

Check against delivery

**OPEN SHOP CONSTRUCTION and the CANADIAN ECONOMY**  
***Speech to the Economic Club of Canada in Ottawa***

**By Terrance Oakey**  
**President, Merit Canada**

Good afternoon, and thank you, Natasha, for that very kind introduction.

And thank you to the political decision-makers taking time out of their busy schedules to join us today.

I also want to thank the Economic Club of Canada for hosting us, and for providing this venue to discuss an issue that will impact Canada's well-being in the 21<sup>st</sup> century.

Joining us are Merit Canada association representatives from across the country.

Merit Canada is in Ottawa this week to meet with Government about the pressing issues facing the open shop construction industry, and the Canadian economy as a whole.

Before getting into those issues, let me tell you a little more about our organization.

Merit Canada is the national voice of eight provincial open shop construction associations.

The term, "open shop," simply describes a workplace where membership or non-membership in a union is not a condition of employment.

For our members, "open shop" means freedom of choice, and fairness in the workplace.

Open shop companies and workers build more than 70% of the industrial, commercial, institutional, and residential construction projects across Canada.

Of the 1.26 million Canadians working in construction, 900,000 work in open shops.

Make no mistake: the health of the open shop sector is closely linked to a well-functioning economy.

While Merit Canada is in Ottawa this week, our members will thank the Government for its sound management of the Canadian economy.

This has kept the open shop sector moving forward through an extraordinarily challenging period.

But many of the challenges are still in place.

Check against delivery

There are few signs that this period of global economic turmoil is coming to an end.

Fortunately, the Government of Canada has pursued a number of initiatives that will help open shops, and encourage future growth . . .

First, I want to point to the Government's current focus on the skilled trades, a centre-piece of the 2013 Budget.

After that Budget was tabled, someone remarked to me that "The Skilled Trades are Sexy in Ottawa"...I could not agree more.

As many of you know, Canada is facing a looming labour crisis in the skilled trades.

Best estimates suggest a workforce shortage of 300,000 trades people by the end of the decade.

Without workers, projects get delayed.

Delays put an artificial constraint on Canada's economic performance.

And leaving good jobs unfilled while the unemployment rate remains stubbornly high does not promote efficiency or productivity.

Budget 2013 was preceded by changes to the Federal Skilled Trades Program, announced last December by Immigration Minister Jason Kenney.

This was long overdue.

These changes will help ensure the immigration system better responds to the needs of employers.

We fully support the Government's focus on the skilled trades, and continue to work with them on initiatives to address Canada's labour shortage.

That includes ensuring changes to the Temporary Foreign Worker program will not put billions of dollars in projects currently underway in jeopardy.

Merit was also pleased to see Budget 2013 commit 53.5 billion dollars over ten years for Canada's infrastructure.

While we would like to see some strings attached to how that public money is spent – a point I will return to later – it is great to see the Government's ongoing commitment to infrastructure investments.

Check against delivery

And finally, going back to the 2012 Budget, Merit Canada was very happy to see the repeal of the *Fair Wages Act*.

So, those are the positives – all initiatives that should keep our sector moving forward.

Now, please let me take a couple minutes to address a few areas where we would like to see concrete action from the Federal Government.

The first is around open tendering, and respect for taxpayer dollars.

Unfortunately, far too many jurisdictions across Canada continue to practice closed tendering.

That means bidding on public sector contracts is restricted to specific unionized contractors affiliated with the building trades unions.

Under closed tendering, 7 out of 10 construction workers are excluded from employment on these projects, right off the top.

To make things even less competitive, specific unions also have privileged access to these contracts over other unions.

This further shrinks the pool of competition.

You don't need a degree in economics to know what happens when you shut out 70 percent of any industry from competing.

Quality goes down and costs go up.

We are taking this fight to each and every municipal and provincial government that practices closed tendering but the federal government should be showing leadership.

We will continue to argue that any project that uses one cent (or nickel, I should say) of federal funds must be openly tendered.

No preconditions requiring contractors or workers to belong to a union, or pay union dues.

No sole sourcing.

