

An introduction to the Made-In-BC “Community Benefits Agreement”

October 2018



British
Columbia
Construction
Association



Northern Regional Construction Association



SOUTHERN INTERIOR
CONSTRUCTION ASSOCIATION

VICA Vancouver Island
Construction Association



WELCOME

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This presentation was shared during September 2018 “Town Hall” meetings attended by members of each of BC’s four Regional Construction Associations. The contractors who attended represented all labour affiliations in proportions reflective of industry composition. They gathered to discuss the significance of the CBA and its potential impacts on industry.

The companies who participated in the Town Halls are widely recognized as key influencers in BC’s industrial, commercial, and institutional construction industry. Their voices help shape industry opinion and action on many critical issues. In-room polling results and comments are shared in the final section.

Agenda

- Definition of a Community Benefits Agreement (CBA)
- Unique aspects of BC's CBA
- Audience Discussion and Polling Results
- Closing Remarks

What is a Community Benefit Agreement?

Social requirement attached to a public project at tendering:

- Local jobs
- Equity Seeking Groups
- Training & Apprenticeship
- Public space improvement
- Community defined

The BC CBA

The most controversial aspect:

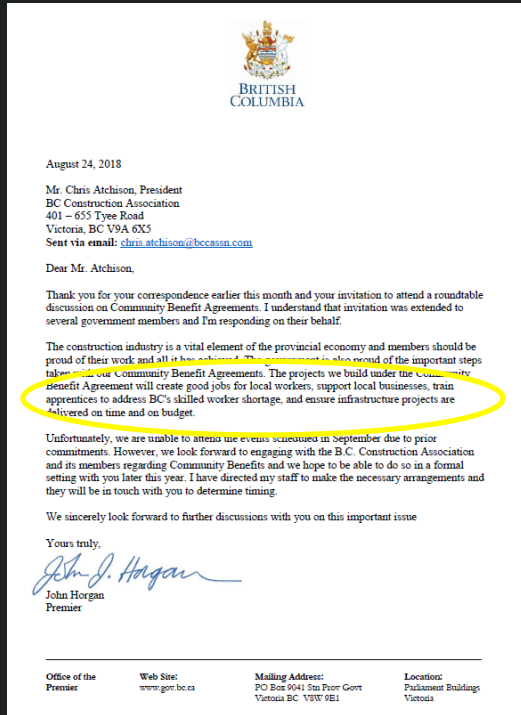
Workers must be BC Building Trades members to work on public infrastructure projects.

We were already concerned about the normalization of the typical CBA, as unfairly singling out construction to always “do more”.

But this surprise made-in-BC twist on the CBA raises many even more serious concerns. Unions play a significant role in our industry but according to BCCA policy labour affiliation is not something that a democratic government should ever mandate.

This amounts to conscription of the construction workforce to a preferred union, and represents an ideological gateway to a major power shift in our industry.

The Premier's Impact Assessment:



Premier Horgan says the CBAs goals are:

1. “Good jobs for local workers”
2. “Support local businesses”
3. “Train apprentices to address BC’s skilled worker shortage”
4. “Ensure infrastructure projects are on time and on budget”

BCCA agrees: These are great goals.

Industry already strives to hire local, support training,
and meet project budgets and timelines.
It's called running a successful business.

The designated union requirement does not
serve these goals.

Concerns about the CBA are:

1. Contravenes Constitutional Right to Freedom of Assembly
2. Amounts to onerous conditions in tendering
3. Undermines and burdens all construction employers
4. Contrary to a free market economy
5. It will expand to all public sector projects: schools, hospitals, etc.
6. There is a big disconnect between the goals and the means

There was inadequate industry consultation prior to the announcement.

A CBA should not be a Project Labour Agreement.

All contractors will be affected regardless of labour affiliation: schools and hospitals and other public projects will be included.

