**Bill 66, Restoring Ontario’s Competitiveness Act, 2018**

**Online Submission to Ministry of Economic Development, Job Creation and Trade**

**By**

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**The Ontario Construction Consortium**

**January 18, 2019**

I am pleased to respond to the Ministry’s online consultation on Bill 66 on behalf of the newly-formed Ontario Construction Consortium. A description of our organization and its goals follows at the end of this submission.

We wish to speak to Schedule 9, Ministry of Labour – amendment to the Labour Relations Act 1995. Specifically: *Amend the Labour Relations Act, 1995 to explicitly deem public bodies, including municipalities, school boards, hospitals, colleges and universities, as ‘non-construction employers”.*

The new Doug Ford government has an avowed goal of spurring economic development in our province, and oft states that Ontario is now *Open for Business*. And research conducted by Pollara Research in June of 2018 shows that the new PC government was elected because voters believed it would make life more affordable for people. The Ontario Construction Consortium supports the initiatives undertaken by the new government – to lower taxes, reduce hydro rates, cut gasoline prices – all aimed at giving our citizens a break and making their lives more affordable. And we are firmly behind Ontario being *Open for Business*. This stance is good for economic development, which in turn is good for construction. And we are about bolstering a robust construction sector.

We are opposed to the proposed change under Schedule 9, however, and we are not convinced it will help the government achieve its stated goals. In this submission, we would like to address several issues arising out of the proposed ‘open tendering’ amendment.

* The cost of public construction projects, and anticipated savings
* Unionized construction employees – are different
* Safety on construction sites
* Training
* On time and on budget – you get what you pay for

Costs of unionized versus non-unionized construction projects

Some organizations opposed to unionized construction trades claim that moving to open tendering will save many millions of dollars. One commentator suggested that non-unionized trades are 40% less expensive than unionized. So, “if you build a $100 million hospital with a unionized contractor, you will save $40 million”. Such claims are patently ridiculous. The real difference is potentially $4 to 8 million. Why? Only 20% or less of the cost of a major construction project is labour. 80% or more is materials and equipment. So, the potential savings are only on the labour portion of the project. On the $100 million hospital, if the cost of labour is actually 40% higher - the potential savings are 40% of 20%. Around 8%. Or possibly $8 million on your hospital. But it is highly suspect that the 40% differential is accurate. Some estimates place it closer to 20%. So, the savings open tendering brings to this $100 million project may be $4 million or lower. And that is on cheques written to complete. Other considerations may entirely negate the perceived savings to the public purse. More on that to follow.

Unionized construction employees are different

Don’t confuse unionized construction workers with some other groups in the workforce. They don’t have all the advantages, perceived and real, that public service and some union members do. For the most part – construction workers only get paid when they work! They don’t have paid sick days. These are dedicated people who work hard – and only get paid for the work they do.

Yes, unionized construction workers are likely to have pensions and benefits that are much better than the non-unionized employees. So, they are less likely to be dependent on publicly-funded programs if they become disabled and when they retire.

These well-trained, skilled tradespeople are not part of the problem. If we want to spur growth in our province’s economy and show that Ontario is truly ‘open for business’, these men and women are part of the solution.

Let’s not forget that the existing tendering arrangement was not put in place by an NDP or Liberal government – the legislation as it exists now was instituted by Premier Mike Harris.

Safety on construction sites

Unionized worksites are 23% safer in comparison to non-unionized sites.

A study done by the Institute for Work and Health, one of the top occupational health and safety research centres in the world, looked at 7 years of WSIB claims from 45,000 construction firms. The study was conducted between 2006 and 2012, was independent and peer-reviewed. The study found that a 23% lower rate of injuries requiring time off work in the unionized sector. It also found there was a 17% lower rate of musculoskeletal injuries on the unionized sites. And it found a 29% lower rate of critical, life-threatening injuries on the unionized sites.

Think about it – almost a third fewer serious injuries.

Training

Another factor affecting both quality of work and safety is, of course, training. The construction unions operate 95 state-of-the-art training centres in every region of the province. They generate 1.7 million hours of training for the students and apprenticeship every year. And the unions invest $40 million annually into these centres.

If the unionized construction sector is weakened, and they are not able to support this training – who will? The province? When we talk about the cost differential on construction sites we need to keep this in mind.

And some of the workers trained in these centres end up working for non-unionized contracting firms. So those firms are actually being subsidized by the unions. The unions don’t complain about it – it’s just the way the sector works.

The graduates of the union-supported centres are properly trained in their trade. They have had both classroom and practical experience before they hit the construction site. In the non-unionized sector anyone who picks up a hammer can call themselves a contractor. We’ve already discussed above the effect this has on accident rates.

On time and on budget – you get what you pay for

The proponents of open tendering maintain that the public sector is held to unreasonable, inflated contracts because of the arrangements in place with the construction unions. If this is the case, ask yourself – why are so many major private sector construction contracts awarded to unionized contractors? In fair competitive tenders, these firms often win.

There’s an old saying – you get what you pay for.

Government procurement expert Stephen Bauld wrote in the January 2019 edition of Daily Commercial News:

*I have not seen any fact-based information that provides this enormous savings that will be gained by an open tendering process.*

*Are future construction projects all going to be pre-qualified to attract qualified bidders? Will past performance be part of the tender and RFP process? Will the contractors be requited to have completed work of a similar nature?*

*I would imagine that few people would argue that union contractors have exceptional training and certification programs and have always been dedicated to the advancement of health and safety.*

*When you base everything on the lowest price, corners get cut. I would like to see some more details on how this bill (Bill 66) will ensure the same levels of care will be taken by the construction industry to keep workers safe and keep to the government’s credo of “on time and on budget”.*

In conclusion

It is the position of the Ontario Construction Consortium that the existing arrangement for tendering in the public sector works well. We believe it militates towards high quality work, safer job sites and a robust training sector. We question the magnitude of perceived savings by changing the system.

We would like to see Schedule 9 removed from Bill 66.

We thank you for this opportunity to input to your consultation on Bill 66. We hope to also have the the opportunity of deputing when the Bill is sent to committee.

**Formed in 2018, he Ontario Construction Consortium is an organization dedicated to strengthening the construction industry through Advocacy, Education, Networking and Workforce Development. The OCC will be conducting research for dissemination to government, industry, media and the public. The Consortium will prepare briefs, position papers and other materials to inform government and stakeholders of issues within Ontario’s construction sectors: industrial, commercial, institutional and residential. The Consortium will make presentations to inform stakeholders of issues and developments within the industry.**