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# **Standing Committee on Transport, Infrastructure and Communities**

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**EVIDENCE**

**Tuesday, April 30, 2013**

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**Chair**

**Mr. Larry Miller**



## Standing Committee on Transport, Infrastructure and Communities

Tuesday, April 30, 2013

• (1545)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** I'll call our meeting to order.

First I'd like to welcome our guests: Mr. Oakey, Mr. Pamic, Mr. Dumais, thank you very much for coming.

With that, if you could keep your presentations to 10 minutes or less, I would appreciate it. Then we'll go to questioning.

Mr. Oakey from Merit Canada, we'll start with you.

**Mr. Terrance Oakey (President, Merit Canada):** Good afternoon. Thank you to the committee for the invitation to participate in this study.

Today I'll focus on the need for open tendering of all contracts that involve federal funds. Only through a system of open tendering can you ensure competition and respect for taxpayer dollars.

I will return to that point shortly, but first, it is important to understand more about Merit Canada and the role our members play in the construction industry.

Merit Canada is the national voice of eight provincial open shop construction associations. Open shop companies and workers build more than 70% of the industrial, commercial, institutional, and residential construction projects across Canada. Of the 1.26 million Canadians working in construction, 900,000 are in the open shop sector.

Despite mischaracterizations by some, the term "open shop" simply describes a workplace where membership or non-membership in a union is not a condition of employment. In the construction sector, it specifically refers to a situation where owners, developers, or general contractors do not consider the union status of a contractor's employees when awarding a project. For our members, the term means freedom of choice and fairness in the workplace.

The fact that 70% of construction in Canada is carried out by open shop companies demonstrates the importance of our sector. It also demonstrates the need for those companies to be involved in bidding on public sector contracts, since they form such a large part of the competitive pool in construction.

Instead, far too many jurisdictions across Canada continue to practise closed tendering. There, bidding on public sector contracts is restricted to specific unionized contractors as detailed in collective bargaining agreements.

Our message is very simple: when government funds infrastructure, all qualified contractors should be allowed to bid on those projects.

A degree in economics is not needed to understand what happens when you shut out 70% of the construction industry from competing on public infrastructure. Costs go up and quality goes down. Some U.S. studies suggest that closed tendering rules increase the cost of construction by between 12% and 18%.

Federal procurement rules would never allow union-only schemes for projects that it exclusively funds, yet far too many jurisdictions have rules that limit competition.

For example, the federal government recently contributed \$28 million in stimulus funding to a project in the city of Hamilton. Of the approximately 260 qualified contractors, only 17 had workers registered with the union that the city rules require. The other 243 contractors, or 94% of the available workforce—some of your constituents—were not even allowed to bid or work on this project.

We believe this is unfair, and it only serves to increase the costs and keep some of your very constituents from working on public infrastructure projects.

Federal funds are collected from all taxpayers. It is unjust that companies that pay federal taxes and workers who pay federal taxes are precluded from bidding on contracts paid for with their own tax dollars simply because they are not part of the right union. Everyone should have the same opportunity to work.

At a time of massive fiscal deficits across all levels of government, continued support for closed tendering is untenable. Open tendering is about fairness for taxpayers and workers.

I'll give you a couple of other examples.

The closed tendering provisions in Montreal, according to a 2004 City of Montreal report, inflated the initial price tag of projects 30% to 40%. Sewer and aqueduct projects in that city were 85.5% more expensive. When the federal government agrees to cost share a \$300-million project, you are potentially spending \$85 million more than required just because of union-only contracting.

This is partly to blame for the crumbling infrastructure across our country. Our money is just being wasted. There are a lot of new roads, bridges, and public transit that are simply not being built.

There are a couple of other things that happen, which you may not be aware of, when the federal government funds these types of projects. They are not actually funding infrastructure, but in some cases, political causes.

For example, the building and construction trades collective agreements require employers—the same ones who had the exclusive right to bid on the project—to fund their Canadian political action fund.

IBEW collective agreements allow for workers to be taken off the job site to engage in “other organizational activities”.

PSAC, the federal public sector union, has in their collective agreement, for work that involves construction, a requirement that employers pay into the “social justice fund”.

Others require payment into a sports and entertainment fund, and some others a “promotion fund”.

Is this really a good use of scarce infrastructure dollars? Can cities really claim poverty when signing contracts that require them to divert money that should be going to build schools to pay for a sports and entertainment fund of a union?

To sum up, open tendering is a partial solution for the massive fiscal problems facing every level of government offering a more competitive bidding process that will lower project costs. Closed tendering is anti-competitive, is inefficient, and is indefensible from a public policy point of view. It is time to end this practice for any project receiving federal funds.

If you would like more information, I invite you to visit our website, [opportunitytowork.ca](http://opportunitytowork.ca). Thank you again for the invitation to appear.

I'll turn it over to my colleague, Walter Pamic, who has some other comments.

**Mr. Walter Pamic (Representative, Power-Tek Electrical Services Inc., Merit Canada):** Good afternoon, and thank you for inviting me to be here today.

It's my pleasure to have the opportunity to speak to you. I'm a local Ottawa electrical contractor and small business owner. There are many schemes that we have to contend with in the construction industry. Free and open tendering is a very important one that shuts us out of being able to bid on projects.

Just this weekend I was reading *The Ottawa Citizen* and I saw that there was a tender for the Ottawa International Airport. If you read the fine print it says, “subject to local union affiliations”.

I find it rather disgusting that my tax dollars go into projects that I cannot bid on for no other reason than my employees choose to be union-free. About 70% of the construction workforce in the entire country of Canada is union-free, so it really shuts out a tremendous amount of companies very similar to mine.

The Ottawa Conference Centre is another classic example. It was a union-only project and shut us out. Perhaps there was no other

reason than the fact that again my employees refuse to belong to a union. I shouldn't say they refuse to. They have the option to do so, if they so wish; they just choose not to.

We have stabilization funds that are utilized against us. These are funds that unions collect from their employees in order to use those funds to bid against us.

We have ratios. I'm not sure if you're aware that my company employs approximately 30 electricians and 10 apprentices. We are required to have three electricians for every apprentice that we wish to hire.

As an example, if my company was in Manitoba, where they have a 2:1 ratio, I could actually have 60 apprentices for my 30 electricians. We bring into the mix the Working Families coalition, an organization which I would say has been very strongly opposed to free and open tendering, and which likes to have many of these restrictions put in place. We realize this is more of a provincial issue than a federal one, but it's just one more issue that makes it very difficult for organizations and/or companies like mine to bid on these types of projects.

Thank you.

• (1550)

**The Vice-Chair (Ms. Olivia Chow (Trinity—Spadina, NDP)):** Thank you.

Monsieur Dumais.

[*Translation*]

**Mr. Jocelyn Dumais (President, Linden Concrete Forming):** My name is Jocelyn Dumais, and I am a construction contractor in the Ottawa area. I live in Quebec.

October 19, 2001 is a little-known date on which the Supreme Court of Canada ruled in the *Advance Cutting & Coring* case, stating that the freedom to belong to a union also meant the freedom not to belong to one.

I am familiar with the case because I am the one who led the charge from start to finish. And oddly enough, today my company cannot bid on certain federal government contracts. It would seem that the federal government either does not respect or does not understand the decision issued by 8 out of the 9 justices on the Supreme Court of Canada: no one can be forced to associate.

In 2013, I am still excluded from certain construction projects because the federal government does not respect that decision. Something is wrong. It is important to note that we challenged the constitutionality of Quebec's act respecting labour relations in the construction industry. Pursuant to that act, all workers in Quebec must belong to a union.

As I said, the decision was rendered on October 19, 2001, but still today, between 20 and 40 people a week are brought up on charges before the Gatineau courts. Why? Because they worked or dared to work without the necessary papers—and this document proves it. I have been documenting the phenomenon for a year. It happens every week.

Mr. Coderre might notice that the number of people appearing at the Montreal courthouse exceeds 20 or 40. The cost of the justice system might be more reasonable if time wasn't wasted on convicting people because they dared to work. We talk about bringing foreigners here to work, but we're imposing \$200, \$500 and \$800 fines on people who are already working here, simply because they are not unionized. That's a common occurrence.

Last week, I believe, Mr. Coulombe was defending Quebec's system, saying that everything was fine. I have no choice but to object. There are too many injustices in this industry. I say yes to freedom of association, yes to the freedom to organize, but that should also mean I have the right to bid on the contracts of my federal government without being forced to belong to a union.

Some large companies have reached agreements with unions. They have no choice: the agreements are signed. Take the company PCL for example. It signed an agreement with a number of central labour bodies and is under obligation to hire unionized contractors. The federal government should object to that and award contracts to non-unionized shops or ones that do not force their members to belong to a union.

There's a cost attached to this. Workers receive benefits that could be provided in other ways. The cost for each employee is about 20%. We sent our armed forces overseas to fight for freedom, but what about here, in Canada? We are forcing people to unionize, and when they don't want to, it's off to court with them and, in some cases, jail.

Is that what passes for justice in Canada? Is that why I spent 10 years fighting? In 2001, the justices on the Supreme Court of Canada sided with me, but in 2013, a decision was apparently made to disregard that ruling and to keep doing the same thing. That's not justice. What I want is the right, like any other unionized contractor, to work on federal construction projects, because those are Canadians' and my tax dollars at work. I want all of my employees to be able to benefit from them. And that isn't the case now.

Thank you.

• (1555)

[English]

**The Vice-Chair (Ms. Olivia Chow):** Thank you.

[Translation]

Mr. Aubin, you have seven minutes. Go ahead.

**Mr. Robert Aubin (Trois-Rivières, NDP):** Thank you, Madam Chair.

Thank you to our witnesses for being with us this afternoon.

I want to point out, for everyone's benefit, including my own, that our study pertains to how competition can make infrastructure dollars go further, in other words, how the federal government can get more bang for its infrastructure buck.

