



Tuesday, May 25, 2021

Standing Committee on Finance and Economic Affairs
Attention: MPP Amarjot Sandhu, Committee Chair
Attention: Julie Douglas, Committee Clerk
99 Wellesley Street West
Suite 1405, Whitney Block
Queen's Park
Toronto, ON
M7A 1A2

Re: Bill 288, An Act to enable the Building Opportunities in the Skilled Trades Act, 2021

Dear Committee,

Merit National is a not-for-profit organization that represents more than 1,700 companies and more than 50,000 hardworking Canadians and their families in the construction industry.

As a voice for the construction industry and contractors, Merit believes open competition and transparent bidding processes benefits the entire country. It is with this in mind that Merit National focuses on the long-term health and sustainability of a competitive construction industry while working to ensure all Canadian contractors and businesses have the opportunity to prosper and grow.

We are proud to represent this industry and believe our members deserve to have access to the best health care benefits, training, human resource tools and unwavering advocacy so they can achieve the highest level of growth.

Right now, Canada's construction industry is faced with major social, economic and environmental challenges that can affect the construction industry and contractors. Merit National seeks to work together with leaders in government to create and apply practical solutions that stimulate economic opportunity and support all Canadians to succeed.

Merit National strives to promote:

- Policy development that supports economic certainty for the construction industry
- Competition in the construction industry based on price and productivity
- A level playing field between non-unionized workers and contractors when competing for work
- Policy that addresses skilled labour shortages
- Collaborative partnerships with government to assist in the development and implementation of economic policies that reflect market realities, and support future economic sustainability and growth

Focus on Open Competition

Canada's infrastructure tendering system relies on awarding contracts to qualified contractors with the lowest bid price for specified work.

Open competition tendering practices benefit Canadian's by ensuring tax dollars are spent effectively while encouraging companies to grow and innovate. Through open competition, more Canadian workers have the opportunity to participate and contribute to Canada's infrastructure projects and prosperity is more accessible to more communities and families.

Inclusive hiring practices underpin Canadian values. Fair and inclusive opportunities for all Canadian's, regardless of background or union status, is integral to ensure projects are awarded neutrally and fairly.

By limiting competition, approximately 80% of Canada's construction workforce is excluded from working and contributing to projects. Increased competition by inviting all bidders, regardless of union or non-union membership, contributes to tendering practices that treat taxpayers, workers and employers fairly.

Closed tendering undermines the principles and ethics of equal opportunity and transparency in the management of infrastructure dollars. Contracts awarded through open competition help demonstrate that project dollars go to the best bid for the best price and that projects are awarded based on merit.

Open Competition and Issues with Closed Tendering

Merit National Supports competition in the construction industry based on price and productivity, regardless of union status, including:

- A level playing field between non-unionized workers and contractors when competing for work against unionized workers and contractors
- Tendering practices that ensure no one group benefits disproportionately over another group

Merit National opposes tendering practices that exclude or restrict economic opportunity for qualified contractors and workers.

Problems with closed tendering in Canada are well-known and well-documented. Closed tendering practices have been used in provinces – to ill effect. These practices often exclude over 80% of the non-building trade labour force and drive-up project costs.

Open competition is an effective method to address rising costs for public projects. Greater competition creates incentives for contractors to implement innovative solutions to projects and tasks. Increased access for contractors and workers to contribute to public infrastructure projects helps improve the predictability and sustainability of the construction industry while ensuring tax money is used efficiently.

Increased access to publicly funded tendering opportunities helps to improve economic conditions across the country. Aside from promoting efficiency and cost-effective solutions, increased opportunity to win bids helps encourage entrepreneurs to grow their business and

hire more staff. At its core, principles for fair and open competition are about supporting opportunities for people and communities.

The more inclusive and competitive the tendering process, the more opportunities there are for workers and contractors to access quality jobs and build careers in the skilled trades. With greater access to public projects, apprentices, Indigenous people, youth, and new Canadians will have better access to necessary training and experiences in the skilled trades.

As skilled labour demands intensify, the economy contracts and concerns for environmental and community benefits increase, greater competition is needed to augment outdated approaches to public infrastructure projects.

Open competition is a practical solution to ensure all Canadian workers have access to economic opportunity and benefit from public infrastructure spending.

The most productive and efficient contractor should win the bid. The government, through open competition, should support enterprise for all Ontarians and Canadians.

Focus on the Economy

Slow economic growth along-side skilled labour shortages, volatile commodity markets and tensions with international trade partners are only a few of the strains felt by the Canadian construction industry.

These challenges contribute to reduced stability and predictability for future investment and project planning. To help the industry weather these pressures, the government needs to engage with industry stakeholders, from all backgrounds, to support the development of practical policy solutions that support contractors and the communities they serve.

Contractors are one of the first groups to feel the impacts of increased resource costs and policies designed to augment how business is conducted in Canada. Sensible economic policies will promote innovation and create opportunities for workers to contribute to Canadian prosperity.

Practical solutions that stimulate predictable economic growth and investment are needed. With increased economic stability, the construction industry will continue to thrive and develop the next generation of skilled workers. Through meaningful partnerships, government can collaborate with contractors to support the construction industry to grow and continue to meet the future labour and skill demands for infrastructure projects.