Pattullo Bridge Petition

BCCA is one of many signatories to this petition filed in the BC Supreme Court, which challenges the CBA on two grounds:

- 1) Breaches workers rights to Freedom of Expression and Association
- 2) The CBA objectives don't justify the infringement of rights

CBA Executive Overview



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Three Main Parties to the CBA

The Employer

BC Infrastructure Benefits Inc. (BCIBI)

- Crown Corporation
- Hires, promotes, disciplines
- Manages payroll & benefits
- Retains all legal rights of an employer

The Council

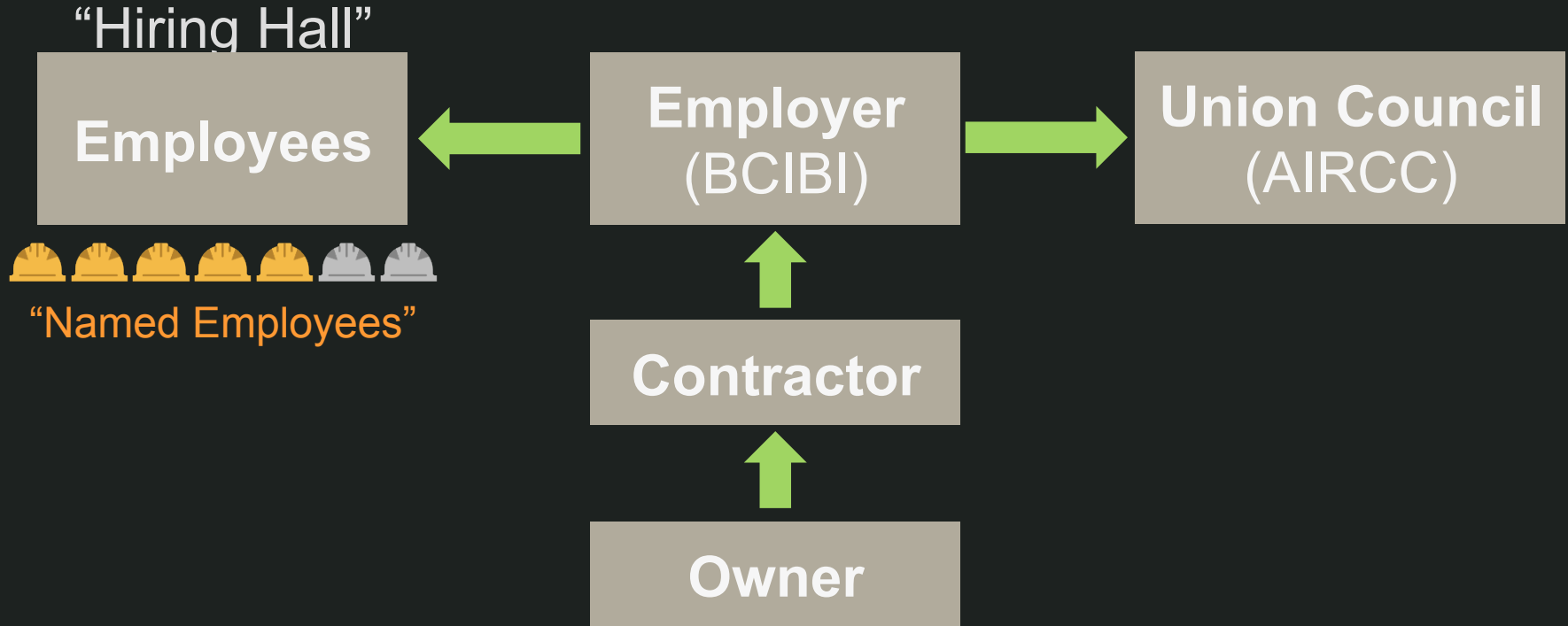
**Allied Infrastructure & Related
Construction Council of BC (AIRCC)**

- BCBTU
- All union members are bound
- Receives dues, contributions

The Employees

All workers hired to perform construction work.

Administration and Payroll Structure



Union Salary, Benefits and Dues

All workers are unionized at 30 days

BCIBI manages payroll and benefits

BCIBI remits dues and \$0.32/hour to AIRCC and other funds

Annual raises of 2% guaranteed for six years

Union rules: hours, meals, shifts, weather, call-ins, standby, vacations, holidays, benefits, flex work week...

