aspects of the industry group (which we will refer to as the “warehouse sector” for the sake of brevity):

- These establishments take responsibility for storing the goods and keeping them secure, but do not take title to the goods they handle.
- They may also provide a range of services, often referred to as logistics services, related to the distribution of a customer's goods.
- Logistics services can include labelling, breaking bulk, inventory control and management, light assembly, order entry and fulfillment, packaging, pick and pack, price marking and ticketing and transportation arrangement.
- However, establishments in this industry group always provide storage services in addition to any logistics services. Furthermore, the storage of goods must be more than incidental to the performance of a service such as price marking.
- Both public and contract warehousing are included in this industry group.
- Public warehousing generally provides short-term storage, typically for less than thirty days. Contract warehousing generally involves a longer-term contract, often including the provision of logistical services and dedicated facilities.
- Bonded warehousing and storage services, and warehouses located in free trade zones, are included in the industries of this industry group.

However, some of the major players we would think of as belonging in the warehouse sector, companies like Amazon could also at least partially be categorized under NAICS – 454110 Electronic shopping and mail-order houses.² This classification captures the online advertising and sales aspects of companies like Amazon, but would not appropriately capture the companies’ warehousing activities.

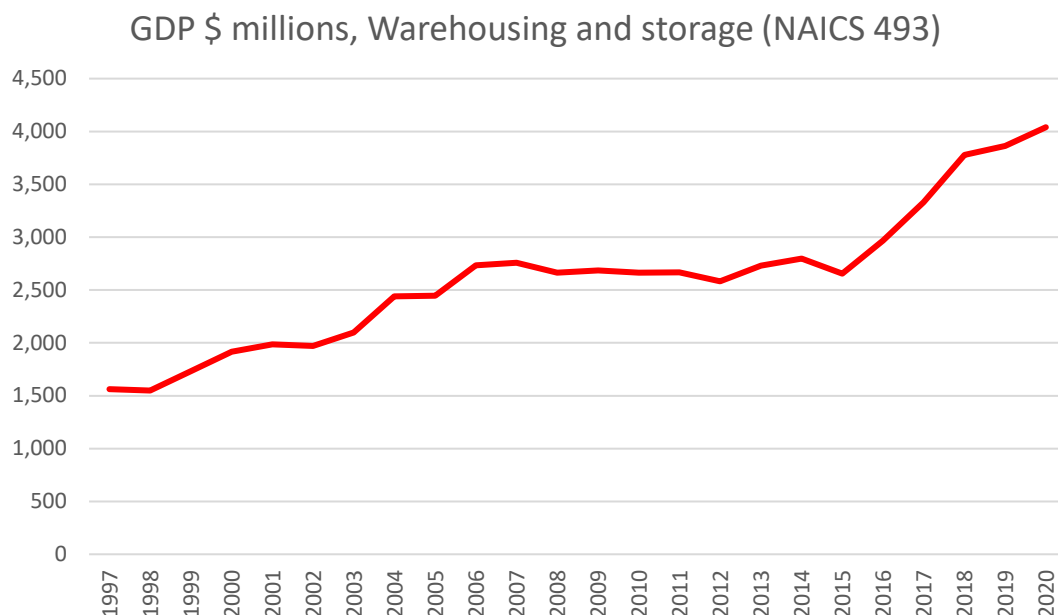
Industry analysts use the term “third-party logistics companies” (3PLs) to describe companies that specialize in distribution, warehousing and fulfillment services. These 3PLs are contrasted with those firms that maintain their own internal logistics and delivery services, including companies like Amazon in the e-commerce segment, or Loblaw in retail.

Role of warehousing in the Canadian economy

According to one industry resource, two of the ten largest warehouses on North America are located in Canada: the 1.1 million sq. ft. DSV Warehouse located in Milton, ON, and the 850,000 sq. ft. UPS Facility in Caledon, ON.³

In 2020, Canada’s warehouse sector had a GDP of \$4.04 billion.⁴ However, it is once again worth noting this represents the GDP for NAICS 493 Warehousing and storage, and does not capture the economic productivity of retail and e-commerce warehouses.

