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Chair

Mr. Larry Miller

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• (1545)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I will call our meeting to order.

We have with us today Mr. Mortimer.

For the benefit of the members, we tried to get a couple of other witnesses today but were unable to do so.

Mr. Mortimer, we very much appreciate your coming here. With no further ado, we'll turn it over to you for 10 minutes or so. I'll be lenient.

Mr. John Mortimer (President, Canadian LabourWatch Association): Okay. I think it will be less than that, but we'll see.

Thank you, Mr. Chair and committee, for the opportunity to participate in this important study.

The Canadian LabourWatch Association was founded in the year 2000. Our mandate is to help working Canadians who may not want to become or remain unionized.

We'll address the committee's topic from two vantage points. First, closed tendering is inherently discriminatory and should be brought to an end. Second, taxpayers are not getting the best value for their federal tax dollars that fund any federal, provincial, or municipal construction work on which union-free workers, and in some cases unionized workers from certain unions, have been barred by law from working.

It is hard to believe that in a country like Canada in the year 2013, open tendering is not a reality for all of Canada's construction workers, particularly the significant majority of them who are not unionized.

Conservative Prime Minister Diefenbaker's bill of rights was followed by Prime Minister Trudeau's charter. Over the decades, human rights codes have spread across this country. Legislation, such as labour codes, regulating unionization has codified the right to join a union.

The Canada Labour Code and, from a government unionized worker point of view, the Public Service Labour Relations Act have very similar provisions regulating employer conduct when hiring employees. It is simply illegal for an employer to refuse to employ a person because he or she is a union member.

For example, subparagraph 94(3)(a)(i) states in part:

(3) No employer or person acting on behalf of an employer shall

(a) refuse to employ or to continue to employ or suspend, transfer, lay off or otherwise discriminate against any person with respect to employment...or any other term or condition of employment...because the person

(i) is...a member...of a trade union....

Tendering schemes, funded by all taxpayers, whether unionized or union-free, have the exact opposite outcome. Workers who are union-free are discriminated against in a way workers who are unionized or are union members are not, in the other direction. It is even more shocking that union-free working Canadians who are also taxpayers cannot work on projects they fund as taxpayers simply because they're not unionized.

Canada is now the only nation left on earth that allows forced union membership and forced union dues for non-bargaining purposes, such as politics, social causes, including causes outside of the borders of this country, to be a condition of employment. In Canada, employers and unions can agree to require unionized employees to become and remain members of the union as a condition of employment. Any nation that ever allowed such coercive practices has outlawed them. Many nations never ever allowed them to exist.

Closed tendering, however it is arrived at, is simply a branch of this discriminatory bias in favour of union leaders who have more money and more power. Taxpayers and working Canadians, discriminated against in such a scenario, are the losers. It is intellectually dishonest to say that we believe in rights and freedoms, and that we oppose coercion, bullying, and discrimination, only to turn around and say that a certain class of Canadian need not apply for work.

Canadian human rights cover a range of grounds, from those that come to us by birth—the colour of our skin or our national origin—to those that, arguably, are a choice, such as marital status or religion. Closed tendering is the equivalent of saying, “Sorry, because you're not single, or because you're not married, or you're not a member of any religion or you're not a member of a certain religion, you cannot work at certain job sites.”

The solution is very simple. Require that federal tax dollars funding construction work be open to any employer regardless of the unionization status of its employees.

I will now turn to the second area I wish to focus on, value for dollars.

•(1550)

As far as I know, 2003 is the last time the Canadian Labour Congress made its research on attitudes to unionization public. While they claim some pockets of what they saw as positive news and attitudes of unionized employees toward union leaders, they wrote as follows:

However, private sector union members have registered a significant drop in satisfaction with both national and local leadership. For national leadership, "satisfied" responses have dropped from 73% in 1993 to only 61% today. Views on local leadership among private sector workers have shown an even sharper drop—from 76% a decade ago to 61% today.

Let me reinforce that this is the research of the union-funded Canadian Labour Congress.

Over the years, several labour board chairs across Canada have advised me that the number-one filing before their labour board, year after year after year, is a complaint by unionized Canadians against their union leaders. Because unions, employers, and labour boards find these complaints difficult to deal with, what we have as an outcome is the three most powerful players lined up against the unionized employee and 95% to 99% of unionized employee complaints summarily dismissed by Canada's labour boards.

Hewitt Associates did a presentation at a major human resources conference in 2004 that assessed survey responses from 120,000 employees in Canada. Hewitt analyzed the data based on who was and was not unionized. They split their data into three groups: highly engaged, somewhat engaged, and non-engaged. The highly engaged group dropped from 66% engagement for the union-free to 55% if unionized. Equally telling, non-engaged scores were 13% among unionized respondents but only 6% among union-free, so there was a much smaller quotient of people who were not at all engaged in their work, according to this research of 120,000 Canadian employees.

In 2010, Gallup looked at engagement and productivity in the United States. As with Hewitt's work in Canada, unionized engagement scores were lower. In this U.S. research, they found that the engagement scores were 7 points lower and productivity levels among unionized Americans were 6% lower.

I'm now going to touch on two anecdotal items from my 30 years in the world of human resources and dealing with unions. At conferences attended by union stewards, I have heard, on numerous occasions, a lament that they are tired of protecting poor performers who simply should have been let go. This is also one of the public's perceptions of union leaders, that they protect people who should be let go from their jobs on a performance basis.

The close family relative of this reality is the legion stories from the unionized workplaces where energetic, high-performing new hires are pressured by the longer-serving old guard to slow down. I have lost count of how many times I have heard or read such observations.

Finally, in the world of construction unions in particular, there is a dysfunctional division of work that is anti-productive. It's the "It's not my job" refrain. Building trades leaders are zealous in protecting and fighting over their turf generally, and on job sites specifically. The rigid work demarcations live on from another era that needs to be put behind us. Unions collect money and funds that are used to

subsidize unionized employers whose bids are higher, in part because of these lower productivity levels, lower engagement levels, and lower excellence levels.

These MERFs or STABs, as these funds are known in the industry, exist across this country. Their existence and growth, in many cases funded by the taxpayer, are further proof that taxpayers are on the losing end of these schemes. From my review of the last proceedings of this committee, the inflated price of infrastructure in Canada as a result of these policies arising from publicly available documents has already been discussed.

The City of Hamilton staff report estimates increased costs would be in the hundreds of millions of dollars. The City of Montreal report noted that costs on overall infrastructure were 30% to 40% more expensive, and on sewer and aqueduct projects 85% more expensive.

All Canadians, including unionized Canadians, deserve better than the status quo.

Thank you.

The Chair: Thank you very much, Mr. Mortimer.

We'll now move to questioning.

Ms. Chow, go ahead for seven minutes.

Ms. Olivia Chow (Trinity—Spadina, NDP): What kind of infrastructure projects are you most in favour of?

We've heard from small municipalities talking about waste water. They're in a desperate situation. They were told by the federal government that there are some environmental standards that they have to meet. As a result they have to upgrade their sewage treatment programs. In this budget there was no special pocket for them and they're worried that their funding will get crowded out by big cities, whereas the big cities are saying their bridges are crumbling and that they need a lot of funding and public transit. Then, of course, there is the social infrastructure.