With regards to Bill 288, *An Act to enable the Building Opportunities in the Skilled Trades Act, 2021*, Merit National Supports:

- Collaborative partnerships with government to assist in the development and implementation of economic policies that reflect market realities and support future economic sustainability and growth
- Policy development that supports economic certainty for the construction industry
- Policy that addresses skilled labour shortages and supports free movement of labour across Canada
- Policies that promote infrastructure investment and control commodity price volatility.

Merit National oppose policies that are developed and implemented without engagement and input from contractors and industry stakeholders, including:

- Policies that restrict competition and growth in the Canadian construction industry.
- Policies that deter free movement of materials, labour and services.

Background

Contractors face significant challenges including slow economic growth, a rapidly aging working population, labour shortages, rising costs for materials and increasing demand for projects that create training opportunities and benefits for communities. Practical economic action through sustainable economic policies will help create investment and support Canada's construction industry to remain efficient and competitive for years to come.

Federal policymakers have significant power over which levers and mechanisms are engaged to influence the direction of the Canadian economy. Limited economic growth projected for the next three years represents a serious impact on small and medium-sized contractors.

Policies and agreements introduced by the government including the Investing in Canada Plan (introduced in budget 2016), Bill C-69 and the Canada-United States-Mexico Agreement (CUSMA) present considerable long-term ramifications for small and medium size contractors.

Many contractors are small to medium-sized businesses. They are lean and agile. They are positioned to quickly adapt to changing markets and are vulnerable to ill-considered policy decisions. It is important to support those small and medium-sized businesses and ensure their needs are met and they can be competitive through effective government policy and open tendering practices.

Construction workers and contractors are the backbone of many of the communities across Canada. They live where they work and they support their neighbours with high paying, quality jobs; they go to parent-teacher nights and help build local economies. Contractors and construction companies are a powerful force in the Canadian economy and deserve to be at the table to consult on policies that will improve the labour market and stabilize future investment.

The economy is contracting and investment in construction projects is becoming more expensive and more competitive. To ensure policies are evidence-based and effective, they

must reflect the wealth of experience available within the construction industry. Collaboration with contractors is needed. Only through collaboration and open dialogue with contractors can the government positively impact the long-term efficiency, sustainability and competitiveness of the Ontario and Canadian construction industry.

Community Benefit Agreements

Community Benefit Agreements (CBAs) were introduced in the United States almost two decades ago. The agreements were intended to resolve issues of social inequity and promote greater benefits for communities where large infrastructure builds were planned. Since their inception CBAs have gained popularity in the European Union and in jurisdictions across North America.

CBAs typically include specific hiring practices that focus on providing training and employment for local populations, apprentices, Indigenous people, and traditionally underrepresented groups. CBAs, in some form, have been used in Quebec, Ontario, Manitoba, and British Columbia. In order for CBAs to be truly effective to meet community needs, principles of open competition and flexible community benefits are necessary.

Unions have long advocated for exclusive access to compete for infrastructure builds, often costing taxpayers and governments inflated rates for necessary infrastructure work.

Building trades unions have actively worked to lobby government to implement CBAs that include provisions that reduce competition and create closed tendering opportunities for select unions.

A balanced approach to CBA policy development is necessary to ensure all qualified contractors are able compete, grow, and contribute to positive community and project outcomes.

Adaptive and flexible approaches to CBAs are needed to ensure contractors of all sizes are able to actively compete, win bids and deliver greater benefits to the communities that they work in.

Merit National Supports:

- Comprehensive consultation with contractors, worker representative organizations, and major construction purchasers to ensure project costs remain reasonable and contractors, regardless of union status, can continue to compete
- CBA policy development that is flexible and reflects community needs
- Tendering practices that promote fair and open competition

Merit National Opposes:

- Unbalanced policy that unfairly favours some contractors over others
- Policies that increase costs, extend timelines and undermine the efficient use of public infrastructure funds
- Policy that permits unions to force membership as a condition of hire for a project
- Restrictions to open competition and fair tendering practices
- Increased red tape

Background on CBAs

Created in the 1990's, CBAs became a way that government/communities could participate in the planning and process to seek and ensure that the development benefits impacted the affected community. CBAs have since been treated as a method to address social inequity and increase accountability for companies awarded contracts to complete vital infrastructure work.

CBAs create structured accommodation agreements for community needs and requests. These accommodations, when negotiated in good faith, provide greater opportunity and support for traditionally underserved populations in exchange for public endorsement of the project. The agreements are meant to function as a direct dispute resolution process outside of formal approval and land-use processes and enable communities to have some control over how the project is managed.

An unintended consequence realized from the formalization and institutionalization of CBAs was increased interest from unionized labour groups. Unions like the building trades actively lobby governments to impose policy that will create more rigour around CBA implementation and impose closed tendering opportunities for select unions. These efforts are visible in British Columbia and support for the federal Bill C-344 – An Act to amend the Department of Public Works and Government Services Act (community benefit).

Engagement with contractors and the construction industry is necessary to create CBA policies that reflect promote open competition and ensure the benefits directly reach communities.

We appreciate your efforts to build opportunities in the skilled trades and look forward to meeting you all in-person when safe to do so. In the meantime, please contact me anytime if you would like more information on Merit National or our efforts in Ontario.

Sincerely,



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