Warehouse Sector GDP in Canada (1997 to 2020)



The special case of Amazon

Amazon is not a pure warehousing company as per the definition for NAICS 4931. However, no warehouse sector profile would be complete without some mention of the company, which has come to dominate the discourse on warehousing and labour, simply because of the company’s massive scale, incredible growth, market dominance, and abysmal record of worker treatment.

Amazon is a US-based multinational technology company that focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence. The company has a market cap of

\$1.73 trillion USD, and generated \$386 billion USD in revenue in 2020, up almost 38% from the year before. In 2020, Amazon saw a net income of \$21.33 billion USD, an *increase of 84%* over the previous year.

In terms of the company's presence in Canada, the company claims to employ 23,000 full- and part-time workers. Amazon says it has invested more than \$11 billion in this country since 2010, including infrastructure and compensation to its employees.⁵ In terms of the company's e-commerce, and retail activities here, the company had 13 fulfillment centres, 15 delivery stations, and 2 sortation centres in Canada as of 2020.

The company's record as a bad employer could fill a discussion paper of its own. A recent study from California explored the company's "high churn" employment model, finding that, "Warehouse worker turnover rates rise as high as 100% when Amazon comes to town."⁶

The incredibly high workload and fast pace of work took their toll on Amazon's workforce. According to a recent investigation in the Toronto Star,

While Amazon's injury record has received significant attention south of the border, its record in Canada is worse: last year, its injury rate was 15 per cent higher than the company's U.S. average. In Toronto-area facilities, injury rates have more than doubled since 2016.⁷

Economic Profile

Breakdown of sub-sectors of warehousing

Within the logistics industry, there is a distinction between warehouses and distribution centres. Warehouses were designed to store products and in some cases, to hold onto them until customer demand was higher. As supply chains became more complex with increasing globalization, some warehouses evolved into faster-paced, value-added environments where products were sometimes, packaged, or mixed, and where orders were sorted, picked, or assembled.⁸

Both traditional warehouses and especially distribution centres have evolved to reach higher "flow velocity" of products, but distribution centres are seen to be more customer-oriented and consumer-facing, while warehouses still fit the more traditional model of storing goods for longer periods of time. This notion of increased "flow velocity" will resonate in the section below on challenges faced by warehouse workers, when we discuss the problems of high workload and the often overwhelming pace of work. This issue will also come up in the section on technological change.

Another useful distinction is between the third-party logistics companies (3PLs) and in-house warehouse or distribution centre operations carried out by companies as they engage in their primary business – the challenge of classification discussed above. For instance, workers at a Loblaw distribution centre are certainly warehouse workers, but their employer's primary business is selling groceries and other goods and services, not storing and delivering goods.

In some cases, warehousing activities are purely in-house or internal, and the goods being stored are used internally for some purpose without being passed along directly to a customer: for example, in an auto parts distribution centre, parts are shipped, stored and distributed and the auto assembly plant is the end user.

Still, we have included warehouse workers who work in-house or for retail, grocery, and other companies in this sector profile because the work they do is very similar to those workers, their working conditions are identical, and they face the same workplace challenges and struggles.

Because warehousing activity takes place in different sectors, different corporate structures, and across different industrial classifications, it is difficult to get a complete picture of the economic impact of the overall industry.

Employment in the warehouse sector

There were 62,331 people employed in the warehouse sector (NAICS 493, 4931) in Canada in 2020, a 30.5% increase in employment since 2016. As noted below, the union density for the sector sits at around 12%, meaning there are probably at least 54,850 non-union warehouse workers across the country.

According to Statistics Canada, in 2020 there were 2,583 warehouse establishments in Canada, though it is important to remember this number is for NAICS 4931, and does not include all the workplaces we might informally include in the category of warehouse companies.

There are an additional 2,101 warehouse establishments classified “non-employers or indeterminate” (those that have an indeterminate number of employees, as well as those with only a temporary workforce, or family members as employees), but we will ignore that category for the purpose of this paper.

Union presence in the warehousing sector

The unionization rate in the overall “Transportation and warehousing” industry classification is very high, sitting at 39.4% in 2020, almost 7% higher than the service sector average.⁹ However, the transportation portion of that classification is *heavily* unionized, and that number is in no way representative of the unionization rate for the warehouse sector. According to a December 2020 media report on the abysmal working conditions in Amazon distribution centres in the Greater Toronto Area, the union density for the warehouse sector is actually 12%. This means union density in warehouses is 3% lower than the rate for the overall private sector.¹⁰

Unifor represents almost 7,000 warehouse workers in Canada. Of that total membership: approximately:

- 57% of those members work in Ontario,
- 24% work in Central and Western Canada,
- 12% work in Quebec, and

- 7% work in Eastern Canada.