So what kind of infrastructure projects are you most concerned with? I see that your organization represents, among others, those in the food and service sector. The restaurant association doesn't apply for infrastructure funding. The Canadian Federation of Independent Business also doesn't necessarily apply for infrastructure funding. The group that would be mostly connected with infrastructure funding, which is what we're talking about, is the independent contractors. I'm not as familiar with them. Do they do more of the transit infrastructure projects or are they more involved in the waste water projects, or is it paving roads or fixing bridges? What kind of projects are the organizations you represent most concerned about?

I was trying to find it in here and I couldn't quite see it.

• (1555)

Mr. John Mortimer: We'd be concerned about any infrastructure project where, by whatever means, be it a legislated bar against tenders from a union-free employer... So they can only be a unionized contractor and their unionized employees can bid. Those are the ones we would be concerned about.

Whether it's a fair wage scheme that does it or other policies at the municipal, provincial, or federal level, we simply believe that all of these projects should be open to all taxpayers and all workers. And just because someone is union-free, they should not have a legal system that—

Ms. Olivia Chow: I understand that; I heard that.

But I was trying to get to which projects, what kind of projects are you most interested in? You're talking about all infrastructure programs, not necessarily just the ones that deal with your members, because the members that you represent are mostly in construction as far as I can see.

Mr. John Mortimer: I would say it's any project, whether it's a government office tower or the refurbishing of a bridge—or it's the highway to Whistler before the Olympics.

Ms. Olivia Chow: Does it matter whether a certain city, municipality, or community chooses to bring a company that ends up hiring a lot of temporary foreign workers, because their wages are lower, and as a result they can probably bid it lower?

Hon. Denis Coderre (Bourassa, Lib.): On a point of order, we discussed temporary workers last week, and it has nothing to do with infrastructure. I'm asking about relevance.

Ms. Olivia Chow: I'm talking about wages.

Hon. Denis Coderre: There's a limit. We're supposed to talk about infrastructure. I'm okay if we talk about the union or non-union stuff, about the tendering, but I think we're expanding a bit too much now.

Ms. Olivia Chow: Allow me to explain why, because—

Hon. Denis Coderre: You're not the Chair. It's a point of order.

Ms. Olivia Chow: Okay. I'm talking about wages.

The Chair: The point is taken and we do need to stick to the topic. But as Ms. Chow says that she has a point in this, I'm going to listen.

Ms. Olivia Chow: The study is called "How Competition Can Make Infrastructure Dollars Go Further". Right? Competition. If we want true competition, wouldn't we would bring in people who don't

ask for as much in terms of salaries? I say that because, by and large, union workers tend to have higher salaries. I'm generalizing, but the non-union shops have lower salaries. So I was trying to get to the core of this, which is competition. Then if we have lower salaries, where's the lowest salary? It will be for temporary foreign workers. That will really stretch the dollar and be very competitive and we would, therefore, make the infrastructure dollars go further. Right? That's what I was trying to get at.

• (1600)

The Chair: I'm going to call a point of order myself, just on the statement you made about union wages being higher in private sector. In my part of the world, most of the private sector keeps their wages in tune with those of the unions. I'm not going to speak for any other area of Canada, but I know it's that way in mine.

Ms. Olivia Chow: Maybe I could ask Mr. Mortimer. Is the salary range between a unionized shop and a non-unionized shop usually comparable? That's a good point. Is that the case?

Mr. John Mortimer: I'm familiar with union-free contractors who pay more than their unionized competitors in terms of what they need to do to recruit and retain their people. I'm familiar with ones who pay the same or who pay less. It's a total job experience.

I've been doing human resources for 30 years. One of the great misnomers is that money is a fundamentally important determiner of whether someone's satisfied in their job, motivated in their job, or whether they decide to join a certain organization or stay there. A lot of people in management, a lot of people with higher incomes, are more money-focused in my experience than people who we think should be more money-focused.

Let's take people who are at minimum wage levels.

Ms. Olivia Chow: On average, though, are there any studies that show across Canada, if we looked at the companies with unionized wages and companies without unions, that the wage level is comparable? Of course, there are some that pay higher and lower, but on average are they about the same?

Mr. John Mortimer: No, the overall data suggests that because of the higher wages that have evolved for public sector Canadians—and there are now more unionized government workers in Canada than unionized private sector workers—those higher wages and richer benefit plans are inflating and creating what unions want to call their "wage advantage". But I'm not personally familiar with a study that successfully pulls the private sector reality apart from the government sector reality.

Ms. Olivia Chow: But we're not talking about public—

Mr. John Mortimer: I could tell you, for example, that the starting wages at Walmart are higher than the starting wages at Loblaw's, which is unionized.

Ms. Olivia Chow: I'm not talking about the public sector, Mr. Mortimer. We're not talking about the public sector; we're talking about the infrastructure program. We're not talking about an employee of this government or that government. We're not talking about public sector workers. I'm talking about those construction workers who deal with infrastructure funding—whether it's public transit or construction workers.

In general, on average, putting aside the office workers and putting aside the government officials, I'm talking about the companies that have unions versus companies that don't, both in this case being private companies. Are the wages fairly comparable on average or not?

Mr. John Mortimer: The answer I gave you is that the only data I've seen brings the government sector and the private sector together. I haven't seen a study that breaks the private sector out in the way you're asking. When the public is generally made aware by union leaders that they secure higher wages, I believe the skew in that data is a result of the public sector compensation levels in this country.

I was just on a job site in Saskatoon, where the employer was having difficulty finding enough people. I had just been with some people who had been dealing with a union hall in Toronto, where 50% of the people on the union hiring hall list were out of work.

In this country, from a taxpayer outrage point of view, you get extra ability to earn EI because you can be on the union's hiring hall list. So we have hiring hall people all over this nation earning EI, while we have jobs wanting in Saskatchewan and Alberta, the have provinces that are funding the have-not provinces like Ontario and Quebec. This is a problem in the EI system that is screwing up the labour market, in the same way we are screwing up by not making sure that there is full competition by, from my point of view, having more engaged, more satisfied, more driven union-free workers, but who are barred from doing unionized work.

The Chair: Thank you.

Mr. Coderre, seven minutes.

Hon. Denis Coderre: One thing is clear: I don't want our screwing up the study, so let's focus.

I want to know about LabourWatch because it's the first time I'm meeting you. When I looked at your website, the things I saw on "Frequently Asked Questions" were: "How to Cancel a Union Card", "How to Decertify a Union", "How to File a ULP Complaint". Your role is what? Is it to get rid of unions, or to be a labour watch?

• (1605)

Mr. John Mortimer: Every Canadian employee has a statutory right to join a union, sign a union card, not sign a union card, or cancel a union card.

Multi-million dollar unions have very capable, talented professionals and lawyers who help employees who want to be unionized. But Mr. Coderre, our system is so biased against union-free workers that there is no one to help them understand their legal rights.

Hon. Denis Coderre: I know the system. I don't want a speech. I want an answer.

Mr. John Mortimer: No, but that's why we have that information there for people.

Hon. Denis Coderre: All I'm asking is okay, we have a study on infrastructure. Now you're saying that for the sake of our taxpayers' money, you think we'll have a better infrastructure if we have free tendering, that union is bad and non-union is good. Is that what you're saying?