My first question is for Mr. Oakey.

In your presentation, you talked about cases in which contracts were awarded as part of closed tendering processes. You said the practice resulted in increased costs and lower quality work. I can appreciate wanting to benefit from a bidding process that is open to everyone. I am not sure whether there was a direct relationship between the two events, but you cited cases where the cost of infrastructure work had risen considerably, if not astronomically, such as in Montreal.

Are we really establishing a link between the tendering process and the financial goal of projects? Have we not ruled out the possibility that misappropriation might have something to do with the topic we're discussing this afternoon, that being competition?

[English]

**Mr. Terrance Oakey:** I think, absolutely, in the city of Montreal it's a matter of public record now that there's been misappropriation, but if you take a city like Hamilton, where there's closed tendering for all city work, there was a recent waste-water project that was being tendered, and they hired outside consultants to develop a budget for the project. The outside consultants, engineers, and others in the industry decided they should budget around \$29 million for the project. Then, of course, closed tendering happened, where only unionized contractors were able to bid, and the low bid on that project was \$53 million. It was about 83% over budget for no other reason. No one else could describe it. It was just that there was only one union that could do the work and that's what they were charging.

They could have charged \$104 million. I don't know why they only charged \$53 million. There was no competition from outside to even make it \$53 million. Given that it was an 83% increase, I think that this was probably what they felt maybe was reasonable—I don't know—but there are many, many projects. In the City of Hamilton alone, their staff report has suggested that their closed-tendering rules over the next 10 years would cost the city an additional \$1.1 billion.

So there's a clear link, and that's why the City of Hamilton, Kitchener-Waterloo, some other cities, are fighting certification, because once that happens and once the city's certified, they have to use that union for all their work. They know there are huge cost implications, and it means one of two things: either you cut policing, cut the amount of roads you build, cut the amount of hospitals you build, or you raise taxes.

[Translation]

**Mr. Robert Aubin:** Thank you.

Does your position on open tendering processes, as it relates to competition, apply to all sectors? Knowing that you would be appearing this afternoon, I did a bit of research and found a sectoral analysis in OECD countries examining whether competition promotes productivity gains. It was authored by Romain Bouis and Caroline Klein. Perhaps you're familiar with the study. I'd like to hear your view on one of the first findings, which translates as follows:

[...] unlike studies showing that competition always has a positive effect on productivity gains, a non-linear relationship seems to exist between markups and productivity gains. In sectors averaging high margins, the productivity gains are greater in countries characterized by relatively strong competition.

So it would seem that the competition game is not as important as you suggest across all sectors of the economy, just in the manufacturing sector.

Do you think all sectors would benefit from taking part in open processes for infrastructure projects, or do you think there are differences depending on the sector?

•(1600)

[English]

**Mr. Terrance Oakey:** There may be differences in sectors. I can only speak to construction.

In construction, most reputable studies that have been done on the issue show a premium of between 12% and 18%. That's overall. When you look at specific regions where there's further shrinkage of competition, it can be as high as 30% to 40%.

Really, the question that governments have to ask is, why would they want to pay 30% to 40% more for public infrastructure simply to restrict bidding? There's no reason to do it for quality or safety. There's no reason to do it. By allowing it to happen, and by other levels of government funding projects that are under closed-tendering provisions, you're paying up to, in the City of Montreal report on aqueduct projects, 85% more. I know that as a citizen, if I'm funding a \$100-million or a \$1-billion subway expansion or hospital expansion, I'd rather have two hospitals than throw \$85 million down the drain, because there's no reason for it to happen.

[Translation]

**Mr. Robert Aubin:** Thank you.

My next question is for Mr. Pamic.

I believe you said in your presentation that there was a difference in the licensed electrician to apprentice ratios. Where you are, it's 2 to 1, but in the private sector, it's 3 to 1, or the reverse.

Despite that difference, can you confirm that the quality and training of workers are exactly the same or comparable in both cases?

[English]

**Mr. Walter Pamic:** I can only speak to the construction sector, sir.

I can tell you that the formalized training that electricians and apprentices go through in the province of Ontario is exactly the same, regardless of whether you are an open-shop tradesperson or a closed-shop tradesperson.

I believe this is also true for virtually every other province in Canada.

[Translation]

**Mr. Robert Aubin:** Does a licensed electrician's having to supervise a higher number of apprentices affect the quality of the work or training?

[English]

**The Vice-Chair (Ms. Olivia Chow):** You have one minute to answer.

**Mr. Walter Pamic:** We've never seen any studies that show that whatsoever. If I look at Manitoba, as I mentioned before, they have a 2:1 ratio, so two apprentices to one electrician. British Columbia has no ratios whatsoever. Alberta has other schemes where senior apprentices don't factor into the equation.

The reality is that work today is inspected by electrical safety authorities. It's inspected by building inspectors, by engineers. Companies wouldn't be in business if they didn't produce good quality work and good quality people.

**The Vice-Chair (Ms. Olivia Chow):** Monsieur Coderre.

[Translation]

**Hon. Denis Coderre (Bourassa, Lib.):** Thank you, Madam Chair.

Good afternoon, gentlemen.

[English]

Mr. Oakey, I have a little problem. I'm from Montreal, and the way you're talking is like you're making a link between unions and collusion. I have a problem with that.

I'm a radical centrist, so I'm not biased.

I'm trying to understand here, if you have collusion with five companies which among themselves say, "Okay, this is your time and this is your time", that there will be a hike, because at the end of the day it's not only based on the bid, it's also based on the future extras.

Explain to me, or correct me if I'm wrong, why you say that because it's a closed bid—and I'll come back to that—and you need to have the unions, that it will have a direct impact on the price itself.

•(1605)

**Mr. Terrance Oakey:** I think every other jurisdiction that has union-only contracting has shown that it increases costs. I do think there is another premium being paid, and that's a matter of public record. I don't think anything is there in terms of the union-only dynamic. There is alleged collusion going on among contractors. If you want, we can talk about the closed shop versus open shop in terms of productivity. If you look at cities that don't have that other element that is being highlighted for Montreal, you still have a price premium.

Wherever you shrink supply and you have the same demand, the prices are going to go up. You limit the amount of people who can work because those who don't want to join a union aren't going to work. You have five or six large contractors who get all the bids, so that increases costs as well.

It's not just union-only contracting; it's one part of it. But it definitely has an impact.

**Hon. Denis Coderre:** Basically you're anti-union, period.

**Mr. Terrance Oakey:** No, not at all.

I think employees who choose to belong to a union have every right to do so as they exercise their free choice. I also don't think that employees who vote on a Monday not to have a union should be required to join a union by the government simply to work in construction on projects.

I think that goes against a fundamental charter right against forced association.

**Hon. Denis Coderre:** Personally I believe that if you impose the lower bidder all the time, it will have an impact at the end, and that promotes collusion. I might be wrong, but maybe that is the situation.

That's point number one.

**Mr. Terrance Oakey:** I don't—

**Hon. Denis Coderre:** Every time you say to take the low bidder, you don't necessarily have the quality and it will have an impact in the end.

**Mr. Terrance Oakey:** I want to clarify our organization's position. Obviously we're not proposing that it be the lowest bid that doesn't meet all relevant safety requirements and other things. Price is only one element.

I just don't think that if on Monday you're not a unionized contractor and on Tuesday you are, you suddenly have the right to bid.

**Hon. Denis Coderre:** The other situation is that usually the federal government is a financial partner. If you have an infrastructure program that is split equally among the three levels of government, the province accepts what the municipalities say, and the federal government just sends the money.

We have the Pont Champlain, which will be a federal project, as well as the one with Detroit. Do you have some specific examples of—because I understand what Mr. Dumais did in the past, and I'll come back to Jocelyn afterwards—the department's reaction when you have talked to officials regarding what you're pointing out, that you want an open bid instead of a closed bid?

**Mr. Terrance Oakey:** We're just starting our campaign to raise this with officials and MPs and others. Overall, I think people are supportive of the principle.

I think you have identified where some of the opposition will come from and where some of the details have to be worked out.

We actually think that the federal government has a fiduciary responsibility to ensure that when they transfer \$100 million, it is actually spent in a proper way, and that all of the taxpayers that pay

into that fund are able to access it, regardless of whether union contractors or non-union contractors can bid. Let the best bid win.

I think all levels of government have that responsibility. I would love it if all cities across the country had that. Some do and some don't. I'd love it if all provinces did, but some do, and some don't.

[*Translation*]

**Hon. Denis Coderre:** You're a veteran. We've known you for a very long time, and we're also familiar with your fight. You've been cutting a path through this jungle for a while. You can spend a week lobbying and have coffee with the MP, but what do department officials tell you, people at Public Works, for example?

**Mr. Jocelyn Dumais:** In what sense?

**Hon. Denis Coderre:** If you argue that they aren't respecting the ruling, what do they say to you?

**Mr. Jocelyn Dumais:** Whether the project is at the Ottawa airport or here, on Parliament Hill, if the general contractor has signed an agreement with one of the unions and was awarded the contract, the construction site is not accessible to me if I haven't signed an agreement with that union. I'm penalized because I'm not unionized.

As Terrance mentioned, you can choose to join a union, but you shouldn't be penalized for choosing not to. And that is my experience. I am being penalized because I chose not to go that route.

• (1610)

**Hon. Denis Coderre:** Did you ask the project officers, those who administer the bidding process, for example, why you aren't allowed to bid?

**Mr. Jocelyn Dumais:** No, it's always through the general contractor. That is who has the contract—

**Hon. Denis Coderre:** It's subcontracting.

**Mr. Jocelyn Dumais:** In the area, it's SNC-Lavalin. It stops there. There doesn't seem to be any kind of policy in that regard.

**Hon. Denis Coderre:** Very well.

[*English*]

We still have a minute. I'm impressed.

[*Translation*]

I'm getting the sense that the tendency is to systematically put the blame on the union.