No union only schemes.

Check against delivery

This policy should be included in all infrastructure agreements, should be applied to all crown corporations and all other mechanism the federal government uses to fund infrastructure, like the P3 Canada Fund.

No group should be using government money to shut out their competition. And governments should not be looking the other way while it happens.

After all, federal funds are collected from all taxpayers.

It is unjust that companies that pay federal taxes are prevented from bidding on contracts, paid for with their tax dollars, because they don't belong the right union.

Everyone should have the same opportunity to work. Moreover, at a time of massive budget deficits across all levels of government, continued support for closed tendering is untenable.

A couple of other quick examples. The closed tendering provisions in Montreal (according to a 2004 City of Montreal Report) inflated the initial price tag of projects 30-40 per cent.

And sewer and aqueduct projects in that city were 85.5 percent more expensive. So when the federal government agrees to cost share a 300 million project you are potentially spending 85 million more than required just because of union-only contracting.

I ask you: Is that good value for taxpayer dollars?

This is partly to blame for the crumbling infrastructure across the country.

Our money is just being wasted.

Inflated costs consume scarce resources and mean a lot of new roads, bridges and public transit are not being built.

Ladies and gentlemen, this is about fairness for workers, and about good value for Canadian taxpayers.

Project savings from open tendering means that public monies will go further in building infrastructure.

That benefits all Canadians.

A second area where we are hopeful for support from the Government – and indeed all parties – is worker choice legislation.

Check against delivery

Such legislation would allow unionized workers to opt out of financing political or social causes, unrelated to collective bargaining, but funded out of compulsory union dues.

And please let me get ahead of the next round of union myth-making: this is not the right to work legislation seen in the U.S.

Worker choice legislation is quite different.

Under this legislation, anyone belonging to a union would still pay dues for collective bargaining and other labour relations activities.

However, union members would be able to opt out of the portion of their dues used to support political or social causes.

Worker choice legislation offers a great Canadian compromise. . .

Continue to give unions funding for labour relations.

But allow workers to exercise their charter rights to be free from supporting political and social causes that they individually do not.

What are some of the political and social causes supported by Canadian unions?

You could start with

- Quebec separatism
- the Quebec student protests,
- the Occupy movement,
- Boats for Gaza,
- NDP conventions,
- international socialist revolutionaries,

and

- the so-called Working Families Coalition in Ontario that spent millions to influence the last provincial election campaign.

I could go on, but you get the picture.

Canadians are deeply divided on these issues – as are rank-and-file union members.

These issues have nothing to do with collective bargaining.

Worker choice legislation is about fundamental, human rights.

Check against delivery

You should not force someone to contribute their hard-earned money to political or social causes they do not support.

People who pay union dues should decide for themselves how their money is spent on non-bargaining purposes, if at all.

The sad truth is that there are many, many examples of union leaders pursuing causes that are in direct opposition to the economic interests of their members.

That is why worker choice legislation is needed.

Could anyone argue with a straight face that union members, and those who have chosen not to join the union, should be compelled by force of law to contribute to the radical political causes of their union boss or be fired?

Surely not.

I'm sure some politicians will try to defend this, but in doing so they will be speaking out against a fundamental human right: freedom of thought and expression.

I am pleased to report that there is considerable support for worker choice legislation.

Merit Canada hopes to see something introduced in the not too distant future.

Another issue for Merit is legislation guaranteeing Federal Workers a secret ballot vote when deciding to join a union.

Merit Canada foremost stands for workplace democracy and not just for workers in construction.

The opposite of workplace democracy is "Card Based Union Certification," Or "Card Check." And this practice is still allowed under the Canada Labour Code.

Let me briefly talk about card check...

To all the politicians and strategists in the room today I want you to envision an election scenario, where your opponent could arrive at the polling station and dump a bag full of cast ballots and order that they be counted!

Ballots (remember) that, No one had checked to see if eligible voters cast them;

No one had checked to see how they were cast

Check against delivery

- Was it done in private
- Was there any trickery
- Was there any reward
- Were there threats or intimidation?

All of these practices have been well documented in the “Card Check System.”