Mr. John Mortimer: We need to take away the legislated bias in favour of a minority of workers that accords inappropriate powers and a negative influence for taxpayers. Absolutely, sir.

Hon. Denis Coderre: So that's basically it. You want to get rid of unions because you believe they are bad.

Mr. John Mortimer: No. Mr. Coderre, with respect, please do not put words in my mouth.

Hon. Denis Coderre: I'm asking you.

Mr. John Mortimer: Okay.

Hon. Denis Coderre: Don't worry about my words. Just be worried about yours.

Mr. John Mortimer: Okay. No. Just as I have a choice to be able to join a union, I should have an equal right to cancel a union card and decertify a union. My ability to work on a job site whether I'm unionized or union-free should be equal, and the facts are that it's not.

There is a legislative discriminatory bias against people, and I just can't believe that in this country, in this era, we let that go on.

Hon. Denis Coderre: Now you can go up to the Supreme Court. We already have a case on that. We should apply it, and blah, blah, blah.

What I'm looking for is infrastructure. Do you have a specific study saying there is an impact if the infrastructure is built by unionized people versus non-unionized people? Is that what you're saying?

Mr. John Mortimer: You're engaging in a study. What I would say is there's a lot of information out there that either exists or needs to be brought to bear to understand how we can get better value and have better work and a more productive workplace.

Quebec, which has forced unionization in construction, unlike no other part of the country, appears to have the greatest problems with its infrastructure than anywhere in this country.

Hon. Denis Coderre: With all respect, I'm from Quebec. It's not forced. We chose. We have policies. We elected people, and we made up legislation. We didn't force anybody.

I'm a radical centre. My heart is at the left, but my wallet is at the right. We can have some social choice without being irresponsible. We can be responsible too.

What I'm looking for is I'm trying to understand the role of LabourWatch in our study. That's why I'm asking those questions.

Last week we had our friend Mr. Oakley, who spoke about Hamilton and some specific study. Did LabourWatch itself do a study regarding what you're talking about?

Mr. John Mortimer: Not a specific study on infrastructure. No.

Hon. Denis Coderre: You understand that for most of it, infrastructure is kind of one-third, one-third, one-third: municipalities, provincial, and federal.

What kind of recommendation would you say if it's the case about the funding itself? Are you saying if we're not having, in your mind, a free way of tendering that the federal government shouldn't put the money? What kind of recommendation would you put forward?

Mr. John Mortimer: My hope would be that some government in this country, be it federal or provincial, will begin to show some leadership and join the rest of the world that is protecting working people from forced union membership and all of the other coercive things that only exist in Canada now and don't exist anywhere else.

So you can begin by saying that any federal dollar that goes out on the one-third, one-third, one-third doesn't go out if there is some sort of legal scheme in place that will prevent a union-free taxpayer from working on that job.

Hon. Denis Coderre: So your recommendation would say if it's not a free tendering, no money from the federal government.

Mr. John Mortimer: Correct.

Hon. Denis Coderre: That's a recommendation. I don't support that, but that's a recommendation. They probably will enjoy it on the other side. They are next. They will ask you the questions.

Is there any other recommendation you would have in mind? We spoke a lot about the money. Do you believe we should put more private sector in infrastructure itself when we have some organization like private-public partnership? What's your point of view on that?

• (1610)

Mr. John Mortimer: On an overall basis, government in this country is too big and does too many things. We would be a better nation and we would have better results if we had private sector enterprises competing on so many more things than we do. There is no reason to have most of the crown corporations we have in this country, and there are many government departments that should be radically smaller or simply not exist.

Hon. Denis Coderre: Do you have an example of a public-private partnership that is indeed efficient right now?

Mr. John Mortimer: I am not an expert on public-private partnerships, and I didn't suggest that.

Hon. Denis Coderre: You're not an expert, but you have an opinion.

That's okay. I like that. You can run for office now. You would be ready for office—not on my side, but probably as a Conservative.

Thank you.

The Chair: You are done, Mr. Coderre.

We'll now move to Mr. Poilievre, for seven minutes.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Are you suggesting that unionized companies should not be allowed to compete against their union-free counterparts?

Mr. John Mortimer: Not at all.

Mr. Pierre Poilievre: So you're in favour of an open competition that would allow unionized contractors to bid, union-free contractors to bid, and alternative union contractors to bid.

Mr. John Mortimer: Yes.

Mr. Pierre Poilievre: You believe in eliminating discrimination against all potential bidders.

Mr. John Mortimer: Correct.

I think there's one other very important caveat. If we're going to have union bidding and unions are going to be able to take money in these funds called MERFs or STABs and use them to compete against the union-free, that strikes me as some sort of cartel-like restraint on trade that I'm shocked exists. In many of these public projects, it's the taxpayers' money that ends up in these fund that are turned around and used to subsidize their bids.

Mr. Pierre Poilievre: But in principle you're not against unionized companies competing for—

Mr. John Mortimer: No, not at all.

Mr. Pierre Poilievre: Clearly, there are some unionized companies that do good work.

Mr. John Mortimer: Absolutely.

Mr. Pierre Poilievre: And there are unions that represent their members well.

Mr. John Mortimer: There are some that do.

Mr. Pierre Poilievre: Your goal here is not to eliminate their ability to participate in public tendering; you're just asking for the same right for union-free enterprises?

Mr. John Mortimer: Correct.

Mr. Pierre Poilievre: It sounds like you're not favouring one side or another in your recommendation, but you're asking for a level playing field.

Mr. John Mortimer: It's the same tone that we take on our website. The LabourWatch website says, "If you want a union, join one. If you want to keep your union, work with the union to keep it there."

We want a level playing field that doesn't involve legislated discrimination.

Mr. Pierre Poilievre: Your recommendation, then, to the federal government is that it require that level playing field when it directly funds a project.

Mr. John Mortimer: Correct.

Mr. Pierre Poilievre: You're saying, in an instance where the federal government comes with one-third to fund a bridge or a light rail project, that it should insist on a level playing field and open competition for the project.

Mr. John Mortimer: Yes. And if it's not there, then the dollars don't flow.

Mr. Pierre Poilievre: Okay.

Do you have examples of where this has been done, where the federal government has attached conditions to its funding of projects?

Mr. John Mortimer: I don't specifically have any knowledge of that being done.

There are other ways that I've seen it in some municipalities. There are various schemes, and that's the difficulty. Those, of course, are all provincial and municipal jurisdictions; whatever scheme they want to have in place is their business. But to take the money of a union-free Canadian and hand it over, possibly in the municipality where they work, and say, "You can't apply there because you're not a union member", my goodness. It's outrageous.

Mr. Pierre Poilievre: Are you aware of examples of where limiting competition improves the price that the taxpayers pay?

Mr. John Mortimer: No.

Mr. Pierre Poilievre: You can't see a scenario where municipalities are better off by banning 80% or 90% of the competitors and directing all of the work to the remaining minority?

• (1615)

Mr. John Mortimer: We've got more and more competition in various parts of our economy in this country, and telecommunications would be a great example. I have to say, as a person in their fifties, that life is a lot better today with the telephone than it was when it was Ma Bell, Ma Bell, Ma Bell.