Unifor warehouse members work for both third-party logistics companies as well as warehouse operations for companies in other sectors, and major employers include:

- DHL Express
- Loomis Express
- Tracker Logistics Inc.
- Sysco Food Services
- Martin-Brower of Canada
- Loblaws Companies Ltd
- Metro Inc.
- Sobeys Inc.
- Atlantic Wholesaler Ltd.
- Ford Motor Company
- General Motors
- Uni-Select
- Groupe ATBM
- Penske Logistics

Other unions that represent warehouse workers in Canada include:

International Longshore and Warehouse Union Canada (ILWU Canada)

- The ILWU represents 7,200 members across the province of BC, including warehouse workers, as well as 9000 members of affiliates in Western Canada
- Major warehouse employers include companies of the BC Maritime Employers Association (BCMEA)

United Food and Commercial Workers Union (UFCW Canada)

- UFCW says it represents “thousands of logistics workers” in Canada, and in March 2021 a group of Amazon drivers in the GTA attempted unsuccessfully to join the union¹¹
- Major warehouse employers include H&M, Aspect Logistics in Ontario (400 members), National Grocers Maple Grove Distribution Centre (675 members), The Beer Store in Ontario, Labatt, Pepsi-Co, and others

Teamsters Canada

- Union structure includes the Teamsters Canada Warehouse Division
- In September 2021, Teamsters Local 362 filed for union certification for an Amazon distribution centre in Nisku, Alberta, a suburb of Edmonton.¹² That location is thought to employ between 600 and 800 people.

- Soon after, Teamsters Canada announced it had active drives at nine Amazon locations across Canada, including in the GTA and locations in Milton, Cambridge and Kitchener, ON.
- Major warehouse employers include VersaCold in Vaughan, ON, Sysco Foods, and others.

Wage profile

The average hourly wage, excluding overtime, for workers in the warehouse sector in 2019 was \$22.69. This compares to \$25.23 for the overall “all industries” average, defined by Statistics Canada as “Industrial aggregate excluding unclassified businesses.”¹³

However, this \$22.69 figure includes both union and non-union wages, and we have heard anecdotally that non-union workers are often paid close to minimum wage. Recent media reports have noted that as of September 2021, Amazon’s starting wage was \$16/hour, though the company had plans to increase that wage to, “between \$17 an hour and \$21.65 an hour.”¹⁴

Operating results for major warehouse companies

Below is a list of the top third-party logistics companies in the world by revenue.¹⁵ All of the companies listed below have at least some operations in Canada:

1. United Parcel Service (UPS)
 - UPS maintains more than 35 million sq. ft. of distribution and warehousing facilities at approximately 1,000 sites in 120 countries, serving more than 220 countries and territories.
 - Revenue: \$74.094 billion USD (2019)
 - Headquarters: Atlanta, Georgia, USA
2. DHL
 - As of 2019, DHL manages approximately 430 warehouses comprising 121 million sq. ft. of warehouse space.
 - Revenue: \$72.43 billion USD (December 2019)
 - Headquarters: Bonn, Germany
3. FedEx Corporation
 - Operations in more than 220 territories around the globe and more than 35 million sq. ft. of warehouse space under its management.
 - Revenue: \$69.69 billion USD (2019)
 - Headquarters: Memphis, Tennessee, USA
4. Kuehne + Nagel Inc.
 - Manages more than 75 million sq. ft. of warehouse and logistics space worldwide, spanning more than 65 countries, including 14 million sq. ft. in the United States.
 - Revenue: \$21.23 billion USD (2019)
 - Headquarters: Schindellegi, Switzerland