Why do you think closed tendering processes are held? At the end of the day, taxpayers want the work to be done within a specific time frame without any extra charges or gouging; they want good value for their money. I hope the unions aren't being blamed for that.

You believe the problem lies with the unions?

**Mr. Jocelyn Dumais:** No. Part of the problem is that there aren't enough people like me standing up for their rights, and so the system simply disregards us. If unions have more lobbying influence, unionized shops, by extension, have the advantage when it comes to obtaining contracts. In Canada, 77% of companies, including mine, don't have access to those construction sites and are left out in the cold.

The Champlain bridge came up earlier. You aren't allowed to require a company or a worker to be unionized. I understand the situation in Quebec; I have to obey the law in place. But elsewhere in Canada, in places like Toronto, federal projects are being carried out and no provincial legislation applies. In those cases, there should be provisions stipulating that companies and workers cannot be required to be unionized in order to work on federal construction sites. It's a matter of freedom of choice.

**Hon. Denis Coderre:** Thank you.

[English]

**The Chair:** Thank you.

We now move to Mr. Poilievre, for seven minutes.

[Translation]

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Mr. Dumais, would you prefer it if unionized shops weren't allowed to compete?

**Mr. Jocelyn Dumais:** No.

**Mr. Pierre Poilievre:** You're prepared to compete with them?

**Mr. Jocelyn Dumais:** Yes.

[English]

When you're in business, you're ready and willing to compete with anyone, union or non-union. The only objection I have is that if I'm non-union, I can't compete with those who are in the union.

**Mr. Pierre Poilievre:** You're not suggesting that unionized firms should be prevented from bidding on contracts.

**Mr. Jocelyn Dumais:** No, on the contrary.

[Translation]

**Mr. Pierre Poilievre:** You are suggesting that non-unionized shops be given the same rights.

**Mr. Jocelyn Dumais:** I am suggesting that they have equal rights. I am also suggesting that the unionized shops holding the contracts not force their subcontractors to be unionized and not be permitted to keep non-unionized shops off construction sites. That isn't the reality now.

**Mr. Pierre Poilievre:** You have a construction company in Quebec, is that right?

**Mr. Jocelyn Dumais:** It's just in Ontario. I live in Quebec, but I am an Ontario contractor.

**Mr. Pierre Poilievre:** Your company isn't allowed to do business in Quebec. Is that right?

**Mr. Jocelyn Dumais:** I've never worked in Quebec, like many people in the Gatineau area.

**Mr. Pierre Poilievre:** Why?

**Mr. Jocelyn Dumais:** Because of the unionization there.

**Mr. Pierre Poilievre:** Is it possible to work if you choose not to be unionized?

**Mr. Jocelyn Dumais:** No.

**Mr. Pierre Poilievre:** So you aren't allowed to do business in Quebec.

**Mr. Jocelyn Dumais:** I'm not allowed, unless I bow to the law requiring me to unionize. As I see it, requiring me to unionize is like forcing me to go to church. I won't go. We have freedom of religion, so we should have freedom of association.

**Mr. Pierre Poilievre:** I understand.

Are you following the Charbonneau commission?

**Mr. Jocelyn Dumais:** Yes.

**Mr. Pierre Poilievre:** Do you have any comments?

**Mr. Jocelyn Dumais:** I don't know if people were living under a rock, but I haven't learned anything new from the Charbonneau commission, and I don't think we will.

They're talking about collusion. It's true that Quebec's system is ripe for that, because it forces contractors to band together and unions, as well. What do people who join forces do? They talk about business and things take their course from there.

The Charbonneau commission will talk about how so and so had dinner with an elected official, for example. What is lobbying? When a person owns a business, they go places to obtain contracts. I haven't learned anything new so far.

• (1615)

**Mr. Pierre Poilievre:** Is there something in the system that encourages collusion?

**Mr. Jocelyn Dumais:** In a system like Quebec's, where all the contractors and all the workers are required to band together, collusion is inevitable. People are forced to get together and have discussions as a family. When you're in a family, you talk and you divvy up the pot. That's what isn't acceptable.

If there's a restriction on the number of shops that can bid—we're getting there in Ontario—on a big project whose general contractor is unionized, then there's a restriction on the number of subcontractors who can bid. And that's collusion.

**Mr. Pierre Poilievre:** If we opened the system up to competition and more people could bid, would that help us prevent problems like the ones coming out of the Charbonneau commission?

**Mr. Jocelyn Dumais:** There's never a definitive answer. I've always thought that when a decision is made, it works for a limited period of time only, because dishonest people will always find a way around it.

Opening up the bidding would help and give the industry some relief. Introducing some oversight instead of adding review committees—we spend more time on reviews and studies than on oversight—would benefit Canadians more.

[English]

**Mr. Pierre Poilievre:** Mr. Oakey, are your members prepared to compete with unionized contractors?

**Mr. Terrance Oakey:** Of course. We respect the right of all qualified contractors to compete and we accept the results of that competition.

**Mr. Pierre Poilievre:** So you're not asking for a change that would require governments to pick your members in a competition.

**Mr. Terrance Oakey:** No, that would go against every one of our founding principles.

**Mr. Pierre Poilievre:** You're asking for all players in the market to have the same level playing field.

**Mr. Terrance Oakey:** Exactly.

**Mr. Pierre Poilievre:** I think it was Mr. Pamic who said there was federal procurement limited to union-only contracting. Can you provide a list of recent examples of that?

**Mr. Terrance Oakey:** Sure. It's usually done at the contract level, and we'll provide that. There are also some great examples where the federal government, in some recent Nova Scotia agreements, has written into the contract that there will be no union-only schemes and no sole-source contracts. There is a precedent for the federal government doing this.

**Mr. Pierre Poilievre:** Can we get a copy of that clause?

**Mr. Terrance Oakey:** Yes, I have it.

**Mr. Pierre Poilievre:** So there's a clause right now in one of the provincial agreements which requires open competition for federally funded projects.

**Mr. Terrance Oakey:** It says that there are to be no union-only processes and no sole-source contracts.

**The Chair:** If we could have that, maybe the clerk could distribute it to all the members.

**Mr. Terrance Oakey:** Sure.

**Mr. Pierre Poilievre:** How much more expensive is it to ban union-free businesses from competing?

**Mr. Terrance Oakey:** On average, it's 12% to 18% overall. In specific regions where, say, 80% of all construction companies are union free, the cost goes even higher. In an area where you have 60% to 40% union free versus union, the difference is a little less. In the province of Alberta, where close to 90% of construction is open shop, when you have union-only requirements it's even more expensive because the pool of workers and contractors you have to go with is so small.

**Mr. Pierre Poilievre:** When you have municipalities claiming they have no money and there's an infrastructure deficit, one area we might want to look at is eliminating that 20% price inflation that comes from banning the majority of workers from competing for construction jobs.

**Mr. Terrance Oakey:** Absolutely. There's an extra 30% to 40% that's just left on the table.

**The Chair:** Okay, thank you. We'll now move to Mr. Adler.

**Mr. Mark Adler (York Centre, CPC):** Thank you, Chair, and I want to thank all the witnesses for being here this afternoon.

This is a very interesting topic. I was intrigued by a number of things. There's one area that I want to get to, which a number of my constituents have asked me to bring up with you, but I'll save that for the second half.

I want to begin by following up on what Mr. Poilievre was talking about in terms of the 12% to 18%. You're telling me that as a result of this, my constituents in York Centre in Toronto are paying higher taxes, are having to live with fewer services, are having to endure crumbling infrastructure—and the Gardiner Expressway is a really good example of this—and are having to potentially pay road tolls in order to take advantage of new roads. This doesn't seem right.

How do I as a member of Parliament who represents them explain that to them? It doesn't seem fair. Could you please comment on that?

• (1620)

**Mr. Terrance Oakey:** I'd love to.

One of the things you could do as a member of Parliament is say to them that you don't have any control over projects the city and the province fund directly, but that, as their member of Parliament, you will ensure that the funds the federal government transfers will have strings attached to ensure that they get the best value possible, and also that all of your constituents are actually able to work.

Your riding, I suspect, is like most ridings in Ontario, where 70% to 80% of construction done is union free. Those constituents of yours who come and ask you why they are paying higher taxes may also ask you why they are unemployed now, because they can't work on that project, and it's the only project going on.

**Mr. Mark Adler:** I hear this all the time when I'm out canvassing or when I'm at events. People come over to me.

It's mainly the municipal taxes, property taxes, that are forcing people to dig deeper into their pockets every single year. They're paying more and they're getting less in return.

I remember we used to have garbage pick-up twice a week in Toronto, and on a third day we'd have recycling picked up. I remember being able to go to the skating rink at my community centre and not having to pay to use the ice. I thought this was all covered in my taxes. Now there are all these user fees that have been attached to a number of the services we thought were being covered in our taxes.

Municipal governments, and Mr. Poilievre made reference to this, are always coming to us and asking for additional funds. We have now indexed, according to inflation, the money that we are guaranteeing to them through the gas tax and GST. There's a whole pot of money out there. If only fairness was injected into the system, if only the right to work was made available to whoever wanted to work, we could save a lot of money, and we could have an infrastructure we could be proud of instead of one that's crumbling, without having to force our taxpayers to pay more and more in tax at the municipal level.

Is that true?

**Mr. Terrance Oakey:** I think so. It's one of many areas where municipalities can look for savings. There's a famous quote from, I think it was the chief of police for New York City, who said that he could easily pay for the police officers who are on the street, but he couldn't pay for the other three who are retired. There are a whole bunch of ways that costs can be contained. Open and fair procurement practices are definitely one.

I quoted the city of Montreal and the city of Hamilton. The city of Toronto is another one. There are potentially hundreds of millions of dollars that are being spent that could still be spent or that could be saved and diverted to two schools, as opposed to just one.

