

## **The City of Hamilton and Closed Shop Union Agreements**

### **Issue:**

As a result of an application for union certification submitted by three carpenters employed by the city, Hamilton 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.

At a time when Hamilton is desperately in need of infrastructure rebuilding the implications of this situation are unacceptable. The Hamilton Chamber of Commerce feels the Province of Ontario should overturn this certification ruling for the benefit of all Hamiltonians.

### **Background:**

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

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>

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.

The government's reluctance to make the appropriate changes to the Act will have unfortunate consequences for local contractors and Hamilton taxpayers,"

### **RECOMMENDATIONS:**

#### **The Hamilton Chamber of Commerce :**

1. Specifically, the Hamilton Chamber of Commerce supports the request by Mayor Fred Eisenberger and Council to the Province to review and amend the Labour laws to declare municipalities as "Non Construction Employers."
2. Enact changes to the Labour Law to de-list municipalities already tied into these agreements.