5. Nippon Express
 - Owns more than 31.7 million sq. ft. of warehouse space in Japan and an additional 25.8 million sq. ft. overseas, maintaining a network of 744 branches in 48 countries and regions.
 - Revenue: \$19.9 billion USD (fiscal year 2018)
 - Headquarters: Tokyo, Japan
6. DB Schenker Logistics
 - The company manages more than 94 million sq. ft. of warehouse space and covers more than 794 locations around 60 countries with its worldwide network.
 - Revenue: \$19.42 billion USD (2018)
 - Headquarters: Essen, Germany
7. XPO Logistics
 - The second-largest contract logistics provider worldwide, XPO Logistics manages more than 202 million sq. ft. of warehouse facility space.
 - Revenue: \$16.65 billion USD (2019)
 - Headquarters: Greenwich, Connecticut, USA
8. DSV Panalpina
 - DSV Panalpina is one of the five largest third-party logistics companies in the world, with a global workforce of nearly 60,000 employees spanning 90 countries.
 - Revenue: \$14.2 billion USD (2019)
 - Headquarters: Hedeusene, Denmark
9. Nippon Yusen (NYK)
 - Nippon Yusen is a Japanese shipping company that is part of the Mitsubishi group of companies, offers “end to end” logistics solutions on top of their core business of shipping.
 - Revenue: \$16.5 billion USD (2019)
 - Headquarters: Tokyo, Japan
10. CJ Logistics
 - In 2020, DSC Logistics, CJ Logistics USA and CJ Logistics Canada joined as one operating company, with a combined warehousing footprint of approximately 30 million sq. ft.
 - Revenue: \$13.42 billion USD (2019)
 - Headquarters: Seoul, South Korea

Geographic Profile

As noted above, there are 2,583 warehouse establishments in Canada (for NAICS 4931). It is not surprising that these locations are distributed largely in line with the population distribution in the country. In addition, warehouses and distribution centres are often located near major transportation hubs like airports, ports, or highway exchanges.

*Warehouse establishments (NAICS 4931) by province (2020)*¹⁶

Province/territory	Warehouse establishments	% of total
Ontario	1,019	39.5%
Quebec	471	18.2%
British Columbia	377	14.6%
Alberta	373	14.4%
Saskatchewan	96	3.7%
Manitoba	85	3.3%
Nova Scotia	52	2.0%
New Brunswick	51	2.0%
Newfoundland and Labrador	48	1.9%
Prince Edward Island	8	0.3%
Northwest Territories	2	0.1%
Nunavut	1	0.0%
Yukon	0	0.0%
Canada - total	2,583	1

Within this provincial distribution, regional hubs have developed, driven by a long list of factors including land cost, proximity to customers and suppliers, proximity to major transportation hubs, availability of workers, labour costs, development costs, property taxes and other tax concerns, access to development or business subsidies, and so on. The largest regional mega-hub of warehouses in Canada is in the Greater Toronto and Hamilton Area (GTHA), a region that saw the development of 161 new warehouse facilities between 2003 and 2013 alone.¹⁷ Within this mega-hub, the largest clusters are located in Mississauga and Brampton.

Other large regional warehouse hubs in Canada include:

- Delta, Surrey, Richmond, and Burnaby in BC
- Dorval, Pointe Claire, Sainte-Laurent, Lachine in QC

Profile of Worker Demographics

At a national level, according to 2016 census data, the workforce for the ‘warehousing and storage’ classification (for NAICS 4931) is:¹⁸

- 72% male vs. 28% female
- 37% visible minority
- 58% full-time, full-year

In terms of immigration status, for workers in the broader “Transportation and warehousing,” the workforce is made up of 32.5% immigrants, compared to 25.8% for “All Industries.”

In terms of the age of the workforce, 32% of warehouse workers are aged 15-25 as of 2017, compared to 14% in “All Industries.”¹⁹ Given the lower wages, challenging working conditions and high turnover, it is not surprising that young workers are over-represented in the warehouse sector.

Canada’s Retail Sector

We would be remiss not to include some information about Canada’s retail sector in this profile, since a great deal of warehousing-type work takes place within the retail supply chain. However, for the purposes of industrial classification, the retail conglomerates fall under different NAICS codes than the pure warehouse and logistics companies discussed above.

But of course, within their corporate structures, these retail giants employ thousands of Canadians doing exclusively warehousing work, and those workers have more in common with the warehouse workers profiled above than with what we’d think of as a typical retail worker.