**Mr. Mark Adler:** A number of my constituents have major concerns about some of the activities of some of the unions recently.

Going back to when the check-off system was put in place by Chief Justice Rand, which is why it's now called the Rand formula, that money was to be checked off from union membership, to be used for collective bargaining purposes to advance the interests of the worker. It has now become a cash cow for a lot of unions that engage in activities that really have absolutely nothing to do with the collective bargaining process.

One recent example is the Canadian Union of Postal Workers. This caused a huge outrage in my riding. They sent a couple of people to what they call Palestine and said that the Israeli government was engaging in gross human rights abuses, and that Canada was complicit in this, and Canada, by virtue of supporting Israel, was committing war crimes.

This is the kind of thing they're using hard-earned money for, and workers who worked tirelessly have to pay into this.

I see you make reference to it here: the social justice fund, sports and entertainment fund, promotion fund. If I don't believe in the cause that my union is promoting.... A lot of the workers who came to see me, many of them postal workers, said that this is an absolute outrage and there's no recourse, but they have to pay this.

Could you comment on the activities of unions, and union dues going beyond what they were intended for?

• (1625)

**Mr. Terrance Oakey:** Yes. I've done a lot of commenting on the Rand formula, and I actually challenge most people who seem to know the Rand formula. I don't think any of them have actually read it. It's clear in the decision, and it was a decision for one union in one specific case to settle a strike. It was never meant to apply to every union. He actually said in the ruling that if this was applied to other unions, it would actually be detrimental to them because they were not mature enough to handle it. He also said right in the ruling that it's for the law of your employment, your union contract. It isn't to take forced dues from workers to pay for political or social causes. You cannot collectively bargain away my political speech. It's just a fundamental principle.

To link it to the issue we're here to talk about today, that very union, PSAC, requires employers, the ones that have the exclusive right to bid on contracts that they let for construction, to actually pay into that fund. In a roundabout way, the federal government is giving tax dollars, which then are transferred into union dues that then go to pay for construction, that get diverted into votes for Gaza.

**The Chair:** Thank you very much.

Mr. Cash, five minutes.

**Mr. Andrew Cash (Davenport, NDP):** That was a pretty outrageous statement. It's nice to hear the member opposite, Mr. Adler, talk about the city of Toronto. I think he's been here for a couple of years and I've never heard him mention the city. Now he's going after the taxes of the municipal government. Maybe you have it confused. Maybe if your government hadn't abandoned the city of Toronto, maybe the taxes on people's properties—

**Mr. Jeff Watson (Essex, CPC):** I have a point of order, Mr. Chair.

**Mr. Andrew Cash:** —might not actually have had to be raised.

**The Chair:** Mr. Watson has a point of order.

Mr. Cash, I'll come back to you.

**Mr. Jeff Watson:** I've seen his tactics at heritage, too, Mr. Chair.

This is for questioning the witnesses, not the members on this side of the table.

**The Chair:** It's not a point of order.

Mr. Cash.

**Mr. Andrew Cash:** I wanted to clarify one thing that you said about the police chief of New York or the mayor, who said that he can afford each police officer but not the other three who are retired. What would he do with the other three?

**Mr. Terrance Oakey:** I was only saying it's a huge strain on municipal budgets.

**Mr. Andrew Cash:** In my riding of Davenport in Toronto I have a lot of members of Local 183 LiUNA, Local 506 LiUNA, and Carpenters' Local 27. In my riding my neighbours on both sides are retired construction workers and they are in good health and happy. They can afford the homes they're living in, which in Toronto is quite a feat, as you may be aware.

In both those instances these are men that immigrated to Canada with very little education. One of the first things they did was to get a job where they were ultimately able to join a union. They were actually nurtured by the union. Their families were nurtured by the union. They actually integrated into the city and, in fact, made my city the great city that it is.

When I go door-to-door, I'll maybe knock on a door and there'll be an elderly man there who is in rough shape, the house is falling apart, and when I talk to him and ask him where he worked and whether he had been a member of a union, I can tell you almost 10 times out of 10, if that elderly gentleman is struggling or if his wife is struggling, that man did not have a unionized job when he was younger. His work was not in a unionized shop.

The point I'm trying to get to here is that while you say on the one hand you're into an even playing field and you're not trying to change anything about unions, you only want to be able to bid on their jobs at the same time you're trashing the Rand formula, as your friends in the Conservative caucus over here are, you're missing an essential point, which is that through their union, these workers contribute enormously to the communities in which they live.

You talk about these open-tender bids as though they're some kind of panacea for all that's ailing the economy. Meanwhile, today we see that the Conservative government has somehow lost and can't find \$3.1 billion. So I think it's really rich to say that somehow all these problems have to do with unions.

In my riding in Toronto I have a lot of union members, many different kinds of union members. I have janitors who are facing privatization and the loss of their job security and the loss of their pensions. This kind of insecurity creates an unquantifiable amount of stress on people, and the expense that we'll incur down the road for workers who aren't properly protected is not factored into your bottom line, I can tell you that.

• (1630)

**Mr. Terrance Oakey:** Can I comment on that?

**Mr. Andrew Cash:** My question to you is, the unions in my city have done an incredible job participating in the building of the city, but we have an untendered project in Toronto and I simply want to get your thoughts on this air-rail link between the airport and Union Station that was largely done—

**The Chair:** Mr. Cash, your time is up. We now move to Mr. Holder, for five minutes.

**Hon. Denis Coderre:** On a point of order, Mr. Chair, I'd like to talk about infrastructure today. I don't want to hear about the Rand formula or whether we love unions or not, or my father is stronger than yours, and so on. Is it possible to have a good discussion on the future of infrastructure? I don't have any problem talking about open or closed bids, but for God's sake can we be serious today, please?

**The Chair:** That's what we're here for, Mr. Coderre. I hope we hear some of that as well.

Mr. Holder.

**Mr. Ed Holder (London West, CPC):** Thank you, Mr. Chair.

I share Mr. Coderre's thoughts. It's unfortunate that certain replacements on the committee haven't really raised the level of debate.

One thing struck me when I heard the questions Mr. Coderre talked about. I want to make a point: collusion is collusion; bad behaviour is bad behaviour. If it's bad, you call it out. I don't care who does it. I don't care where it comes from. I don't care whether it comes from people who are associated with closed shops or people who are associated with open shops. Bad behaviour is bad behaviour and you call it out. I don't think that is the issue here. I don't think it's a matter of union is bad and non-union is good. That is not the intention of this study. I want it to be clear that from my perspective, that has to be said.

I want to get back to what the topic is actually supposed to be about, which is a study on how competition can make infrastructure dollars go further.

I'll start with you, Mr. Oakey. You mentioned in your testimony—I apologize, it was either you or Mr. Pamic, and you'll correct me—that some 900,000 out of 1,260,000 Canadian workers are in the open-shop sector. That's roughly 72%. I'm trying to understand the percentage. Have you done any study to know whether the open shops get about 72% of the overall work in Canada? Do you have any sense of where your percentage falls in terms of the work done?

• (1635)

**Mr. Terrance Oakey:** Sure. StatsCan keeps that information, and the latest report was in 2008, I think. It shows roughly 70% of construction is done by the open shop.

**Mr. Ed Holder:** You get about the percentage that reflects your membership, in terms of the overall closed versus open shop. Is that fair to say?

**Mr. Terrance Oakey:** Yes.

**Mr. Ed Holder:** Right. That's helpful to know.

You made several references to reputable studies and you made a comment about U.S. studies as well. I haven't seen any of that. If you have any documentation that supports inefficiencies associated with that, could I ask you, perhaps through our chair, to bring that forward? That would be helpful for us to know.

**Mr. Terrance Oakey:** Sure.

**Mr. Ed Holder:** Coming back to this issue of how you compete, you've certainly given us the impression that you can compete effectively if you have an opportunity. Presumably that's against other non-union shops as well as closed shops.

**Mr. Terrance Oakey:** Of course.

**Mr. Ed Holder:** All right. Do you compete with closed-shop organizations now?

**Mr. Terrance Oakey:** Not as much. Most of construction, apart from certain large-scale industrial projects, is done by the open shop. So, we compete among—

**Mr. Ed Holder:** When you do compete against closed shops, do you win every bid? Do open shops win every bid?

**Mr. Terrance Oakey:** No.

**Mr. Ed Holder:** Does that necessarily mean that you're more efficient or less?

**Mr. Terrance Oakey:** It means that depending on... Every bid is somewhat different. There may not be a contractor who has the staff and the resources. So, for whatever reason they bid higher or lower. There's no way to make a blanket statement that every time we compete against a closed shop or another open-shop operator, one of those companies would win. It's very bid specific.

**Mr. Ed Holder:** It's interesting. You made reference in testimony earlier today that in some cases you haven't been able to quote in government infrastructure because it only supports closed-shop tenders.

Have you ever had a circumstance where the opposite is true, where they will only accept open-shop tenders and not closed-shop tenders?

**Mr. Terrance Oakey:** No.

**Mr. Ed Holder:** Anywhere in Ontario—

**Mr. Terrance Oakey:** Not that I'm aware of.

**Mr. Ed Holder:** —or Canada?

**Mr. Terrance Oakey:** We would never ask the government to favour our members in terms of what you can and cannot do in terms of bidding. All we want is a level playing field. Quite frankly, there are members of ours who operate with the union wing in certain areas because their employees have chosen that.

Open shop doesn't necessarily mean non-union. It simply means we're agnostic towards whether you're a union member or not. You can work side by side with our open-shop colleagues who are unionized or who are not unionized.

A closed shop refers to, "If you come on our work site, you pay us, you join us, or you leave".

**Mr. Ed Holder:** I want to come back to a point that is important, and that is this issue of supporting with any documentation you have that suggests it drives up the costs.

You say that it sounds like it's an anti-union rhetoric, and I'm trying to move it the other way to the numbers. Follow the money is really what we're trying to get a sense of, in terms of trying to know to what extent it is to be....