I think anything that can be done to have private-sector companies competing with one another and being held to account for performance standards and results is the best thing.

Mr. Pierre Poilievre: In that sense, we have a Competition Bureau that exists to ensure that the consumer benefits from competing enterprises for the provision of a given service. Do you believe that the same principle of competition would serve commuters and passengers who are looking for improved infrastructure?

Mr. John Mortimer: Yes.

Mr. Pierre Poilievre: At the best price, obviously.

Has your organization ever advocated inserting provisions into public tendering processes that would ban unionized enterprises from being competitors?

Mr. John Mortimer: No.

Mr. Pierre Poilievre: No.

You have no record of that?

Mr. John Mortimer: Nor could I ever envision us thinking like that.

Mr. Pierre Poilievre: Okay.

For example, what does a country like Sweden do? What is its policies on tendering? Does it ban—

Mr. John Mortimer: No, I'm not familiar with other countries' tendering. I know how their unionization schemes work in terms of union membership and union dues—

Mr. Pierre Poilievre: Okay.

Mr. John Mortimer: —and they're unlike ours. They've reformed them. How that impacts tendering, I don't know. That's an area to study.

Mr. Pierre Poilievre: Well, then, to rephrase my question, in a country like Sweden, for example, which is known for its social safety net, is it illegal for non-unionized construction workers to participate in construction jobs?

Mr. John Mortimer: Well, what I know about Sweden, because there is a very, very important European human rights case from 2007, where a group of construction workers were paying their union dues to things that had nothing to do with their workplace. They ultimately won a victory against that, in that their money couldn't be taken to be used for non-bargaining purposes.

But how that relates to the world of tendering over in Sweden, I don't know. We'd have to make inquiries.

Mr. Pierre Poilievre: Okay.

Thank you.

The Chair: Your time is up, Mr. Poilievre.

Mr. Holder, you have seven minutes.

Mr. Ed Holder (London West, CPC): Thank you, Chair.

I would like to thank your guests for being here today.

May I remind our guests and all around the table that we're studying how competition can make infrastructure dollars go further? That's the focus.

I think that probably the most critical point I heard you say, Mr. Mortimer, was that from your standpoint, the solution you thought was pretty straightforward, and the way you see it, is that you'd require that federal tax dollars that would fund work being done, construction work and the like, be open to any employer, regardless of their union status. Did I understand that to be correct?

Mr. John Mortimer: Yes.

Mr. Ed Holder: Well, we've talked somewhat about the federal level, because we're obviously federal so that's where our interest is today, but what focus have you put on the provincial and municipal governments? Have you had this same kind of discussion with provincial governments across the country?

Mr. John Mortimer: We have not.

Mr. Ed Holder: Is that an intent? Or is your organization set to stay at the federal level?

Mr. John Mortimer: LabourWatch's mandate is to provide information, so we don't actually go out and formally make submissions. We will respond to any request of any government to come before them and to answer questions, but you will not find, since the year 2000, any submission that we have voluntarily made in order to advocate for change in legislation. It's simply not in our mandate.

Mr. Ed Holder: I don't think I'm going out on a limb here, but is it safe to say, though, that you would take the view that the position that you hold with federal tax dollars would be the same with either provincial or municipal tax dollars?

Mr. John Mortimer: Absolutely.

•(1620)

Mr. Ed Holder: Coming back to some of your comments here, then, you indicated I think in your earlier testimony that you felt that unions, employers, and labour boards were ganging up on employees.

What would the interest of employers be? One might imagine, Mr. Mortimer, that there would be some bias with some groups. I'm not sure how the labour boards tie into that, necessarily, and you might enlighten us, but what would be the interest of an employer to try to gang up against the employee? That confused me, I must admit.

Mr. John Mortimer: The way "duty of fair representation" complaints work is that an employer makes a decision in the workplace. The employee wishes to grieve the employer's decision. The union might not pursue the grievance, or it might drop the grievance, or it might negotiate a solution to the grievance.

What sometimes goes on at these meetings is that the employer and the union sit down and deal with, for example, 10 grievances, and they make a deal. On some grievances, the union and the employer agree that these won't be pursued, but that the ones will. It's probably like some of the deals that are made to move legislation through the House in terms of how things are going to happen, let's say, in a minority Parliament, in particular.

When the employee is turned down at any stage, they may decide to complain that their union has not fairly represented them, so they file a complaint with the labour board, called a "duty of fair representation" complaint.

The employer doesn't want the employee to succeed at the labour board because they want the decision to be found to be correct. They're glad that the union didn't take them on and pursue it all the way through to arbitration and to getting a decision.

Because there are so many of these now—they are the number one complaint the labour boards are dealing with—they're clogging their system. In fact, labour board chairs have approached LabourWatch and have asked us if there is anything we could do, as an organization, to put content on our website to try to influence unionized Canadians to file fewer such complaints.

Mr. Ed Holder: Thank you.

We heard recent testimony from Merit Canada, Power-Tek Electrical Services, and Coffrage de béton Linden.

In that testimony, the representative from Merit Canada made the following comment—and here I'm just going from the blues, which is our recorded testimony—"In the city of Hamilton alone, their staff report has suggested that their closed tendering rules over the next 10 years would cost the city an additional \$1.1 billion."

Assuming that is an accurate statement—and frankly, I have not had that verified beyond the comments of our witness at the time—do you have any sense as to why that might be? This may not be fair to you—it would be hearsay—but have you heard testimony like that in the past where a closed shop would necessarily cost more? And if so, why might you imagine that to be the case?

Mr. John Mortimer: Well, I have followed this City of Hamilton situation, which goes back to 2007. I've read about it, I've talked to people about it, and I once met with a vice-chair of the Ontario

Labour Board about how this terrible thing could have happened to the City of Hamilton and its good citizens, and contractors and taxpayers. But this is what the building trades unions have secured over the years in Ontario.

I'll give you a little bit of detail here. It's called low number certification. Let's say, you have a hundred people who work for an organization, but only two of them are working on Saturday, and two of them sign union cards, and the union applies on Saturday with two union cards. Well, in the democracy known as Ontario's union construction, there is no secret ballot vote when you have 55% of the cards. So the City of Hamilton was unionized because two guys working on a job signed union cards. There was no vote. It was over with and done.

Mr. Ed Holder: For the record, Mr. Mortimer, we heard that it was four, and not two.

But regardless, I have a question for you. Monsieur Dumais, who was the third witness we heard at our past meeting, talked about what he called the Advance Coring ruling of the Supreme Court of Canada in 2001, which recognized a worker's right to belong to a union. It also included the worker's right not to belong to a union.

I wonder if you have any comments on that in terms of Canadian law and how it has adapted to that ruling.

Mr. John Mortimer: The Advance Cutting and Coring Ltd. case in 2001 took a look at Quebec's forced-unionization scheme, where every construction worker ultimately must join one of five unions or you don't pound nails or do construction work. The Supreme Court then took a look at the specific Quebec scheme to see if it violated the charter. They said it violated the charter, five to four, because they said, eight to one, there is a freedom under Canada's Charter of Rights to not be forced into membership. In the end, one judge switched sides and they decided under section 1 of the charter to justify the charter violation of forcing people into the unions "given the history of union violence in Quebec".