Priority Hiring: 9 Layers



IMPACT DISCUSSION

After the in-depth discussion about details of the CBA, attendees shared their opinions as industry leaders and influencers.

Representatives from the following companies attended our CBA Town Hall Meetings.
This is just a partial list of companies in attendance.



IMPACT DISCUSSION

The discussion fell into four categories:

1. Workforce composition
2. Financial and economic challenges
3. Free market vs. monopoly
4. Procurement challenges

1. Workforce Impact - Discussion

How might the BC CBA impact workforce development and composition?

Examples:

- Competition for new workers
- Retention of existing workers
- Workforce management (administration and planning)
- Productivity
- Investment in growth
- Salaries and Benefits (budgeting)

1. Workforce Impact – Polling*

- 93% disagree with Premier Horgan that the union requirements will *lead to more good jobs for local workers* (3% agree)
- 92% disagree with Premier Horgan that the union requirements will *increase apprenticeship rates* (5% agree)
- 100% disagree with Premier Horgan that the union requirements will *improve access for local businesses* (88% disagree strongly)

1. Workforce Impact - Comments

Town Hall In-Room Comments from Contractors

“The amount of work it takes to get an apprentice through a four year program - the mentorship, the nurturing — there’s no way government can do that.”

“Many contractors are paying more than union. Will they now be required to pay workers less? On top of their pay cheque getting eaten up by union dues?”

“I’m flabbergasted that the government doesn’t understand the basics of how our workforce works.”

“Why would I risk the productivity of my team? They’re happy to come to work and like what they do. We focus on a good culture – the CBA will take that apart and break what we’ve strived so hard to build.”

“The goals are what employers do every day. We’re all investing in our employees, our resources, everything that’s being said. The only difference is whose finger is in which pot.”

“Let them build the schools and hospitals with day labour. I don’t understand why any contractor in his right mind would do this.”

2. Financial Impact - Discussion

What are the possible financial impacts to employers, workers, projects, and the BC economy?

The government says the CBA will keep projects on budget and only result in a 7% cost increase, which they say is already budgeted.

What are the other financial outcomes that need to be taken into account?

2. Financial Impact – Polling

Town Hall In-Room *Survey Says...*

- 94% said the negative financial impacts of the CBA on *project costs* will be *extremely significant* (6% said somewhat significant)
- 93% said the negative financial impacts of the CBA on *contractor's costs* will be *extremely significant* (7% said somewhat significant)
- 75% said the negative financial impacts of the CBA on *worker's costs* will be *extremely significant* (25% said somewhat significant)

96% strongly disagreed with the government's claim that the CBA will ensure infrastructure projects are on budget

2. Financial Impact- Comments

Town Hall In-Room Comments from Contractors

“We’re missing the poll choice for “incredulous””.

“How does that keep it on budget? They already can’t keep their projects on budget. And just think of the cost to run the new Crown. Millions!”

“The additional administrative costs alone are enough to keep me from doing this.”

“The engineers don’t have the staff to do the right drawings: that’s why all the projects are over budget. Engineering is painful: this CBA is irrelevant to cost savings.”

“I’m a union shop and I can’t get any union contractors – I’ve emptied out the hiring hall. They can’t get them fast enough: it’s not about money it’s about unions going after the open shop labour force.”

“You’ve gotta keep working and if there’s an opportunity in front of you, you may choose to bid. But you may just ask for more money: it all falls onto taxpayers”.

3. Market Impact - Discussion

How will the CBA affect BC's free market economy?

Does the CBA preserve a free-market economy?

We operate in an economic system where prices are determined by unrestricted competition between privately owned businesses.

At least 80% of the businesses in our sector are open shop.

Investment in BC has already taken some body blows with the TransMountain pipeline, the threats to Site C, the environmental assessment overhaul.

What will this union requirement do to competition, innovation, commitment?

Will the industry be more or less appealing to investors?

3. Market Impact - Polling

Town Hall In-Room *Survey Says...*

- 91% expect competition to *decrease* within the industry if the union requirement goes forward
- 87% expect a *negative impact* on business innovation (13% expect no change)
- 77% think it's more likely that *small businesses will leave the construction sector* if they have to put their crew into a union (15% think it will have no impact, and 8% think it will improve small business retention)

96% think BC's construction industry will be less appealing to business owners and investors – only 4% expect no change.