You're talking, Mr. Dumais, just from a fairness standpoint that, if closed shops can compete with you, why can you not compete with them on government infrastructure? Is that fair to say?

**Mr. Jocelyn Dumais:** This is what I'm saying. They have this clause. Large companies, and I'm using PCL as an example, are signatories with many unions. So, if my company is signed up with the carpenters union—so I'm not anti-union—but my labourers are not, and PCL is signed up with the labour union, that means I can't bid on a job that PCL is running. It actually stops me from bidding on that job.

**Mr. Ed Holder:** So that might be an issue of fairness for you Mr. Dumais, but that doesn't necessarily mean that you would be more competitive than a closed shop, would it?

**Mr. Jocelyn Dumais:** Yes, because many jobs that I bid on are general contractors that are completely non-union and I have their jobs and they are contractors that are a signatory with the carpenters union, which I'm okay with, but this is fairness. It's just when it comes to our federal government I feel it is not acting properly towards my situation. In the private sector, I have no problem with this. This is the name of the game. I win, it's good; I lose, it's good. That's the name of the game. But when it comes to my federal government, I would like to have just as fair play as the union-only company.

• (1640)

**Mr. Ed Holder:** Thank you.

Thank you, Chair.

**The Chair:** Thank you very much.

Ms. Chow, for five minutes.

**Ms. Olivia Chow:** There are two ways that the federal government transfers money. One, as you know, is through the gas tax, which is basically an agreement. It's a direct transfer from the federal government to the provincial and municipal governments. In that instance, the funding is more predictable, but the federal government takes a completely hands-off approach. Whatever the municipality wants to spend it on, it's up to them whichever way. The other approach is the Building Canada fund and the P3 fund and the provincial-federal agreement fund. In these ones the federal government has some say over the agreement with the provincial government or it would be as a grant-based project.

I see what you are trying to say. You're saying that the federal government should, in the way it spends its infrastructure funds, make sure that the bidding process is open, but that wouldn't apply to the gas tax fund. It really wouldn't apply to the direct transfer, right?

In your mind, do you think that the federal government should put on more conditions when there's an agreement with the municipalities that there should be some conditions? Condition one could be that you have to generate apprenticeship spots, for example. Your suggestion could be another one.

In your mind, how do you go about coming to a place where you want to be? Right now, in terms of the old funding, the existing funding, there's not a whole lot left. In fact, there's a bit of a cut. It's about a \$2-billion cut. We used to get \$5 billion. It's now down to \$3 billion, so we're actually losing about \$2 billion a year of existing funds. That's through the Building Canada grants program. Are you specifically talking about the Building Canada program? That program is the old program, not the new one. The new one doesn't really wrap up until three or four years from now. So I can't see how, even if we want to, we would apply conditions.

**Mr. Terrance Oakey:** I think on the old agreements it probably is too late for that, given that they've already been negotiated with the provinces, but I think in the new round of negotiations it should be a condition.

I also think that for any federal agency, so whether you think of P3 Canada or Canada Post, any agency that spends federal money, they should ensure that there's an open bidding process that ensures greater value for taxpayers and doesn't shut out 70% of the construction industry and their workers.

If I were to make a recommendation, if I were a negotiator with the provinces, that would be the federal government's position, and the province and municipality could either continue in a closed tendering way and not be eligible for that portion of the money.... I think very quickly, though, municipalities and provinces would understand the importance of having an open tendering process, and therefore would likely agree to it.

**Ms. Olivia Chow:** Allow me to just keep going on that one. In the past, the Conservative government has said over and over in a lot of this discussion, such as when I was trying to push for a national transit strategy....

The government seems to have the belief that we should not say what the provinces and municipalities should do. Apprenticeship programs shouldn't be a condition; a transit strategy shouldn't be a condition; it should be hands off, and let them decide. I keep hearing that.

Isn't there a contradiction between saying to let them decide, let them manage—because their level of government allows the municipalities to make a decision—and now, all of a sudden saying that perhaps there should be a condition? That doesn't seem to connect with the kind of ideology, or the belief, of the Conservatives, my friends across the way. Let me put it that way.

• (1645)

**Mr. Terrance Oakey:** I'm not here to comment on the belief of the government or the ideology of any one party. I'm here to make the case that there's a cost rationale and a fairness rationale to ensure that any public money that's spent on infrastructure is open to all qualified bidders and their workers.

In construction, it's especially necessary, given that in some jurisdictions only 10% of the industry is unionized. Nowhere is it as high as 30%, except in Quebec. You're shutting out so many of the very people you are elected to represent. They just cannot work on these projects simply because they have made a private decision, in their own private lives, choosing to be union-free.

We think that's unfair.

**The Chair:** Thank you very much.

Mr. Toet, for five minutes.

**Mr. Lawrence Toet (Elmwood—Transcona, CPC):** Thank you, Mr. Chair.

Thank you to our guests today.

Mr. Oakey, you stated, when Mr. Holder asked you about it, that the Merit group of companies, the companies that are under your umbrella, do about 70% of the construction in Canada. That adds up to also about 70% of the workers.

How does that percentage change when you go into public sector construction, which is kind of what we're talking about today? Where is it in comparison with that 70% of overall construction?

**Mr. Terrance Oakey:** It's much, much lower. It depends on the province. I will get you the numbers on that—we're currently doing a lot of that research—but it's a lot lower in public construction.

I'll give you a great example. It's currently not the case in British Columbia, but the party that looks like they're about to win the

election in British Columbia has it right in their platform that all public construction in the province of British Columbia will be reserved for only union contractors. In British Columbia right now, that would shut out basically 80% of the industry.

You can only imagine what that will do to the costs. Also, those who are currently working on those projects will no longer be allowed to.

**Mr. Lawrence Toet:** It would be very helpful if you could table that data for the committee, through the clerk, when you have it. That would be very much appreciated.

I have another question for you regarding your member companies. Are they held to the same safety standards, building codes, quality standards, etc., as any other company across Canada?

**Mr. Terrance Oakey:** Of course. Collective bargaining agreements deal with a lot of things, but they usually don't deal with building codes and safety codes.

Walter can speak to his own experience as an electrical contractor in Ontario.

**Mr. Walter Pamic:** Yes, absolutely. We like to pride ourselves on our health and safety record. You would not be in business if you were not a safe organization.

When it comes to being an open shop or a closed shop, all the rules apply to everybody. There are no studies that we've seen anywhere that would disprove that.

In fact, we looked at the province of Quebec. They are virtually 100% unionized when it comes to construction, yet their accident and fatality rate is double what it is in the rest of Canada.

**Mr. Lawrence Toet:** Mr. Oakey, if all things are equal from company to company—I'm talking about capability and the quality of the work—should price then be the only factor that is taken into account?

**Mr. Terrance Oakey:** We believe so, if it's the best quality, lowest bid. But it's important to emphasize the best quality.

**Mr. Lawrence Toet:** What about things like historical relationships and knowledge of a particular infrastructure project, and having the elements of that particular thing being part of the equation?

Just as an example, let's say some municipality, city or province is in the process of building a new hospital, or is expanding an existing hospital. They'd be looking to use some of the same materials. The ventilation system in an operating room is extremely important. Let's say the hospital is very satisfied with the product they have; they believe it is the best product that's out there today, even though it may not be the lowest price when it comes in.

Do you see those kinds of exceptions as being reasonable and fair to everybody? Everyone can still compete, but the bottom-line price isn't always the absolute factor. I would agree that it should be a huge factor, but are there other factors such as this that should be considered at times?

• (1650)

**Mr. Terrance Oakey:** Absolutely. That's why I said best quality, lowest bid.

If the ventilation system needs a higher grade of aluminum which is more expensive, that's built into the specific bid requirement. If you're doing Parliament Hill renovations, you don't want to put up drywall. You probably want to have good quality stone, so you write that into the bid requirement.

**Mr. Lawrence Toet:** We're also talking about things such as familiarity. When you have an operating room, you want the doctors and nurses to feel very comfortable in that room—

**Mr. Terrance Oakey:** So you design them—

**Mr. Lawrence Toet:** —so you want room after room after room to be the same.

**Mr. Terrance Oakey:** Right.

**Mr. Lawrence Toet:** Even when you do an expansion, you want to see some continuity, so there shouldn't be interference to that level.

I understand where you're coming from, having been a business guy myself in the past. There are times when I believe strongly that relationship is also part of it. It's not 100%, but it should be part of the equation and not strictly a lowest price aspect.

I have one more question for you.

Mr. Moist, from CUPE, was here last week and he actually supported the idea of unbundling large contracts on infrastructure projects to allow for companies of all sizes to be able to compete, which I was very happy to hear.

Would you agree with this also, that an unbundling aspect to some of these large umbrella-type contracts would be helpful to keep pricing down and allow everybody to participate? Mr. Moist used the example of a gentleman in Alberta who had the ability to build schools. He could build a school, but he couldn't build the six schools they put under an umbrella-type contract. Would you also be in favour of what Mr. Moist was advocating?

**Mr. Terrance Oakey:** Yes, our members are currently struggling with that dynamic in all infrastructure. As I do my consultations across the country, there are examples that have been brought to me of general contractors, as you've just described, who can build one school or one hospital but can't build every one in the province.

That's something provincial governments are looking at. Another part of that is the P3 model that some of our members are struggling with, but they're learning more about how to deal in that space. It's definitely a concern they have.

**Mr. Lawrence Toet:** To look at that from another angle, what about the creation of consortiums where you would have the ability to come together with a group of companies in order to do that? Would that be something you'd also support?

**Mr. Terrance Oakey:** It's something that our companies are doing. At least that's happening in the private sector. It's happening in the public sector as well.

One of the conditions, though, that we think should be there is that if the federal government puts in money, they have to ensure that all through the value chain it's an open and transparent process. Simply because you've signed off as a consortium doesn't mean you can bind or restrict people from doing the electrical work, like that of Mr. Pamic, or some of the other work that our members do.