In addition, ask yourself:

Is it fair that a union can be automatically certified using union cards that are six months old?

Is it fair that a union can be automatically certified using a card that was signed when the employee worked for another employer?

Is it fair that a union can be automatically certified when an union organizer tricks them into signing a card when they are drunk?

Is it fair for a union organizer to steal an employer’s garbage to find the names and addresses of employees?

Of course none of this is fair, but has been well-documented in labour board hearings.

That is why Merit is fighting to ensure all federal workers have the right to a secret ballot vote, free from intimidation, whether that comes from the union or employer.

This again is a matter of simple fairness for all workers.

Again we are confident something will be introduced shortly on this front.

But, now, to the main event ... the debate around Bill C-377, which would require labour organizations to operate in a more open and transparent manner.

To put this issue in perspective, however, let me start with a couple of interesting facts you may not be aware of...

The Communications, Energy and Paperworkers Union, which represents tens of thousands of oil sands and pipeline project workers, is actively campaigning against the oil sands and the Keystone XL Pipeline.

The Canadian Auto Workers, which represents thousands of nuclear plant workers in Ontario, gives money to the Sierra Club, which wants to shut down all nuclear reactors in Canada.

Check against delivery

And finally, the Quebec wing of the Public Service Alliance of Canada that represents Federal Government workers, endorsed the Parti Quebecois in the last Quebec election, which ran on a platform of separation that would bar their members from federal jobs.

These facts demonstrate the huge disconnect between union leaders, their members and the general public.

Enter Bill C-377, which has passed the House of Commons and now sits in the Senate.

This is the bill that keeps union leaders up at night, and has poured money into the pockets of union lobbyists.

There was even a day last fall and again last month when unions flew hundreds of their leaders into Ottawa for a single day of meetings with MPs.

Some union leaders suggest Bill C-377 imposes radical measures that will kill unions in Canada.

One union leader even compared the Prime Minister to Hitler because of this private member's bill!<sup>1</sup>

To put matters in perspective, I think it is worth reviewing what this bill does and does not do.

First, Bill C-377 does not touch the union financing model, which will continue to rely on the forced contributions of unionized workers – including those who choose not to join a union.

Union contributions are tax-deductible.

They are worth around 4 billion dollars annually, and represent a *de facto* taxing power over unionized Canadians.

That will not change if this bill is passed.

Second, Bill C-377 does not dictate how labour organizations spend the billions they collect annually. Under Bill C-377, political or social causes funded by unions today could still be financed after this bill is passed.

---

<sup>1</sup> “A union representative has compared Prime Minister Stephen Harper to Hitler and caught the eye of both Sun News and the Conservatives. Humberto da Silva, a ‘national representative’ at the Canadian Union of Public Employees (CUPE), makes the comparison in a recent *YouTube* video created for the left-wing news website *Rabble*.” *Huffington Post Canada* (13 Nov ’12). (Found at: [http://www.huffingtonpost.ca/2012/11/13/harper-hitler-comparison-sun-news\\_n\\_2124724.html](http://www.huffingtonpost.ca/2012/11/13/harper-hitler-comparison-sun-news_n_2124724.html), April 2013).



Check against delivery

Third, Bill C-377 does not touch the tax benefits that unions enjoy, including 400 million dollars' worth of deductions on union contributions.

In addition, unions and other labour organizations will continue to enjoy tax-free status.

That brings the total financial benefit to unions, to around 750 million dollars, each and every year.

With those three issues untouched by Bill C-377, it is hard to argue with any credibility that unions will die as a result.

All that Bill C-377 seeks to impose is basic, public, reporting requirements.

These reporting requirements should be standard for any organization that enjoys the unique legal and tax benefits provided to unions and other labour organizations.

Under this legislation, labour organizations will be required to report annually their financial statements, salaries paid to top officers and employees, certain information about expenditures over 5000 dollars, and the percentage of their time spent on lobbying and political activities.

These reporting requirements are not onerous.

They will be easy to implement for any organization with even the most basic bookkeeping practices.