3. Market Impact- Comments

Town Hall In-Room Comments from Contractors

“80% of employers are going to sit on the sidelines for public work”.

“How can you possibly stay competitive in this market, with the labour shortage, under rules like this. It’s a disincentive to business.”

“In private business we reward innovation and productivity with higher wages – there’s no incentive if you’re locked into a fixed wage.”

“The CBA won’t encourage productivity. It will discourage it.”

“There’s a lot of private project activity – government is shrinking their pool. It’s counterproductive to their investment.”

“BC risks becoming a joke to investors.”

4. Procurement Impact - Discussion

Will the CBA improve the perception of government as an “Owner of Choice”?

Public Sector procurement is a priority issue for industry.

BCCA has been working to improve the expertise in government: there’s a lot to do but we have been making progress.

The phrase we use is “owner of choice” – to attract enough compliant bids for a productive tendering process, you need to be a low risk owner.

What does the CBA do to that goal?

What might the outcome be in BC’s communities?

4. Procurement Impact - Polling

Town Hall In-Room *Survey Says...*

- 100% believe the union requirement *amounts to an “onerous condition”* in the tender
- 98% predict the union requirement will *result in fewer bids* on public sector projects
- 97% foresee the union requirement will *increase the perceived risk* of bidding on the project
- 100% believe the union requirement *will not help* to ensure infrastructure projects are on time or budget

96% of contractors polled will be less likely to bid on a public project.
No one is more likely to bid.

4. Procurement Impact- Comments

Town Hall In-Room Comments from Contractors

“I don’t have an issue with the goals: they’re my goals too. But union conscription is against my principles. And I will not bid.”

“Government already can’t get enough bids. That’s the most common question we get: why didn’t I get more bids?! At least this will be an easy answer.”

“This CBA union requirement makes government an owner to avoid, not an owner of choice.”

“I see no indication that it will still be low bid that gets the work. The provincial government hasn’t even defined what their version of “Best Bid” is. And now this.”

“Why is this burden being placed on an industry that has been so productive and generous to communities already? This is an ideological policy that is not rooted in logic.”

“We’re already shaking our heads when public contracts come out – this will be even worse, which was hard to imagine until now.”

WRAP-UP: ONE LAST QUESTION

When the CBA expands, will this be a voting issue for you?

100% of contractors said YES this is a voting Issue

We're in this together.

251,707 workers
23,569 companies

“The NDP made this a union/non-union issue but that’s not what our industry is about. We work side by side and we do it well. We’re 250,000 workers and we have to stand up together and do whatever we have to do. Together.”

Some Parting Thoughts

Town Hall In-Room Comments from Contractors

“We need everyone to stand up and fight for our industry. Start by signing the damn letter. We should be able to get 100,000 signatures.”

“Remember, the Pattullo Bridge is just part of the smokescreen. This is going to hit every single project in the room.”

“If nobody bids on a job then they can’t get the people. If I just shutter that part of my business, and focus on private projects, I’m good.”

“Our wages and benefits are equal to union. COR certified. Aboriginal inclusion. There’s not a thing that we’re not doing: to be painted in this light is offensive.”

“The Island Highway project was a disaster – disintegrated the industry. We can’t let that happen again.”

“We need to be one voice saying the same thing – the CBA doesn’t help anyone, union or non-union.”

Join the letter writing campaign:

voices.bccassn.com

It will quickly and easily generate a letter of concern from you to the Premier with a cc to your MLA and MP (based on your BC Postal Code).

BCCA will continue to work to detach the designated union requirement – the Project Labour Agreement – from the CBA.

- BC Supreme Court Petition – Charter of Rights and Freedoms
- Town Halls
- Letter Campaign
- Economic White Paper – Cost/Benefit Analysis
- Policy Recommendation to Government – How to do this right
- Buildex CBA Session in February
- April Construction Month: the benefits our industry delivers



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Thank you

