

## **Provincial Cities and Closed Shop Union Agreements**

### **Issue:**

In the current labour laws in Ontario, municipalities are viewed as "construction employers". As a result a city has to adhere to contracts in the private sector between unions and private construction companies. Many smaller companies and all of the non-union construction industry will be effectively locked out of city contracts.

### **Background:**

This recently became an issue in Hamilton when three carpenters employed by the city submitted an application for union certification and the city was officially certified as a "closed shop" union environment. As a result the city is not permitted to use non-union workers in any of its major capital projects. Only unionized construction companies that are signatory to the Carpenter's Union can be on the bid list. City staff are estimating it will cost the City of Hamilton hundreds of millions of dollars over the next decade. As well it means that most the city's small business and members of the Chamber will be locked out of the cities bidding process for contracts.

To determine the implication of the carpenters' certification in the City of Hamilton, the city conducted a study of its economic costs. The biggest threat is the planned renovation to the Woodward Water Treatment Plant. An outside consultant, who set the city's planned budget of \$1.1 billion, estimates the certification could increase the cost up to \$440 million.

According to Statistics Canada approximately 70 per cent of Canada's construction companies are non-union. Eliminating such a vast majority of competition leads to inflated construction costs, ultimately to be paid for again by citizens. <sup>1</sup>

### **RECOMMENDATIONS:**

#### **The Hamilton Chamber Of Commerce recommends that the Ontario Chamber:**

Review and amend the labour laws to declare municipalities as "Non Construction Employers.

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