**The Chair:** Thank you very much.

We'll now move to Mr. Aubin for five minutes.

[*Translation*]

**Mr. Robert Aubin:** Thank you, Mr. Chair. I will be sharing my time with Mr. Cash.

I have two questions that may be related. I will let you tell me if they are and I'll take an overall answer.

I've heard you say a few times, since the beginning of our meeting, that not having open tendering rules could potentially increase the cost of construction between 12% and 18%.

My question is for Mr. Oakey.

What makes an organization like Merit Canada different from a union if it offers its membership the same things? For example, you offer to administer benefit plans, insurance plans and training programs, all of which the unions do as well. How does your cost allow us to potentially save 12% to 18%?

[*English*]

**Mr. Terrance Oakey:** It's also that the force of the competition tends to lower prices. If you have 10 or 12 bidders versus 1 or 2, prices go down. You see that in all industries.

Thank you for that plug for the Merit benefit plan. We run the largest multi-employer benefit plan in all of construction. We pay health and dental benefits, life insurance, retirement plan.

When Mr. Cash was talking about employers or companies treating their employees poorly, I'm not sure these people work in construction and, if they do, they should join a Merit member because they'll get all those benefits exactly like they would in a union.

I also think that given we have someone who actually works in the construction industry, Mr. Pamic, he should probably comment on the competitive nature of staffing and the benefits that he provides.

• (1655)

**Mr. Walter Pamic:** One thing you find which I think makes it more competitive in my industry, being open shop, is that there are no delineations, if you will.

To give you a very easy example, I was an IBEW member for 15 years. Then I became an open-shop contractor. On projects that my people work on, we cross lines. We have the ability to cut a piece of plywood. We don't have to go to a licensed carpenter on a construction site because we're an open-shop facility. I also then don't have to get a painter to paint that piece of plywood with fire-retardant paint. My people can actually do that, and then we can mount that plywood and mount our equipment on it.

The problem with a lot of closed tendering is that you have these actual lines that do not allow one union to cross into another union's work, and into another. So a lot of times you have people basically wasting a lot of their effort.

[Translation]

**Mr. Robert Aubin:** Thank you.

[English]

**Mr. Andrew Cash:** Thank you.

The costs that are lower, what are those costs? In other words, do employees in a Merit shop make the same amount of money as employees in, say, Local 183 of LIUNA?

**Mr. Terrance Oakey:** Our companies don't collude in wage prices, like others.

**Mr. Andrew Cash:** Could you say that again? I didn't hear your answer.

**Mr. Terrance Oakey:** A lot of our members pay well above the union rate. A lot of the cost associated with closed shops actually has nothing to do with wage rates. It's increased cost that had to do with paying into an endowment fund, a sports and entertainment fund, a hunting fund, a social justice fund, a political action fund—none of which goes to the worker. It's simply a tax on the employer and the project that gets funded through the local union.

If our members paid less, or if our members treated their workers poorly, there's an alternative. They would likely go and work in a union shop. But they choose not to. In the industry, 70% of the workers, despite all legal opportunities available to them, choose to be union free. The numbers speak for themselves.

**Mr. Jocelyn Dumais:** My carpenters, my workers, are unionized carpenters. Theirs are not unionized. Every one of my men, it costs him almost \$2 an hour to have the right to work. Their worker is paying for that. The advantage with the Merit contractor is that the worker doesn't pay any dues at all.

My workers just had an increase. Their full rate right now will be \$47 an hour, but at the end of the line the worker only has about \$25 in his pocket. You were mentioning about those pension plans, about how well the people in your districts are living because of these pension plans. But you were actually saying that 70% of Canadian non-unions are making sure that those union workers are having a good time during their old age, and I think this is totally unfair to them. I'm only saying that there was a decision at the Supreme Court—try to respect it.

**The Chair:** Thank you very much.

We'll now move to Mr. Poilievre, for five minutes.

[Translation]

**Mr. Pierre Poilievre:** I listened to what Mr. Aubin said. Your workers enjoy the same rights, the same benefits and the same working conditions as unionized workers. And that makes me wonder why your employees aren't allowed to be involved in project bids.

[English]

**Mr. Terrance Oakey:** No, I understand your point. I mean it would be one thing if you could make the case that our employees are paid a lot less, below minimum wage, are somewhat unsafe, or whatever—none of which can be claimed. I can only speak for companies that are Merit members. As I said, they have full health and dental benefits, all the same benefits that closed shops have. So there's no distinction.

It's a false analogy, and I often get this when I'm at committee on other topics. It's a way to talk down about our members and their employees and how we treat them. It's just not borne out by the facts.

• (1700)

**Mr. Pierre Poilievre:** Do you recognize that there may be occasions where a unionized firm might beat one of your firms in a competition?

**Mr. Terrance Oakey:** Absolutely. We welcome free and open competition.

**Mr. Pierre Poilievre:** So there are good unionized contractors out there in your view.

**Mr. Terrance Oakey:** Absolutely. I would never say no.

**Mr. Pierre Poilievre:** So you're not here to suggest that they should not be part of a competition.

**Mr. Terrance Oakey:** No.

**Mr. Pierre Poilievre:** You believe they should be allowed to compete, that workers should have the right to work for them, and that they should have the chance to win and prosper.

**Mr. Terrance Oakey:** Absolutely.

**Mr. Pierre Poilievre:** You just want the very same thing for your members.

**Mr. Terrance Oakey:** Absolutely.

**Mr. Pierre Poilievre:** You're asking us to ensure that federally funded projects allow for that kind of open competition.

**Mr. Terrance Oakey:** Exactly.

**Mr. Pierre Poilievre:** How many jurisdictions in Canada ban union-free workers from doing transportation infrastructure work?

**Mr. Jocelyn Dumais:** There's one: Quebec.

**Mr. Pierre Poilievre:** How many ban union-free employers from competing for contracts?

[Translation]

**Mr. Jocelyn Dumais:** Quebec's Act Respecting Labour Relations, Vocational Training and Workforce Management in the Construction Industry makes it a requirement for all workers. There's no chance.

**Mr. Pierre Poilievre:** No, that wasn't the question.

[English]

There are outside of Quebec, Hamilton, I believe Toronto, a number of other jurisdictions where union-free businesses are banned from competing for construction projects. Can you tell me which ones that you're aware of?

**Mr. Terrance Oakey:** I have a list in my submission. There are many cities in Ontario. It's also agency specific. Metrolinx used to be a closed shop. Now it appears to be opening up. TTC, of course, is still a closed shop. There are many, not just municipalities or levels of government, but also agencies. Canada Post tries every once in a while to put in a closed-tendering clause in some of the construction they have. PSAC does the same thing. It's an ever-moving target. It's a very political decision.

**Mr. Pierre Poilievre:** Can you get me a list with sourced information?

**Mr. Terrance Oakey:** I will.

**Mr. Pierre Poilievre:** That would be good.

Finally, the federal government has committed to building a replacement for the Champlain Bridge. We can't override Quebec labour law. It's within Quebec's jurisdiction to legislate the way it has. Do you believe that the Champlain Bridge will be more expensive to taxpayers and toll payers because competition is banned for that construction project?

[Translation]

**Mr. Jocelyn Dumais:** I believe so, because companies from other provinces and other places aren't allowed to bid. With all the workers being unionized, it will inevitably be more expensive.

[English]

**Mr. Pierre Poilievre:** In an ideal world, you're not saying unionized contractors should be banned from competing on that project. You would like them to have the opportunity. You're simply suggesting that union-free companies would have the same opportunity.

[Translation]

**Mr. Jocelyn Dumais:** Precisely.

Imagine if we had rules preventing black people or women from working somewhere. There would be a clause to stop that. All we are asking for is a clause to prevent discrimination against non-unionized workers. It's not complicated. That automatically brings down the cost.

[English]

**The Chair:** Thank you.

Mr. Watson, you have five minutes.

**Mr. Jeff Watson (Essex, CPC):** Thank you, Mr. Chair.

Thank you to our witnesses for appearing today. Some days it can feel a little like *The Twilight Zone* up here. Last week we had CUPE

appearing on the issue of P3s and making the assertion that P3s significantly reduced the pool of bidders for contracts. They were making a recommendation that we instead should be increasing bidders for federal contracts. The opposition were defending that particular position against P3s for restricting the number of bidders. Here we are today, and the shoe is on the other foot.

You mentioned a political decision—I think that was the terminology you used—that certain municipalities have closed-shop requirements. I presume you're seeking for us to recommend a political decision to ensure the opposite occurs.

• (1705)

**Mr. Terrance Oakey:** Well, ultimately, if the government decided that, it would be a decision of government.

**Mr. Jeff Watson:** I'd like to make an evidenced-based decision in that regard. In the evidence you presented to the committee today, you mentioned U.S. studies, and you suggested that closed-tendering rules increased the cost of construction between 12% and 18%. How many studies are you referring to? Can a list of those be provided to the committee?

**Mr. Terrance Oakey:** I have already said that I would send all the.... Some of them are very long and in English only, but I'll send them over.

**Mr. Jeff Watson:** Fair enough.

The only Canadian study you refer to is a report from the City of Montreal. Are there any other Canadian studies? While I might appreciate American studies, contextually they're dealing with the United States and not with Canada.

**Mr. Terrance Oakey:** Of course. There are many other international studies. I chose to reference one, but there's a similar—

**Mr. Jeff Watson:** I'm looking for what Canadian studies you have

**Mr. Terrance Oakey:** Yes, sure.

**Mr. Jeff Watson:** —other than the City of Montreal report.

**Mr. Terrance Oakey:** There's a City of Hamilton report that I have here that I can table. There's a study from Cardus that I can table. I'm happy to do that.