That might represent an hour's work on QuickBooks, or maybe a day for the largest unions.

"Reporting" matters because unions are not voluntary.

If you work in a unionized workplace or profession, you are obliged to pay dues even if you choose not to become a union member.

Again, these funds are funneled into a wide range of causes, many of which have nothing to do with collective bargaining.

Let me say, again: this is effectively a right to tax.

Some basic transparency requirements seem like a fair trade for organizations that have taxing power that brings in 4 billion dollars annually.

There are other facts you will not hear from labour leaders, because these facts support passage of the bill.

Check against delivery

For example, passage of Bill C-377 would bring Canada's laws in line with those of other major, industrialized countries, including Australia, New Zealand, Germany, France, and the U.K.

The U.S. has had transparency laws on the books since 1959.

Have the labour movements been killed in these countries as a result?

Hardly. In fact, some have argued that unions in France and Australia are stronger as a result of disclosure legislation and transparency.

You also will not hear union leaders talk about how their rank-and-file members and the general public support this bill.

A 2011 poll by Nanos Research found that 86% of unionized Canadians support greater union transparency.

This is a figure even higher than that for the general public, which came in at a slightly lower 83%.

So, why the opposition?

As with open tendering, or worker choice in opting out of funding for political or social causes, I ask for the third time:

What are union leaders afraid of?

Could it be based on experience in the U.S.?

Between 2001 and 2008, the U.S. Office of Labor Management Standards, which is responsible for enforcing similar union disclosure laws south of the border, credited disclosure legislation with over 900 criminal convictions for inappropriate and fraudulent activity.

Could that be the reason?

Or, could it be because of the situation in Windsor IBEW Local 773, where it is alleged that the local business manager was stealing from his rank and file for NINE YEARS before it was discovered?

Ladies and gentlemen, Canadians deserve better than this.

There is nothing in Bill C-377 to prevent labour leaders from doing harm by their actions.

Check against delivery

But if they are doing harm, workers and Canadians as a whole should know about it.

We believe that workers and taxpayers are better served by a system that is open and transparent.

Union leaders will argue disclosure is relevant only to their members.

I have two key points in response to that.

First, this information is not readily available to union members. There's no requirement that unions provide it to their members.

Second, the general public surely has a right to see this information.

After all, unions are using their unique legal and tax status to collect billions of dollars which are then used to influence matters that impact our Canadian society, economy and foreign policy.

Bill C-377 will shine a light into the 4 billion-dollar black hole of union financing.

Transparency won't kill unions.

In their meetings this week on Parliament Hill, our members will encourage Senators to ignore the well-funded union misinformation campaign, and quickly pass Bill C-377.

Union leaders are pulling out all the stops to try to delay or prevent its passage.

But we hope Senators will listen to the facts rather than union myths.

Union leaders are entitled to their own opinions, but they are not entitled to their own set of facts.

So, in closing, let me address the question that may be lingering for the people in the room not involved with Merit Canada . . .

Why should any of these issues matter to Canadians outside the open shop construction sector?

I argue they are all relevant . . .

These issues touch very directly on the need to address Canada's looming skilled trades shortage that affects the efficiency and productivity of the Canadian economy.

Check against delivery

Open tendering offers a partial solution for the massive budget challenges being faced at every level of government, by offering a more competitive bidding process that will lower project costs.

Union transparency and worker choice laws will force labour leaders to operate in an open and transparent manner.

That transparency should increase pressure on union leaders to act in the interests of their own members and the broader economy.

Merit Canada will not be shy in its advocacy on these issues in the months to come.

This effort will continue with our leaders from across Canada, here this week to meet with Parliamentarians.

These are not trivial matters. They deal with our economic future – and yours.

At a time of continued, global economic turmoil and uncertainty, Canadian governments have an obligation, to review all policies, to ensure our economy operates at its full potential and highest productivity.

That includes policies affecting labour.

The Government of Canada has made great strides already, but there is more to be done. . . .

Finally, let me offer my thanks, again, to the Economic Club of Canada for hosting this event, and to the political decision-makers, our members and other guests who came today.

Thank you.