The following table, produced by the Retail Council of Canada, lists the top ten retailers in Canada by total revenues, prior to the onset of the pandemic.

Top Ten Retail Companies in Canada, by revenue (2019/2019)

Rank	Capital Control	Conglomerate	Brands or Banners	Retails Sales (\$mil CAN)	Space (sq.ft.)	No. Stores	No. Chains	Dominant NAICS code
1	CAN	George Weston Ltd.	Shoppers Drug Mart, The Real Canadian Superstore, Loblaws	48,836	66,774	2,609	33	445 - Grocery
2	USA	Costco Inc.	Costco	26,689	14,477	100	2	452 – General Merchandise
3	CAN	Empire Company Ltd.	Sobeys, Safeway, IGA, Farm Boy	25,142	41,562	1,994	27	445 - Grocery
4	USA	Walmart Stores Inc.	Walmart Supercenters, Walmart	24,012	60,402	411	2	452 – General Merchandise
5	CAN	Metro, Inc	Metro, Food Basics, Jean Coutu Pharmacy	14,384	26,338	1,547	17	445 – Grocery
6	CAN	Canadian Tire Corporation	Canadian Tire, Mark's Work Wearhouse, Sport Chek	10,469	33,175	1,425	13	452 – General Merchandise
7	USA	McKesson Corporation	IDA Pharmacy, Uniprix, Rexall Drug Store	9,192	9,848	2,343	11	446 – Health and Personal Care
8	USA	Lowe's	Lowe's, Rona, Rona Home & Garden	8,418	24,671	649	9	444 - Home Improvement
9	USA	The Home Depot, Inc	The Home Depot	8,409	19,110	182	1	444 – Home Improvement
10	CAN	Home Hardware Stores Limited	Home Hardware, Home Hardware Building Centre	6,100	13,305	1,073	4	444 – Home Improvement

Source: Retail Council of Canada. Maurice Yeates and Tony Hernandez. "Canada's top 100 retailers." (March 4, 2000)

(from <https://www.retailcouncil.org/community/store-operations/canadas-top-100-retailers/>)

Impact of the Covid-19 pandemic on the Warehouse Sector

Warehouse workers were among the group of front-line workers that were hailed as heroes at the beginning of the Covid-10 pandemic.

Workers in warehouses and distribution centres across Canada helped keep food on the shelves and ensured the delivery of PPEs and other vital medical supplies. They kept the flow of goods moving, helping our economy avoid a total collapse.

Despite various supply chain issues, many warehouse workers kept working throughout the pandemic, and in many cases, their workload and hours increased.

At the same time we were celebrating their work, the warehouse workers themselves were placed in an extraordinary vulnerable position in terms of their own health and safety. A number of warehouses across the country saw outbreaks, and more likely went unreported.

In the US, the company reported in October 2020 that 20,000 Amazon employees across the country had reported positive for Covid-19.²⁰

After months of rising case numbers and worker complaints to health officials and the media, three Amazon warehouses in and around the GTA were partially closed by public health officials in April and May 2021 due to Covid-19 outbreaks.²¹ As noted in a subsequent analysis,

Low wages in these workplaces often leave workers living paycheque to paycheque. Taking a day off work might mean that your kids go without food or that you can't make rent at the end of the month. Newcomers and temporary workers fear that calling in sick could cost them their jobs. Employers have incentivized workers to show up sick. During the winter rush in December 2020, Amazon told workers that were ill that they should stay home. At the same time, Amazon promised a \$1000 weekly cash draw for workers with perfect attendance, undercutting their claim that they were urging sick workers to remain at home.²²

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“Naturally, health care workers and other emergency service workers attracted much praise and attention for their courage and sacrifices – demonstrated in nightly community demonstrations of support (applause and pot-banging). But as Canadians self-isolated at home, they depended completely on continued services provided by retail stores, delivery drivers, and on-line warehouse workers. So most people also came to better appreciate the dedication and challenges faced by workers in these supposedly “menial” jobs.”

Jim Stanford²³

Challenges: Major Workplace Issues in the Warehouse Sector

In many ways, the warehouse sector could stand as an exemplar for an analysis of the challenges facing workers across the overall labour market in Canada.