**Mr. Jeff Watson:** I'm interested in Canadian evidence more than United States evidence, not that it wouldn't be helpful to know what's happening in the U.S.

You reference that we contributed \$28 million in stimulus funding to a project for the City of Hamilton. Did we overpay for that project? You didn't say it in your submission, but are you prepared—

**Mr. Terrance Oakey:** I think you did, yes.

I think if there would have been a more competitive bidding process, where 94% of the contractors and workers weren't unable to compete, naturally there would have been cost savings. I think the federal government is overpaying for lots of infrastructure.

**Mr. Jeff Watson:** That's a hypothesis. You're saying, definitively, that we overpaid in that particular project.

**Mr. Terrance Oakey:** That's according to the City of Hamilton report. There are many other examples of projects which the federal government contributed money to that were more expensive than needed.

**Mr. Jeff Watson:** How much did we overpay on the Hamilton project?

**Mr. Terrance Oakey:** They don't give a number for that specific project, but overall they say, in the next 10 years, it will be about \$1.1 billion in additional costs to the city.

**Mr. Jeff Watson:** I just want to be careful we're not mixing apples and oranges. Municipalities undertake a certain amount of infrastructure that's their own, where the federal government is not involved at all.

**Mr. Terrance Oakey:** The majority, yes.

**Mr. Jeff Watson:** I'm trying to sort out how much the federal government has overpaid, I guess is what I'm really driving at. We don't necessarily have a definitive number in that regard, do we?

**Mr. Terrance Oakey:** I wouldn't comment on overall \$53.5 billion. There are a few models you could use, but I certainly think there are areas in which, given the restrictive bidding rules that have been applied to that money, it's obvious there's some overpayment happening.

**Mr. Jeff Watson:** Would you recommend that Transport Canada look into that matter perhaps?

**Mr. Terrance Oakey:** I would.

**Mr. Jeff Watson:** I don't have any further questions.

Mr. Daniel may have some.

**The Chair:** Maybe Mr. Holder would want to finish out your time.

**Mr. Jeff Watson:** I think Mr. Daniel would like to speak.

**The Chair:** Mr. Daniel.

**Mr. Joe Daniel (Don Valley East, CPC):** Thank you, Chair, and thank you, folks, for being here.

I would like to take a look at the risk associated with non-union organizations. My question to you is, when you take a look at all the business that's around which non-union folks have actually won, are there instances where they have run out of money halfway through a project, gone bankrupt, etc., or do they have the same sort of track record as some of the union organizations that are bidding for this work?

**Mr. Terrance Oakey:** I would argue that they have if not a greater track record....

**Mr. Joe Daniel:** Do you have some data that you can provide us to support that?

**Mr. Terrance Oakey:** Sure.

**Mr. Joe Daniel:** Are there any other comments?

• (1710)

**Mr. Jocelyn Dumais:** There are union contractors who go under and there are non-union contractors who go under.

[*Translation*]

What matters is the quality of the work.

I always go back to the same example. Say you have ten workers: five of them are unionized and five aren't. At the end of the day, you'll have five good workers, regardless. What's important is to check the quality of the work, given that the cost goes up every time.

When we receive a plan before working on a construction site, I throw it in my truck. It's merely a reference plan. After the first day, it won't be any good; it won't be completed. So subcontractors are asked to do the verification and to make sure it works, because it's very common for the wiring done by an electrician to conflict with the piping installed by the plumber. Professionals do those jobs, whether they are unionized or not, but without someone to check the quality of the work, you won't get the result you want.

Whether or not you belong to a union has nothing to do with the quality of the work done. But it does affect the cost. It's totally false to say that a non-unionized worker won't do as good of a job.

[*English*]

**Mr. Joe Daniel:** Thank you. So you're confirming that there is little to no risk for going to non-unionized....

**A voice:** There's probably none whatsoever.

**The Chair:** Very briefly.

**Mr. Walter Pamic:** I think that we—

Oh, sorry.

**The Chair:** Just very briefly. He was out of time.

**Mr. Walter Pamic:** Whether you're an open-shop contractor or a closed-shop contractor on any project today, you have a defined scope of work that you have to follow. You have qualified people to do that work. You provide bid bonds and payment material bonds in order to ensure successful completion of that job, again, regardless of what your stripe is.

**The Chair:** Mr. Poilievre, for five minutes.

**Mr. Pierre Poilievre:** Can you describe how it is that the City of Hamilton became a jurisdiction that bans union-free businesses from competing for infrastructure work?

**Mr. Walter Pamic:** Pierre, I think I can, and Terrance can help me if I run into a problem here.

It's no different from what's happening with Kitchener-Waterloo right now. The Province of Ontario brought in card-based certification, which basically requires that if they have 55%-plus of the employees doing work on the day that the application for certification is filed, that organization becomes unionized.

What happened in Hamilton was that four carpenters working on a weekend put in an application for certification that wasn't dealt with in the specific allotted amount of time, which was 48 hours or so. Therefore, they missed their window and the entire city became unionized.

This is exactly what's happening in Kitchener-Waterloo right now

**Mr. Pierre Poilievre:** Wait a second here. Four workers signed a card, and that caused the entire construction workforce to become unionized?

**Mr. Walter Pamic:** That's correct.

There are many examples of this happening right across the province of Ontario with companies, and we are seeing it with municipalities now.

**Mr. Pierre Poilievre:** Wait a second. I'm familiar with card check, where you go around and collect signatures and the union takes over once 50% of the workers have signed.

**Mr. Walter Pamic:** Once 50% are signed, they can have a vote. If they have 55% of the employees who have signed cards on the date that the application is filed, then it's automatic card-based certification.

**Mr. Pierre Poilievre:** There were only four people working that day—

**Mr. Walter Pamic:** —on a Saturday.

**Mr. Pierre Poilievre:** —and it only required three of them to sign.

**Mr. Walter Pamic:** That is correct.

**Mr. Pierre Poilievre:** And the entire workforce became—

**Mr. Terrance Oakey:** Unionized.

**Mr. Pierre Poilievre:** —unionized.

**Mr. Terrance Oakey:** We have that right now. A friend of mine in Ottawa had two employees who worked on a Saturday and signed cards while his other 16 employees were at home on that day.

• (1715)

**Mr. Pierre Poilievre:** Now this is where the infrastructure piece comes in.

How many contractors were then banned from submitting bids to the City of Hamilton for infrastructure projects as a result of this four-person certification?

**Mr. Terrance Oakey:** Mr. Poilievre, it depends on the contract, as not every contractor is qualified to bid on every contract.

There's an example in the City of Hamilton report, which I'll table with the committee, where 94% of the contractors were not able to bid. Of 260 contractors, only 17 had the proper required relationship with the carpenters union. Therefore, 94% of the eligible contractors in every other way were banned from bidding.

**Mr. Pierre Poilievre:** Before the weekend, there were 260 contractors competing for work—

**Mr. Terrance Oakey:** It was 270.

**Mr. Pierre Poilievre:** —and after this four-person certification, all of a sudden, only 17 companies could compete for work.

**Mr. Terrance Oakey:** Exactly.

**Mr. Pierre Poilievre:** So 94% of the competition was banned.

At the time, did City of Hamilton officials express any concern about the cost implications of that?

**Mr. Terrance Oakey:** Absolutely.

They did public consultations. They said that over the course of 10 years it would be \$1.1 billion. For instance, shortly after this happened, they let out a contract, which I referenced in earlier remarks, where by all expert opinion the budget should have been about \$29 million. The lowest bid was \$53 million—93% over budget—because it was union-only contracting.

You can see the impact of these policies. Largely those policies, remedial certification and others, are provincial. We're making the case through our Merit Ontario organization to change them.

**Mr. Pierre Poilievre:** Do they apply to federally funded infrastructure projects?

**Mr. Terrance Oakey:** Yes. The federal government allows city rules to trump their own rules. The federal government, thankfully, would never allow those sorts of rules if you wholly funded the project, but because you're a partner and you only fund a third, or less than a third in some cases, you allow the city rules to trump your own procurement rules.

**Mr. Pierre Poilievre:** If the federal government wanted to fund the construction of a bridge, road, or transit project in Hamilton, 94% of previous contractors would be banned from competing on that work—

**Mr. Terrance Oakey:** Right.

**Mr. Pierre Poilievre:** —because four workers signed a petition on a Saturday. The Hamilton bureaucrats, the Hamilton city—

**Mr. Terrance Oakey:** City manager.

**Mr. Pierre Poilievre:** —manager has said that this would lead to price inflation.

**Mr. Terrance Oakey:** Absolutely.

**Mr. Pierre Poilievre:** What did he say? Is there a quote that you have handy?

**Mr. Terrance Oakey:** He said that over the next 10 years it would be \$1.1 billion. I'm just looking...

**Mr. Pierre Poilievre:** So within the report by the Hamilton city manager—

**Mr. Terrance Oakey:** Yes.

**Mr. Pierre Poilievre:** —on the elimination of 94%—

**Mr. Terrance Oakey:** Yes, they said, "On water/wastewater capital projects" because those are specific, so it was mostly open-shop contractors who were doing that work, so there weren't really any closed-shop contractors who were qualified to do the work. So they said on increased cost, "40% in overall cost".

**Mr. Pierre Poilievre:** So a 40% increase in costs to Hamilton for Hamilton-based infrastructure building.

**Mr. Terrance Oakey:** Yes. It says, “\$1.1 billion over 5 to 8 years; every 1% cost increase is \$11 million; 40% cost increase is \$440 million”.