So it began at Expo '67, and it continued at James Bay in the 1970s. A former prime minister, then a labour lawyer, Mr. Mulroney, was part of the Cliche commission, which ultimately upheld and cemented this scheme that is intended to try to stop violence in Quebec. Now, in the news recently in Quebec is a union guy named Rambo from the FTQ who has been threatening people and is going through labour board proceedings, criminal proceedings. Frankly, it's not funny at all, because people were beat up at Expo '67 and James Bay. I talked to Quebec union people who work in this sector who still say if you work in the wrong part of the province, even from the wrong part of one of the unions where you sign cards, your tires are slashed, or some guy jumps into your truck at the job site and rides back with you to the hotel to make sure you know they're there.

Do you know what our Supreme Court said? It said that violence works. They abrogated our charter rights with a decision written by Mr. LeBel from Quebec, reviewing the history of union violence in Quebec. Violence on construction sites associated with building-trade unions, whether it's what goes on with the labourers in Toronto and Hamilton or what goes on in Quebec, is a problem. I think it's also one of the reasons we don't have the productivity and the excellence....

It is all a part of this forced-membership, closed-tendering club. It needs to end.

• (1625)

The Chair: Thank you.

Mr. Aubin, five minutes.

[Translation]

Mr. Robert Aubin (Trois-Rivières, NDP): Thank you, Mr. Chair.

Mr. Mortimer, thank you for joining us.

I would like to fully understand the relevance of your testimony to our study. So I have a few quick questions about your organization. The first time I heard about it was just a few days ago.

The official site says that all employees in Canada should be able to easily access information about their rights. A little earlier, I thought you even talked about unbiased information. Your site also mentions something about the rights and responsibilities of employees when they want a union in their workplace as well as when they want to be union-free.

Do you get information requests from unions?

[English]

Mr. John Mortimer: Unions have very comprehensive websites that explain to people how you get a union, organize a union, and keep a union. They have so much money to support that process. There's no need for us to duplicate their excellent services.

[Translation]

Mr. Robert Aubin: I was right to think that unions were able to do that.

You have the support of national and provincial associations as well as major law firms. So you are on the other side of the coin, correct? You are not providing unbiased information either. Instead, I would say that you are bringing additional information to our committee so that we make the best decisions possible.

Is that how I should interpret your contribution to the committee?

[English]

Mr. John Mortimer: The comments that we've had back from working Canadians who have used our website are that in comparison to any union website with its anti-management, anti-capitalist rhetoric, they would call our website "neutral" or "balanced". I will not call our website "neutral" or "balanced". We are trying to make information available that is not readily available to working Canadians.

[Translation]

Mr. Robert Aubin: You are a labour organization for union-free workers, so to speak.

One thing in your opening remarks really struck me. You said that taxpayers are not getting the best value for their money, and, at the same time, you drew a comparison with the cost increases we are seeing in Quebec. I guess that is where you have your information from, including from the Charbonneau Commission. I think the link between the real increase in costs from closed tendering contracts, and the increase in costs from fraud, is perhaps not quite accurate. Those are two completely separate areas.

Do you have a study that would show the difference between the increased costs in closed tendering compared to open tendering?

• (1630)

[English]

Mr. John Mortimer: LabourWatch itself does not have any specific study of its own that would provide the information that I think you're asking me for. In my opening remarks, I endeavoured to refer to the studies of Gallup and studies of Hewitt looking at hundreds of thousands of employees over the years to ask the question why it is that the cost structure is higher. It's not just because of wages; it's because people are less committed and less engaged.

What a unionized worker is typically hearing from their union is that the management is bad: love us, don't love them; slow down; get away with things; don't do this, don't do that. This is why, across hundreds of thousands of survey responses, unionized Canadians are not as committed, not as prepared to work as hard, and not as engaged. If we have a legal system that forces taxpayers to have those people working for them, that's wrong.

[Translation]

Mr. Robert Aubin: I am not sure if you can answer my next question, but I will ask it anyway.

I think all public administrators, regardless of the level they are at—municipal, provincial or federal—are concerned about getting the most out of every taxpayer dollar. At the end of the day, the money always comes from the same pocket.

In this case, how do you explain the fact that many provinces and municipalities would rather have stricter rules for their tendering projects and ultimately prefer businesses with a unionized workforce?

[English]

Mr. John Mortimer: I would say it's largely because of the influence of what I call union-backed politicians, particularly at the city level. Unions like CUPE and others end up unduly influencing people's perspective on what to do, whether it's through money or through people who should be doing their job at the union office and are instead working on an election campaign, identifying voters, getting people out, doing the necessary work—and all of the think tanks funded with union dues and who don't comply with the Income Tax Act under the dues-not-deductible provision.

So that is one of the problems at the city level. I'm hoping that at the federal and provincial levels, where less of that is taking place, we can end this type of discrimination and these kinds of union leader biased policies that are no good for taxpayers and, frankly, not good for workers, unionized or union-free.

The Chair: Okay, thank you very much.

I'll move to Mr. Toet, for five minutes.

Mr. Lawrence Toet (Elmwood—Transcona, CPC): Thank you, Mr. Chair. Thank you to our guest here today.

Mr. Mortimer, there are those who would say that a wide open tendering process would essentially end up creating a race to the bottom. They're referring to the quality of the workmanship and wages and benefits. Do you believe that union-free companies would end up cutting wages and benefits if there were a wide open tendering process? If so, or if not, why would you believe that?

Mr. John Mortimer: I recently did a CBC town hall debate in Hamilton with union leaders. Similar types of questions came up. I'm going to answer the question this way. We once had records and we don't any more. Now we have iPods, and goodness knows what we're going to have 20 years from now. Should the government be protecting the workers at the record player plant? Should they be protecting the people who made horseshoes for horses when the car came along? There is always going to be a human aspiration for a better product at a lower price. I haven't met many people who run around looking for the most expensive vacation, the most expensive car rental, the most expensive tires, or the most expensive everything. Competition is always going to drive—

Mr. Lawrence Toet: You don't have to—

Mr. John Mortimer: —change in the economic environment. As to this idea of what President Obama calls the right to work for less, I don't know a person who isn't figuring out how to make a dollar go further in life. But when I was the head of human resources for national employers like Future Shop and Wendy's, the province with the lowest minimum wage had the highest wage policy of our company, and that was Alberta. We had a company policy of paying wages above the Alberta minimum wage in order to staff our business, and that was true of anywhere else we were.

The best thing is a strong, vibrant, free, competitive economy that is the envy of the world. We need to end some of the things that are

getting in the way of that in this country, because the rest of the world is changing these things. When will we?

● (1635)

Mr. Lawrence Toet: Do you believe the lowest price should be the only consideration going through these tendering processes? Should we be looking at lowest price only, or be looking at the capability of performing the work required? Should that be a large part of it? Should we be looking at historical analysis also? Is there a historical relationship with that particular type of project that one of the people tendering may have? This would give them some knowledge advantage over anybody else. There's also the advantage of being able to continue with the required system, and build or expand on a system that's there, and have that continuity within the system. Do you believe that the lowest price is the only factor, or should these things also be part of the process going forward, if you did open up the tendering to whatever companies?

