

MAXIMIZING TAXPAYER DOLLARS ON PUBLIC INFRASTRUCTURE PROJECTS AND DEFENDING THE RIGHTS OF BC COMPANIES AND WORKERS (2018)

ISSUE

In April of 2018 the Provincial Government formed the Transportation Investment Corporation, with the mandate to provide enhanced oversight, management and delivery of three major capital transportation projects: the Pattullo Bridge Replacement Project, the Broadway Subway Project and the Kicking Horse Canyon Project – Phase 4.

This mandate ensures that contractors who are signatory the BC Building Trades Unions (BTU), and their members will have exclusive access to working on those projects. Premier Horgan claimed that this process will result in the 'best bids' and that this process will maximize the benefits local communities receive from these projects as well as the number of women, youth, and indigenous people being trained and working on these projects. However, when such restrictive Project Labour Agreements (PLAs) are looked at more closely, we see that they can drive up costs if they reduce competition and unfairly restrict BC companies and employees from working on public infrastructure.

Furthermore, commercial agreements have become the norm in construction and all the benefits alluded to above can be realized while maintaining an inclusive, competitive bid process open to a variety of construction models, contractors, workers and unions. In order to maximize taxpayer dollars on public infrastructure projects and ensure that all qualified BC companies and employees can work on and benefit from these projects, an open and fair tendering must be the process by which governments tender public projects.

BACKGROUND

The BC Government has entered into an agreement with the BC Building trades that would give them exclusive right to represent workers on Public Projects. The BC Government has also instructed BC Hydro to build all future Hydro Projects using 'Closed Shop' or 'restrictive' practices, such as only workers with companies affiliated 'Allied Hydro Partners'. That group represents less than 20% of the total construction sector.

There is significant evidence demonstrating that restrictive tendering, such as those

PLAs and Community Benefits Agreements (CBAs) adopted by the NDP, can result in

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a 20% to 30% cost increase for bids on public infrastructure projects.¹⁷³ With \$25 billion of work planned over the next 3 years that amounts to an increase cost -- or less infrastructure built -- to the tune of \$5 billion to \$7.5 billion. That's \$2.5 billion less every year for schools, hospitals, bridges and roads.

An important element is understanding how restrictive PLAs/CBAs actually force businesses to adopt foreign business models, decreasing efficiencies and stifling innovation. The most recent example, and one that has been used a model for future projects in BC, is the Vancouver Island Highway Project (VIHP). The VIHP used restrictive PLAs. Two separate government crown corporations were set up to manage the project: (1) VIHP would manage and the contracts for engineering, procurement and construction of the project, while (2) Highways Contractors Ltd (HCL) was created to be the 'employer' of the workers and would supply all contracts with their labour.

HCL entered into a collective agreement with British Columbia Highway and related Construction Council - essentially the unions who were part of the BTU. Anyone who wanted to work on the VIHP would have to join the BTUs and would be allocated by HCL. Any companies who bid for work on VIHP would have to accept BTU terms and work arrangements.

For instance, in the BTU model, each 'craft' (electrician, plumber, etc.) is a separate jurisdiction with exclusive right to perform various tasks; i.e. only pipefitters can carry pipe. These jurisdictional barriers create significant inefficiencies. Moreover, many companies work in 'wall-to-wall' or 'all employee' bargaining arrangements that do not have these artificial boundaries and only restrict what tasks and worker can do based on safety. So, electricians in wall-to-wall companies don't have to wait for a labourer to move that lumber on the floor before they can start work. This is one of many innovations non-BTU companies have been able to adopt that increase efficiencies, productivity and make them more competitive.

By forcing these companies to work under BTU arrangements, they are forced to not use their existing business model. To say that 'all companies can bid on these projects, but they cannot bring their business model' is to essentially restrict them from bidding in the first place.

Furthermore, more than 80% of all construction workers are not in Building Trade Unions, and most of them have consciously and democratically chosen to either work in "non-union" or 'progressive union' workplaces. A few of the reasons why workers don't want to join the BTU are to do with a lack of confidence in their pension, poor workplace culture, limited opportunity for career development due to jurisdictional issues between craft unions, initiation fees, non-working dues and, higher monthly dues overall. To force these workers into a BTU model against their expressed choice

is a violation of their rights. Basic rights of Freedom of Association protected in the charter and a worker's right to unionize or not protected in the BC Labour Code are being challenged by this new agreement signed between the BC Government and the



BC Building Trades. Despite the current review of the Labour Relations Code (in

February 2018 the Provincial Government appointed a panel to review the Code) in its report "Labour Relations Code Review Committee Recommendations for Amendments to the Labour Relations Code" delivered August 2018, the review committee clearly establishes that "In BC there is agreement employees must be able to freely choose whether or not to unionize".¹⁷⁴

THE CHAMBER RECOMMENDS

That the Provincial Government should reinstate a fair and open tendering process for all Public Infrastructure projects including BC Hydro Projects.