**Mr. Pierre Poilievre:** What document are you reading from?

**Mr. Terrance Oakey:** This is the City of Hamilton report.

**Mr. Pierre Poilievre:** Can you table that with the committee?

**Mr. Terrance Oakey:** Absolutely.

**Mr. Pierre Poilievre:** Thank you.

**The Chair:** Mr. Oakey, could you table that, and there was one other document earlier.

**Mr. Terrance Oakey:** I think they also asked for the Cardus study.

**The Chair:** Okay, I'd like to thank Mr. Dumais—

**Mr. Pierre Poilievre:** Mr. Chairman, given that there is some time left, I wonder if we might continue questioning.

**The Chair:** Is that okay?

**Ms. Olivia Chow:** Whose round is it?

**The Chair:** It's your round.

**Ms. Olivia Chow:** I was going to ask Mr. Oakey about his opinion on using temporary foreign workers. They certainly can be paid a bit lower wages. It will save taxpayers even more money. Is it an area that you think some of the companies you represent should be involved with?

**Mr. Terrance Oakey:** I don't know in what context they can pay less than they pay for Canadian workers.

**Ms. Olivia Chow:** That's no longer in practice.

**Mr. Terrance Oakey:** No, even before. The 15% differential was only if you were paying your own employees 15% below the prevailing wage, so you couldn't actually bring in—

**Ms. Olivia Chow:** Do any of the companies that you represent hire temporary foreign workers?

**Mr. Terrance Oakey:** Absolutely.

**Ms. Olivia Chow:** Are they electricians? What kinds of trades are you in need of?

**Mr. Terrance Oakey:** All different trades, depending on what the project requires.

**Ms. Olivia Chow:** You normally would advertise for a Canadian worker. For how long do you normally advertise?

**Mr. Terrance Oakey:** It's company and bid specific. If you win a bid and you realize you're four electricians short and you need to start the bid in three weeks, you apply for an accelerated labour market opinion and try to speed up the process—

**Ms. Olivia Chow:** Which is about a one-day turnaround, right? You just advertise the job for one day and if no one applies, then that's the accelerated part.

**Mr. Terrance Oakey:** I just want to set the record straight in terms of at least construction. Temporary foreign workers are extremely expensive. It is—

• (1720)

**Ms. Olivia Chow:** That's not my question, Mr. Oakey. I'm just saying I know whether they're expensive or not. I've seen all the stats. I used to be the immigration critic for the New Democrats.

I'm just saying, would you encourage the companies you represent to go the accelerated route to get an LMO, the labour market opinion, in order to hire some temporary foreign workers?

**Mr. Terrance Oakey:** No, we would encourage our member companies to hire locally first, regionally second, nationally third, and then if all those pools are exhausted, to look for temporary foreign workers.

**Ms. Olivia Chow:** How long do you think that would normally take?

**Mr. Terrance Oakey:** As I said, it's member and bid specific. It's impossible to have a generalization on it.

**Ms. Olivia Chow:** Surely you would have some kind of standard. How long do you think it would be fair for a company to advertise the job so that some of the members who are out there, who are not unionized but need to know that this job is open, can have a chance to see it? Does your company keep a list of all the members? Does your Merit Canada have a list of all the, say, electricians who are available across Canada, or even just in the GTA, for example?

**Mr. Walter Pamic:** I can comment very briefly on that.

As an example, I do not know of one company in the electrical contracting business in Ontario that has any temporary foreign workers. Peers who are out west, specifically in the oil sands industry, have jobs on their job boards constantly. They need so many people that they can't fill those positions.

We tell our young apprentices or would-be apprentices in Ontario to go out west if they want a job. That's where they'll find opportunity. We can't hire them in Ontario because of apprentice ratio regulations.

**Ms. Olivia Chow:** But Mr. Oakey just said that under Merit Canada a large group of companies do hire construction workers.

**Mr. Terrance Oakey:** I didn't say that. I said that some of our companies use the temporary foreign worker program as it's available to them.

**Ms. Olivia Chow:** No doubt, but is that something you would like to encourage more or less of?

**Mr. Terrance Oakey:** No. Temporary foreign workers are extremely expensive.

The average number of employees in our member companies is fewer than 10. They are the construction contractors in the local community, and they understand how important it is to hire locally.

If you want to talk about being able to hire unemployed workers, you may not be aware that in most collective bargaining agreements, if an unemployed unionized construction worker works for one of our companies, his union will fine him, so that's a huge disincentive.

**Ms. Olivia Chow:** I do know those laws. I know how they operate.

**Mr. Terrance Oakey:** Okay, good.

**Ms. Olivia Chow:** In terms of the companies you represent, you're now saying that of the 55,000 members—

**Mr. Terrance Oakey:** It's 3,500.

**Ms. Olivia Chow:** —none of them use temporary foreign workers. Do you know whether they do or don't?

**Mr. Terrance Oakey:** I know that some companies do. We don't keep a database on our members and how often they access the program.

**The Chair:** Thank you.

Mr. Coderre.

[*Translation*]

**Hon. Denis Coderre:** We're really starting to stray from the topic of our infrastructure study when we get into discussions on temporary workers. Regardless, I learned a lot, Mr. Chair. We discussed the Rand formula and all kinds of things, but I want to talk about infrastructure.

Mr. Dumais, you made an important point, but one that needs to be studied and most definitely proven. We talked about the Champlain bridge because it was an infrastructure program involving the federal government specifically. We might also discuss the future bridge that will connect Canada and the U.S. What specific information leads you to assert that closed tendering processes, meaning those accessible to unionized shops only, will have a direct impact on infrastructure costs? That's a big statement. You're claiming that the union reality will have a direct impact on infrastructure costs. Are you referring to productivity?

I still believe that, no matter the situation, when people want to cheat the system, they are going to do it. Whether a union is involved or not has no bearing on that. It's simply human nature. That's what I'd like to discuss.

Are there any studies?

•(1725)

[*English*]

This question might be for Mr. Oakey too. Are there any specific studies regarding that assessment?

[*Translation*]

**Mr. Jocelyn Dumais:** When you have unionized workers, overtime enters the equation, usually after eight hours of work, and that raises costs. A non-unionized worker will be more flexible in that regard.

In addition, unionized workers are separated by class. The carpenter has to do his job, the labourer has to do his job, the painter has to do his job, and so forth. As Walter explained earlier, a non-unionized worker could use a hammer or paint brush during the construction project. In fact, that happens when bridges are built. A unionized stripping shovel operator isn't allowed to pick up a shovel to clean his bucket, but a non-unionized shop would allow him to do that.

A non-unionized worker can choose to work 10 hours a day, and it doesn't necessarily have to mean overtime. He can make that choice. So there's a pretty significant cost attached to that.

Then you have the benefits. Benefits represent about \$2 an hour that you have to pay the union. If the total approximate number of hours to be worked on the bridge, be it in Windsor or Montreal, is 10,000, there's a hefty price tag attached to that.

That's the information I am going by.

**Hon. Denis Coderre:** You also realize that Quebec has laws that have to be obeyed. You aren't asking for that to change.

•(1730)

**Mr. Jocelyn Dumais:** I challenged that law. The excuse I was given had to do with historical events in 1972, when there had been violence on construction sites. It's as though, today, in 2013, Quebec's workers hadn't changed but had stayed the same as in 1972. I was also told that without that law, there would be violence again. On the contrary, everyone knows full well that even after the ruling, despite the workers remaining unionized, there is still violence on construction sites. We saw that last year.

The issue was settled in 2001. Today, I am simply asking the federal government to respect the judges' decision, as is the case in many other sectors.

[*English*]

**The Chair:** Mr. Poilievre.

**Mr. Pierre Poilievre:** This is just a correction. As I understand it, you are not suggesting that unions are driving up the price and driving down the quality. You are suggesting that the absence of competition is doing those things. Am I correct?

**Mr. Jocelyn Dumais:** I'm suggesting that the unions will increase the price. It has nothing to do with the quality of the work.

**Mr. Pierre Poilievre:** I'm asking the other members of the panel as well.

You're not here to suggest that union contracting is bad or inflationary. You are simply here to suggest that there should be open competition for public infrastructure work.

**Mr. Terrance Oakey:** That's correct. That's our position.

**Mr. Pierre Poilievre:** Okay.

**Mr. Terrance Oakey:** If union contracting is not as you've just described, then they have nothing to fear from free and open competition because they may in fact be at a lower cost.

**Mr. Pierre Poilievre:** Can you describe what's happening now in Kitchener-Waterloo? You suggested that union-free contractors are facing a ban in that jurisdiction as well. How is that?

**Mr. Walter Pamic:** They're facing a potential ban right now. This is before the Ontario Labour Relations Board. As I understand it, it was two unionized workers working on a Saturday, building a shed of all things, when their union filed the application for certification through the card check system. This will, I believe, cut out just over 80% of the open-shop contractors in the Kitchener-Waterloo area.

**Mr. Terrance Oakey:** The other point that I'd like to make is that it not only shuts out open-shop, or as some refer to it, union-free employees, but also other unions. The Christian Labour Association of Canada, CLAC, is a unionized shop, and they wouldn't be allowed to bid either. So it's not simply a union versus union-free issue. It's that a specific union has 100% exclusivity on these contracts, and other unionized contractors that are affiliated with other unions can't bid. I hope that you invite some of the other non-affiliated unions to appear here who will likely argue the same point that we are.

**Mr. Pierre Poilievre:** So the ban extends beyond union-free workers to unionized workers who just don't happen to be part of the right union.

**Mr. Terrance Oakey:** Exactly. That's what I said in my opening remarks.

**Mr. Pierre Poilievre:** That further reduces the competition and therefore raises the price for taxpayers.

**Mr. Terrance Oakey:** Exactly.

**Mr. Pierre Poilievre:** Thank you.

**The Chair:** Thank you very much. You were right on cue.

Thank you again, Mr. Oakey, Mr. Pamic, and Mr. Dumais, for being here. We appreciate your input and answers.

Just a reminder to committee that there will be no meeting on Thursday. I can see the disappointment in your eyes. The clerk has been scrambling to try to get witnesses, and it's a long list of ones that he contacted, and we had to make the decision. We just couldn't get anybody. There is a meeting next Tuesday, and if we don't see you before, see you next Tuesday.

The meeting is adjourned.

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