Warehouse workers are enduring some of the worst impacts of the new economy's relentless push for higher profits and a more "flexible" workforce. They are feeling over-worked, underpaid, vulnerable, and unsafe on the job, and the list of causes is long: concerns about workplace health and safety; increasing workload and the demand for ever-higher productivity; the rise of automation and technological change and their impacts on employment; the challenge of job ownership and the notion of pride in work; problems with work/life balance; the lack of stable, permanent and full-time work; low wages and inadequate benefits; low union density and minimal sector-wide coordination; and sub-contracting and contract-flipping.

While every workplace experiences different shop floor issues, there are some very common challenges faced by workers across the warehouse sector. In this section, we will explore some of the key challenges we heard directly from warehouse workers themselves.

Workload, Pace of Work and Productivity

The most common issue we heard from our warehouse sector members was concerns around workload, pace of work and productivity. The high workload and fast pace of work, driven by productivity quotas coupled with incentive or bonus programs, create an environment where workers feel compelled to work fast, not safe.

Workplace Health & Safety

Based on the discussion among the Warehouse Sector Dialogue group, the vast majority of workplace health and safety issues are driven by high workload and fast pace of work, as discussed above. Even in unionized warehouses, there is insufficient time and resources dedicated to health and safety training, and health and safety committees are not given enough priority or attention by employers.

Job Ownership

Members of our Warehouse Sector Dialogue group used the phrase "job ownership" in two distinct but related ways. More practically, job ownership was discussed in the sense of a clear job classification and description, as a contrast to many employers' demand for a flexible and "on demand" workforce. Workers described the need for a fair process to determine what jobs were appropriate for which worker, based on seniority, skills required, development and training, and other factors.

At the same time, on a more conceptual level, job ownership also refers to the self-identification of workers *as workers* in a particular role. On this level, job ownership involves ideas of pride in their work, and a recognition of their own knowledge and experience in a

particular job. A member of the Warehouse Sector Dialogue group contrasted this idea with the employer's tendency to see them as bodies or robots to be commanded at will.

Automation and Technological Change

Members of Unifor and our predecessor unions have been confronting the impacts of technological change and automation in our workplaces for decades. Whether it's the introduction of robotics on the assembly floor of an auto assembly plant, or the use of "self-driving" trucks to haul material in the oil sands, every sector of our economy has seen some form of disruptive technological change.

In 2018, Unifor released a discussion paper called "The Future of Work is Ours: Confronting risks and seizing opportunities of technological change."²⁴ In that paper, we noted that

For bricks and mortar shops and warehouses, new technologies are being used to automate not only cashiers and tellers but order pickers. Advanced technologies being adopted by firms like Sobeys promise a future where grocery orders are placed on-line, automatically picked and sorted by warehouse robots and then trucked straight to a customer's house. Years of new tech advances has heightened surveillance concerns for retail workers too, as employers are able to utilize a raft of new data software to monitor employee performance.

The most discussed impact of technological change is widespread job loss, where workers are replaced by robots or other technologies. However, as we explored in our discussion paper, a better way to analyze these impacts is by the kinds of *work tasks* affected, rather than the *jobs* themselves. One 2017 study rated industries according to those with "work activities with the highest potential for automation," and the broader transportation and warehousing industry was tied in second place, along with manufacturing. For both these sectors, it was thought that approximately 61% of work activities had a potential for automation (again, note that this is not the same thing as 61% of the *jobs themselves*).²⁵

But technological change can create other workplace issues, beyond the potential for the replacement of work activities by automation. The increasing use of automation in warehouses is a direct contributor to work intensification. According to on recent report,

...even though some technologies could alleviate the most arduous tasks of warehouse work (such as heavy lifting), this likely will be coupled with attempts to increase the workload and pace of work, with new methods of monitoring workers.²⁶

In addition, new equipment and technology often require additional training, and we've already discussed the problem of inadequate training in many warehouse workplaces. Tech change has also allowed for increased surveillance, as noted above, contributing to the problem of warehouse workers feeling compelled to work fast but not safe.

Job Quality: Scheduling and Overtime

Another major area of concern for our members in the warehouse sector is related to job quality in the context of scheduling and overtime. Our members shared that compulsory or mandated overtime was unpopular with their colleagues. At the same time, there were concerns with how “overtime” was designated, with employers setting higher and higher thresholds of hours worked in a day or week before overtime pay rules applied.