Mr. John Mortimer: The decision-making should be multi-faceted in terms of looking at the talent level of the contractor, the track record, and reference checks. Get in your car, drive to their other job sites. Did that job end on time? Was it over time? Was it under budget, on budget, over budget? Talk to other people who have used that contractor and make that a factor in awarding their work. So it's not just about the lowest price. No, that should not be the only criterion. It's not the criterion that I use in my personal life for assessing a tradesperson to work for me. It's not what I used in my company days.

Mr. Lawrence Toet: You would be very open to—

Mr. John Mortimer: Multi-faceted criteria.

Mr. Lawrence Toet: —multi-faceted criteria. So we're not going to open it up to the lowest bidder. Going back to our study here, the competitive aspect of this in making infrastructure dollars go further, we have to look at the other aspects of it. How do you tie those two pieces together when you have to look at the multi-faceted aspect of it, not just the lowest price? How do you see that still helping us to drive the cost of particular infrastructure buildup?

Mr. John Mortimer: You look for organizations that have a track record of delivering on or under budget, on or ahead of schedule, who have demonstrated an ability—especially in the world of construction—to deal with the reality that there will be change orders and unforeseen circumstances. You look for their track record in dealing with those kinds of things. A great organization will want to have great results, rather than be full of excuses. So that's why we need to figure out how to assess these factors among the broadest group of contractors we can and get the right people. Over time the best will rise and be used again and again, and people will want to emulate them, or they'll be out of business.

Mr. Lawrence Toet: To wrap up, you're saying that rather than being in a race to the bottom, the cream will come to the top, the way you're looking at it.

Mr. John Mortimer: Without full competition, we don't have a race to excellence.

Mr. Lawrence Toet: Thank you.

The Chair: Thank you very much.

Mr. Sullivan, you have five minutes.

Mr. Mike Sullivan (York South—Weston, NDP): Thanks.

You railed a little earlier about legislative discrimination. Is there any legislative discrimination at the federal level?

Mr. John Mortimer: There is to the extent that federal legislation, both in the unionized government sector and private sector, allows discriminatory practices against union-free people in favour of unionized people. So collective agreement provisions that allow an employer and a union to agree to discriminate against someone because they don't have union membership status are examples of something that's legislated right in.

The federal government sector is like the rest of the world. There is no collective agreement between the federal government and, let's say, the PSAC, where you have to become a member of the PSAC and remain a member in order to keep your job. But that's not true under the Canada Labour Code, for example. Union membership can be forced by agreement of the union and the employer.

Mr. Mike Sullivan: By agreement, but it's not by legislation?

Mr. John Mortimer: The legislation allows the discrimination to take place. It takes place in no other country on earth but here.

Mr. Mike Sullivan: It's because the other countries don't have the same kind of system. You can only strike at the end of a collective agreement regimen. The other countries have an entirely different system. North America is unique in the world in how it's done. In other countries, people are free to join whatever union they want, but they're all in a union. There aren't very many non-union people in other countries.

Mr. John Mortimer: I would totally disagree with that.

Mr. Mike Sullivan: We talked about non-union contractors, and one of the problems we've come up against with a non-union contractor in my riding, a construction contractor, is that they do not use apprentices, so there's no local apprentice hiring. That's quite acceptable, but this government has signalled that they will look favourably upon apprenticeship creation through its tendering processes for infrastructure projects. So that would be a legislated discrimination against these non-union contractors, would it not?

● (1640)

Mr. John Mortimer: I'm not following your logic in turning that into something discriminatory. I'll need you to explain that to me again more fully.

Mr. Mike Sullivan: Well, it's because they don't do apprenticeships, period, end of story. That's what we've been told. The non-union folks don't do apprenticeships; it's the unionized workforces that do apprenticeships. That's what we've been told at this particular construction site.

Mr. John Mortimer: Well, I certainly know lots of union-free contractors who do apprenticeships in compliance with the law.

Mr. Mike Sullivan: Going then to the temporary foreign worker issue, a very large contract was privately contracted to a private sector contractor, who hired temporary foreign workers from Costa Rica at \$3.57 an hour to build the Canada Line. Is this an appropriate use of government money?

Mr. John Mortimer: The idea that the Canada Line was built by people earning less than minimum wage is something that I, as a Vancouver resident, have not heard before, sir.

The Chair: There's a point of order by Mr. Harris.

Mr. Richard Harris (Cariboo—Prince George, CPC): Mr. Sullivan just made a statement that contractors hired employees from Costa Rica to work for \$3.50 an hour on the Canada Line.

A voice: Yes, \$3.57.

Mr. Richard Harris: That statement has been disputed by the contractors as well as by the government. I think if Mr. Sullivan wants to make a statement like that, he should be prepared to lay the evidence on the table. Otherwise it shouldn't be raised here.

The Chair: I would agree.

Mr. Mike Sullivan: There was a decision last month by the human rights commission in B.C. that ordered the contractor to pay the difference between \$3.57 and—

The Chair: Okay, then just please table that before the next meeting.

Mr. Mike Sullivan: Sure. Not a problem.

The Chair: Mr. Mortimer, can you finish your answer, then?

Mr. John Mortimer: I met a couple of SELI workers from Latin America, who travelled all over the world for their employer, working on these highly sophisticated machines and projects to bore holes—very sophisticated, dangerous work. They were very skilled people.

I have to admit that I would be shocked if the man I met was earning \$3.50 an hour or \$3.57. Once again, I dispute the accuracy of what you say. You're free to e-mail me with proof that those people were paid less than minimum wage.

Mr. Mike Sullivan: How much time do I have left, Mr. Chairman?

The Chair: You have a little over a minute.

Mr. Mike Sullivan: You referred to competition as having done wonders for the phone industry, but I guess you've missed the news reports that Canada in fact pays more than most other countries in the world for its phone service, because we have an oligopoly, where the carriers basically get together and set the price. In addition, we have a cable system in which only the carrier that is licensed to serve you is able to serve you, and no other carrier can supply you a signal on that piece of wire as a result of legislated discrimination.

The competition hasn't really worked in the phone business because we pay more than most.

Mr. John Mortimer: We have more competition than we used to.

Mr. Mike Sullivan: But we still pay too much.

Mr. John Mortimer: On the fact that my taxes pay the CBC, please don't get me started as a taxpayer.

Ms. Olivia Chow: Here's what you were looking for, right here.

Mr. John Mortimer: It's one of the most egregious examples of what still goes on.

Mr. Mike Sullivan: The story is from the Canadian Press, on April 3. I can send it to the chair if you like:

About 40 temporary foreign workers from Latin America have finally been paid the tens-of-thousands-of-dollars they were each owed for building the Canada Line rapid transit link between Vancouver and Richmond, B.C.

It was a five-year-long battle. The B.C. Human Rights Tribunal ruled in 2008—after they had finished the work—that they had been discriminated against. Then, of course, there were fights back and forth in court. It took a long time for it to finally get settled, but it did get settled.

The Chair: Please forward that to the clerk.

Just before I move on to Mr. Harris, I just want to correct Mr. Sullivan. You implied—I think I heard you right—that private sector companies or what-have-you don't hire apprentices.

