



**Remarks to General Issues Committee of Hamilton
City Council**

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Construction Consortium**

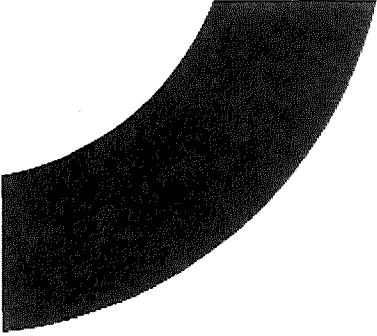
June 19, 2019

Thank you, Mayor Eisenberger, and members of the General Issues Committee, for the opportunity to speak today about the download provision of Bill 66. The Ontario Construction Consortium believes the interests of Hamilton are best served by remaining within your contractual agreement with the province's construction unions.

The existing arrangement militates towards high quality work, safer job sites and a robust training sector. And the magnitude of perceived savings cited by proponents of open shop tendering are, we believe, wildly inaccurate – in some cases bordering on the ludicrous.

I would ask you to consider the following points:

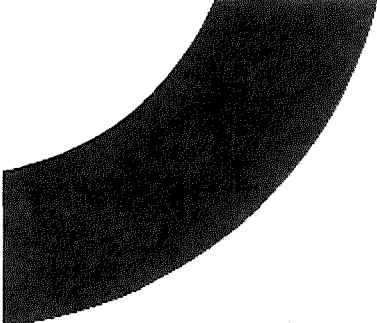
- Those who tell you that the City stands to save tens of millions of dollars through this change – and speak of construction projects saving 15%, 25%, 40% - these claims fly in the face of the evidence and in fact defy logic.**
- Typically, 20 to 30% of the cost of a major construction project is labour. 70% plus is materials, equipment, engineering and design, front office, financing, leasing and rental costs.**
- So, if the unionized labour is 10 to 20% more expensive than non-unionized – 10 or 20% of 20% is 2 to 4%. Not 15, 25 or 40%. 2 to 4%.**

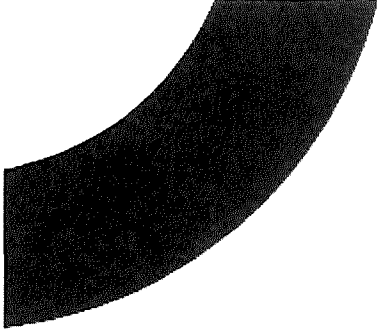
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- In fact, the City of Toronto staff report on this subject, from September 2008, estimated the cost differential to be even lower - 1.75%. I know that report is somewhat dated, but it is one of the better studies performed in Ontario by any credible body.

And in the more recent staff report in Toronto, dated May 29th of this year, City Manager Chris Murray stated: *“it is unclear how much increased competition the City will receive on its construction tenders as a result of becoming a non-construction employer and consequently it is not possible to determine with any certainty what, if any, savings will result.”*

I’m sure you would agree that Mr Murray is a wise and steady municipal administrator, who indeed served the City of Hamilton well for many years.

- Quite apart from the costs associated with a contract, I ask you to consider the following:
 - The unions and unionized contractors invest heavily in apprenticeships. The construction unions operate 95 state-of-the-art training centres across the province. There is provincial support for this, but the unions fund them with \$40 million of their own money annually. Eight of these union training centres are located in Hamilton, Burlington, Ancaster and Stoney Creek – including the Carpenters Union Training Centre on Stonechurch Road. If the sector is weakened, who is going to pick up the slack and fund the training of the next generation of skilled tradespersons? The Province? **A COST TO THE TAXPAYER**

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- **Unionized construction workers usually have pensions and benefits. Their non-unionized counterparts, probably not. So, the union members are less likely to be dependent on publicly funded programs if they become sick or disabled, or when they retire. THE NON-UNIONIZED WORKERS ARE MORE LIKELY TO SEE THESE COSTS FALL TO THE TAXPAYER**
 - **Union jobsites are safer. A study done by the Institute for Work and Health looked at 7 years of WSIB claims from 45,000 construction firms in Ontario – between 2006 and 2012. The study found 23% lower rate of injuries requiring time off work in the unionised sector. For critical, life-threatening injuries – the rate is 29% lower on the unionized sites. So, there are lives and health at stake here, and once again – UNSAFE JOB SITES POSE A COST TO THE TAXPAYER.**
 - **And we should take a look at some of the unorganized contractors – who often style their workers as ‘independent operators’ so they can avoid their employer obligations to pay into CPP, EI and WSIB. The loss of these payments is ANOTHER COST TO THE TAXPAYER**
 - **The opponents of the union contracts say a wide range of contractors are restricted from bidding on City jobs because of the existing arrangement. But a look at the Carpenters Union Local 18 website shows close to 200 affiliated general and specialty contractors.**

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- **Finally, some observers maintain that some construction projects go over budget because of the cost of union labour. On examination, however, you'll find that more often than not project costs go up because of change orders made after the original project budget is set. I am not a procurement expert, but former City of Hamilton head of procurement Stephen Bauld is, and he has written extensively on this subject – in academic papers, in Municipal World, Daily Commercial News and in ReNew Magazine. He has stated he sees no evidence to substantiate that the bulk of project cost overruns in City of Hamilton construction projects have been due to the use of unionized trades. Change orders to a project are made by the architects and contractors – not by the construction unions.**

At the end of the day, I would contend there is likely no significant cost saving to the City to tearing up the union contracts. But the loss in apprenticeship training capacity, the loss of experienced and well-trained tradesmen, the loss of workers being paid a living wage, the loss of benefits and pensions that provide for Hamilton's workers and their families – those are very real costs. Those are costs we court by voting for Schedule 9 of Bill 66.

The relationship between the City of Hamilton and its construction union partners offers many benefits for the people of Hamilton. We question the magnitude of perceived savings to be gained by tearing up those contracts. The existing arrangement fosters high-quality work, safer job sites, fair treatment of your tradespeople and a robust training sector that can only benefit Hamilton's future.

Don't shortchange Hamilton's future, vote to stay under the umbrella of your construction union contracts.

Thank you.