In addition, irregular and last-minute scheduling undermined work/life balance, with some warehouse workers not knowing until a day or two in advance what their next week of work will look like. This kind of instability and unpredictability makes it difficult for warehouse workers to plan and conduct their lives outside of work. Warehouse work can be seasonal and business levels can certainly vary due to a variety of dynamics, but the employers’ increasing preference for an “on demand” workforce is a major contributor to this problem.

Job Quality: Permanent, Stable and Full-time Work

Our members in the warehouse sector share a common goal to build permanent, stable and full-time jobs in their industry. But as we’ve seen, difficult working conditions driven by high workload and fast-paced work environments – coupled with lower pay, inadequate benefits, and unpredictable scheduling and hours of work – mean that many warehouses see a high turnover rate and a transitory workforce. Even in unionized workplaces with sector-leading collective agreements, these dynamics are still at play.

Sub-contracting, Third-Party Companies, Closures and Successorship

Another challenge facing warehouse workers relates to permanent and stable work: the challenge of warehouse closures, sub-contracting, and the rise of third-party warehousing companies. Due to the close relationship between warehousing and the strength of the over economy and supply chain, warehouses are vulnerable to closures in times of economic contraction or shifting geographies of supply and demand. Our warehouse members expressed that employment standards around severance inadequately protected non-union workers, and even in unionized workplaces, there was a need for stronger closure language.

At the same time, the increasing use of sub-contracting and third-party warehousing companies created fractured employment structures and leave unionized workers more vulnerable to the effects of contract-flipping. The use of sub-contractors can create two-tiered workplaces, and undermine employment standards. It is worth noting that the use of third-party logistics companies and temporary staffing agencies are intricately connected to technological change, as warehouse employers turn to platform technology for a new source of “on demand” workers.

Other warehouse operators reported exploring the use of on-demand staffing platforms, which could simplify hiring processes for the benefit of employers and workers. However, using such tools also may encourage employers to reduce the number of direct hires and increase reliance on temporary workers, who tend to be paid less and have fewer protections on the job.²⁷

Opportunities: Towards a Warehouse Sector Development Strategy

While workers in the warehouse sector face a long list of challenges, we also heard an almost endless list of opportunities to make positive change. Simply put, when working conditions are so poor, the room for improvement is huge, so it's no wonder warehouse workers have many ideas about how to make warehouse jobs into "good jobs."

Organizing the Warehouse Sector

Increasing union density in the warehouse sector is probably the number one way to improve working conditions for warehouse workers and to turn traditionally precarious and lower quality warehouse jobs into "good jobs."

Increased union density even helps nearby non-union workers in some cases. As we know from other sectors, increased union density in a particular geographic location is correlated with increased wages for nearby non-union workers as well, a phenomenon known as the 'union spillover' effect.²⁸ Interestingly, the phenomenon is found mainly in the private sector, into which falls the vast majority of the warehouse industry.

Creating Good Warehouse Jobs and Building an Industry Standard

In order to create "good jobs" in the warehouse sector, workers will need to establish an industry standard with basic minimum thresholds for wages and working conditions, to prevent employers from engaging in their usual 'divide and conquer' or 'race to the bottom' strategies.

Unifor and our predecessor unions have a long history of formal "pattern bargaining," especially in the auto industry. But unionized workers in a variety of sectors have also engaged in *informal* pattern bargaining, even in sectors with a fractured corporate structure and a vast array of employers. According to this approach, which requires a great deal of coordination and planning, workers in multiple locations and under a variety of collective agreements seek to establish an informal minimum bargaining standard, which is slowly improved from location to location, and from contract to contract.

This approach – especially in conjunction with bargaining – would give warehouse workers the best opportunity to confront a variety of challenges, including workload and pace of work issues, technological change and automation, the rising use of agency workers and third-party companies, the need for enhanced severance and successorship protections in the face of closures and contract flipping, and so on.

Coming Together as a Sector

Warehouse work often takes place out of the public eye, and warehouse workers sometimes feel invisible and isolated. More coordination across the warehouse sector, between union and non-union workers, and even within unions themselves, will create

powerful spaces where workers can build their power, share their victories, and build the development strategy for their sector.