• (1645)

Mr. Mike Sullivan: No, what I said was the ones that were in my riding refused to hire apprentices, despite the pressure by the government to do so. The government itself has asked, and they've said no. So we have a situation in which what the federal government has indicated it would like to have happen with its tendering process may in fact be more difficult with free labour, or whatever that term is, the union-free contractors, which is what in fact this contractor is.

The Chair: Very good.

In my riding it's the exact opposite. Apprentices are hired a lot by private contractors. Two of my sons have gone through, and two of my brothers. My brother's a private contractor as well, and he hires a lot. So it goes. I think the point needed to be made that it's not the norm, at least not up my way.

Mr. Harris, five minutes.

Mr. Richard Harris: Thank you, Mr. Chair.

I'm sure Mr. Sullivan will like to find out that this particular situation was a result of a sub-sub-sub-subcontractor and had nothing to do with the main contractor of the job, who indeed was a unionized builder who provided hundreds and thousands of union

jobs. This was like a small wart on a very large and well-run contract.

Mr. Mortimer, thank you for coming.

I was fortunate to live through the days of the Glen Clark government in British Columbia, the NDP government that decided they were going to build the Island Highway. As you may know, if you have done the research or were there, Mr. Clark's government put out an edict that no non-union company would be permitted to bid on the Island Highway.

That decision was challenged, and he had to reverse it, to the extent that any non-union contractor who bid was required to pay exactly what the union shops were paying or would not be allowed to bid.

There went the small, family-run operations that could do a better job for less money and that were used to being quite successful through being able to do so.

The argument, of course, is that because the job cost hundreds of millions of dollars more than it would have normally cost, had we had open tendering or open bidding complete with performance bonds, etc., from both sides, it was a very irresponsible thing to do.

I certainly agree with that argument, because I was a taxpayer in British Columbia and still am.

The basis of what you're saying today, when you wipe away the rhetoric we have heard from the other side—with the exception of that of our future mayor of Montreal, who is going to clean up all the mess over there—is that you believe that companies, whether union or non-union, should be permitted to bid on infrastructure contracts, and particularly on government-funded jobs, provided they can provide the appropriate bonding and performance promises and would be held to the terms of the contract.

That both sides, union and non-union, should be allowed to bid is the bottom line. It has nothing to do with whether one works better than the other; it's just that they must have a chance to bid.

Mr. John Mortimer: They must have a chance to bid; and then there are criteria that are multi-faceted for the taxpayers' benefit, as we were discussing earlier.

Mr. Richard Harris: Okay.

Some interesting terms that I haven't heard before are MERFs or STABs, as they're known. These exist in this country and have something to do with the union subsidizing their union contractors when they're bidding.

How does that work? I'm not familiar with it.

Mr. John Mortimer: This is in a section of an IBEW collective agreement in Ontario.

Of every hour worked, \$1.08 is put into the market recovery fund, and 60 cents per hour goes into the stabilization fund. Money goes into the sports, entertainment, and retiree fund; into the education fund; into the promotion fund.

What is the taxpayer doing funding the union's sports and entertainment fund, let alone these funds with big dollars in them?

Someone told me that here in Ottawa the electrical workers have—I don't know whether this number is true or not—something like \$15 million in their fund, which they can use to subsidize a contractor who is bidding against other contractors who are bidding at a lower ultimate cost of doing the project. They'll meet that bid by taking this money, which has been strong-armed through collective agreements like this over the years, in order to “level the playing field”. This means that the taxpayer is being ripped off to an even greater degree, with this money that has been built up in these funds over the years.

● (1650)

Mr. Richard Harris: Okay.

The province of Quebec has become somewhat notorious, as far as the construction industry goes, for violence, strikes, strong-arming, and corruption, as we're seeing in the paper now. This province has a union-shop-only bidding process. Is it reasonable to even imagine that there is a correlation between the decision the province made about having only union shops bid on the job and the history of violence, corruption, strong-arming, rigged bidding, and all of the other nonsense that is going on and is still going on through a commission right now?

Is there a correlation in any way? Can we imagine that?

Mr. John Mortimer: I think the opportunity existed in the country in 2001 for the Supreme Court of Canada to show some leadership on this issue. The ruling in *Regina v. Advance Cutting and Coring* should have admonished the Quebec legislature, the judicial system, and the police for failing to enforce the Criminal Code and the rule of law. People who perpetrated the loss of hundreds of millions of dollars in vandalism, with one union fiefdom warring against another union fiefdom, should have been investigated, prosecuted, and if found guilty put in jail. Instead they said we should force all workers into five unions. That's how we'll stop the violence. That's what the Cliche commission was about, ultimately. Lebel's decision and the majority in *Advance Cutting and Coring* reviews this history of union violence as a basis for justifying stripping charter rights.

The Chair: There is a point of order.

Mr. Coderre.

[*Translation*]

Hon. Denis Coderre: Mr. Chair, I am not an extreme trade unionist, but I will not tolerate the history of my province being rewritten. Please ensure that, when we talk about an infrastructure issue, we don't go over the history of unions in Quebec, but rather talk about the infrastructure and recommendations. We have to draw the line.

[*English*]

The Chair: I think Mr. Mortimer was done anyway.

Mr. Sullivan.

Mr. Mike Sullivan: Thank you.

One of the reasons some of my constituents tell me they belong to construction trade unions is that they are safer and they feel safer. I walked by a construction site yesterday—I asked and they said they were non-union—where they were jackhammering and not wearing

any hearing protection. I commented and they said they don't have to.

They do under the law in Ontario if they're in a unionized workplace. Part of what the union does is ensure that the laws are upheld. Many of the people in my riding belong to Local 183 of the Labourers' Union, which has represented union members for many, many years on construction sites. They do it in a manner that is safe.

We had a swing stage collapse here in Toronto a couple of years ago in which four workers were killed. It was a non-union, non-represented worksite where corners were cut in order to get jobs done quicker, and of course it collapsed. It was a stage that should have only held four people; they put six on it and there were only safety lines for two. Four workers were killed as a result of the neglect of a contractor.

The population in my riding, many of whom came here from Portugal many years ago and are well trained in construction, want to work safely. That's part of what the issue becomes when we compare cases of corner-cutting, which goes on quite a bit on the non-union construction side. They don't have any overseers. Part of what a union does is help to regulate the tensions between an employer and an employee, which always exist.

There can be tensions when an employee says he wants to work safely. The worker wants to abide by the labour code and work safely, and the employer tells him he's not going to work there anymore. In a unionized workplace, that can't happen. That's part of what we're dealing with. I wondered if you had any comments for the thousands of workers in my riding who depend upon the safety that comes from being in a unionized workplace.

● (1655)

Mr. John Mortimer: I think we can find terrible tragic stories in a range of places. As someone who had national responsibilities with employers, one of the challenges we had was making sure that our employees followed the health and safety procedures we put in place for them.

I oversaw the discipline of employees by our managers, where employees didn't follow the safety procedures that were there for them. I submit to you that not every unionized job site is as safe as you say just because it's unionized. It's going to be because of a combination of the attitude of the workers and the attitude of management.