As noted above, the development of an industry-wide standard across the warehouse sector will require a high level of coordination and collective organizing. But in order to address the many issues and challenges outlined in the paper, warehouse workers must have more control and oversight of workplace operations, including the pace of work and engineered standards. In order to have more control and oversight over their own labour, warehouse workers must come together as a sector, by unionizing first and foremost, but also through increased coordination and cooperation within and beyond their workplaces.

Improving Regulations and Employment & Labour Standards

At the same time, we must work to improve warehouse-specific regulations, as well as employment and labour standards. Though these kinds of improvements often require resource-intensive campaigns and political organizing, we must strengthen employment regulations and legislation to improve workplace health and safety, mitigate the harms of productivity quotas, create more standard and full-time jobs, and create more accountability and real penalties for bad employers.

Of course, for most unions in Canada, the number one ask for provincial governments across the country is the establishment of a more fair process for workers to join a union, if they choose to. Union certification rules vary from province to province, but in most jurisdictions, this means the establishment of so-called “card check” certification.²⁹

Relatedly, we heard about the need for better rules around the use of temporary or agency workers. Perhaps surprisingly, members of our Dialogue group recognized the need for temporary workers in very select circumstances, but there was broad consensus that there needs to be better guidelines for the extent and duration of their use. In addition, there was agreement that temporary workers should be covered by whatever collective agreement is in place.

But beyond making it easier and fairer for warehouse workers to join a union, a number of other labour law reforms would help improve working conditions for those in the sector. We heard about the need for better overtime rules, setting the threshold for overtime work as anything over eight hours a day and 40 hours a week. Increasing the capacity for workplace inspection and enforcement by Ministry of Labour officials would also put more onus on employers to maintain a safe and healthy workplace, as long as officials are able to issue significant and meaningful penalties and fines.

Another major challenge faced by warehouse workers is the related threats of closures and contract flipping. In the case of closures, all warehouse workers, and especially non-union ones, would benefit from stronger severance requirements and better transition planning. Regarding contract flipping, we have already discussed how some

companies use third-party contractors to provide warehousing services, and in these cases, the cycle of contract re-tendering can undermine working conditions and union status.

As noted in Ontario's Changing Workplaces Review Final Report, "The effect of constant re-tendering is not only to keep compensation low but also to eliminate improvements achieved through collective bargaining."³⁰ The Changing Workplaces Review recommended stronger successorship protections for sectors with a relatively lower-skilled and vulnerable workforce, and as we've seen above, the warehouse sector, with its high turnover rate and demographically marginalized workforce, should be included in that list.

Conclusion

It took decades of union organizing, political and electoral mobilization, and community activism to turn manufacturing jobs into better jobs, with health and safety protections, higher wages, good benefits and retirement security. But there was nothing inherent in manufacturing work itself that made those jobs more deserving of higher standards, other than the basic notion that *all* jobs should be good jobs.

The warehouse sector is a huge and growing industry, thanks to globalization, increasingly complex supply chains, the rise of online retail and e-commerce and evolving consumer demand. As we've seen, what we're calling the "warehouse sector" is made up of a diverse array of employers, ranging in size from small, regional firms to huge, globally recognized and diversified mega-corporations, and they can be exclusive warehousing specialists or in-house components of companies whose primary business is in other sectors.

The warehousing workforce is also varied: in dense regional hubs, workers are more likely to be immigrants, people of colour and women, compared to the nation-wide demographic average for the sector. Turnover rates tend to be very high, especially in non-union warehouses, and we've seen claims that some workplaces experience a 100% annual turnover rate. In addition, warehouse jobs tend to be lower-paid with few or no benefits and significant health and safety challenges, and this is especially true for the non-union warehouse workforce.

Warehouse workers are a vulnerable and all-too-often invisible workforce. Despite this fact, their work is the foundation of a vital part of the global supply chain, and in many cases, their employers are among the richest companies in the world. They deserve a bigger share of the vast wealth they help generate, and warehouse jobs should be "good jobs" that are safe, stable, permanent and well compensated. To achieve this goal, warehouse workers should organize to join the union, work collectively to create an ever-improving industry standard, and coordinate together with community and labour allies to create meaningful improvements to employment and labour standards.

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Endnotes

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