There's some work out of Australia that suggests that our entire workers' health and safety system is fundamentally flawed and doesn't actually drive safe behaviour, because the accountability mechanisms are wrong. But that's a study for another day, I suggest.

The Chair: You have almost two minutes.

Ms. Olivia Chow: I'll take one, then there might be some time left.

In the union that Mr. Sullivan was talking about, Local 183—a construction union—they offered dental, vision and medical care for their workers. A lot of their workers are Portuguese or Hispanic and Italian. This kind of wrap-around service really assists them, and they also have apprenticeship and training programs so that the younger generation can learn the skills. Skills training is very important and we need a lot more apprenticeship programs.

In my reading of it there are far more benefits, whether for vision care, dental or medical benefits, in unionized shops. Do you have any statistics to show that companies that don't have unions also have extensive training programs, medical packages, dental care and so on for their workers?

Mr. John Mortimer: I do not have any specific studies on that point. What I do know from an acquaintance of mine who was recently over at the Local 183 hall is that 50% of the people there aren't working. A job is a great thing. There's something wrong when 50% of your people aren't working and there are jobs going wanting in the rest of this country. If you subsidize those people with preferential employment insurance, they're going to stay there in Toronto, it appears, and they're not going to Saskatoon where I was on a job site that was crying out for workers.

The Chair: You are out of time.

Mr. Pierre Poilievre: Point of order, Mr. Chair.

The Chair: Mr. Poilievre, on a point of order.

Mr. Pierre Poilievre: Mr. Sullivan raised an example of a work-site safety issue, which I think was in his riding. I wonder if he could table some information on it so we could include it in our conversation.

The Chair: I guess it was something to do with a stage collapse.

A voice: Yes, I can. It's still in the courts.

The Chair: Mr. Adler, five minutes.

Mr. Mark Adler (York Centre, CPC): Thank you, Mr. Chair.

I want to thank Mr. Mortimer for being here today. I want to pursue a line of questioning that has to do with basic economics. As we learn in Economics 101, we all know that the definition of economics is the allocation of scarce resources.

In government we are elected to make decisions. In the course of our decision-making processes, we are asked to pass legislation and implement certain policies and regulations and so forth. With that goes budgeting, so we're allocating moneys to various envelopes.

Now, given the state of our country's infrastructure, would it not be a better allocation of resources to identify where government could most efficiently put its allotment of scarce resources to get the most value for its dollar, because at the end of the day there's only one taxpayer? Does that not make good economic sense?

• (1700)

Mr. John Mortimer: Yes.

Mr. Mark Adler: I'm a bit confused here, because what you're advocating is really freedom of choice. You're not advocating that

non-unionized workers should take preference over the unionized workers.

What you're saying is that the taxpayer, of whom there is only one, should get the best return on his or her investment, meaning on the payment of their taxes. For a return on their investment, which we're all interested in—Mr. Coderre, indeed, said earlier that he cared very deeply about his wallet—does it not make sense that a government would invest the hard-earned money that taxpayers pay to the government every April 30, and every day through the HST and a variety of other taxes, to the benefit the people of the country, more than that of a very small minority, i.e., through the requirement to use unionized labour?

Again, I'm simply trying to figure out here basic common sense. Is that not—

Mr. John Mortimer: Absolutely. If there's more competition and there are more eligible people to participate, if unions and those contractors face more competition, I believe they would work hard to find better ways to get better results, so that they could get those jobs.

Mr. Mark Adler: I remember reading—I guess it was about 20 years ago now—Milton Friedman's book *Free to Choose*. He said that the best way to discipline a monopoly or a business is to create competition.

As politicians, we all know how we respond to competition. We fight elections, so we're all aware that competition makes us want to achieve more and to better candidates than the people we're running against. To my mind, competition just makes common sense here. As I said earlier, given the state of our country's infrastructure and the infrastructure deficit many are talking about, it would seem to me that hard-earned taxpayers' money would be much better used in a competitive environment.

Mr. John Mortimer: I agree.

Mr. Mark Adler: Am I on the right track here or am I missing something?

Mr. John Mortimer: You're absolutely on the right track.

I think that the unionized contractors will be challenged by that competition in the way that they're not in an environment where they're not having to compete.

Mr. Mark Adler: Once again, just to make the point, you're not saying that unionized workers are to be excluded. There's no preference for one over the other here.

Mr. John Mortimer: The rate of union density is declining all over the world because workers don't want to be unionized to the same degree as they used to. Look at Scandinavia: the rate at which young people in Denmark and Sweden are becoming union members is in a precipitous free-fall. The rate has gone from the eighties to the fifties, percentage wise. It's a big change, and there are a lot of reasons for that, including the change in the legal landscape, the change in people's attitudes. But in countries like ours, where union leaders focus a significant portion of their time on all sorts of activities other than in the workplace, I'm not surprised that complaints against union leaders are the number-one filing before labour boards.

I'm not surprised that the Canadian Labour Congress's own survey research says that satisfaction levels with union leaders is in double-digit decline.

• (1705)

The Chair: Okay.

Mr. Watson, go ahead for five minutes.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair.

Thank you to Mr. Mortimer for appearing today.

I want to focus on closed tendering for a moment. Is closed tendering largely a municipal policy, in your understanding of it?

Mr. John Mortimer: Certainly, municipal ones are what I'm most familiar with, from reading some of the different schemes and seeing them take place. But a lot of them exist under provincial legislative schemes, and they're provincially funded as well. The question is, how much actual, pure, 100% provincial infrastructure is there?

Mr. Jeff Watson: Right.

In fact, Mr. Oakey, from Merit Canada, who testified recently before our committee, was able to substantiate that this is a fairly widespread situation throughout Canada.

I'll follow up on my colleague, Mr. Harris's question on MERFs. The acronym MERF is market enhancement recovery fund, and STABs are stabilization funds, sometimes also called JTFs, job targeting funds.

In Alberta's case, since the 2008 reforms to MERFs came in, they're now called, interestingly enough, membership development funds, but they have the same function.

Are these funds used in situations of open tendering, where unionized work is competing against non-unionized work for contracts?

Mr. John Mortimer: That's my understanding, yes.

Mr. Jeff Watson: That's my understanding as well.

So open tendering does have some problems. If we're looking at opening up tendering, this is an issue that we may want to look at, in terms of contingency, and perhaps have a requirement that these payments do not go into these types of funds, or some recommendation that way.

Mr. John Mortimer: Alberta is the first jurisdiction in this country to attempt to deal with these inappropriate schemes that unions have put together. I've just reviewed an electrical collective

agreement from Ontario, where, in some cases, it's the taxpayer who's spending the \$1.08 every hour that's worked.

Mr. Jeff Watson: My understanding of the Alberta scheme after the 2008 reforms were brought in is that the unions, rather than subsidizing the bid of a contract directly, went to subsidizing benefits for workers, which forms, in many respects, the same type of a subsidy to allow them to underbid work.

Let me see, then, if I can follow how the money flows here, if you will. So the taxpayer's dollar is taken in, say, by a municipality. Through their collective bargaining agreement with unions, the funding for a project goes in, and those payments to the union are then put into a market enhancement recovery fund or a STAB fund, or whatever you want to call it, and then used to help subsidize the wages or something else in order to get a bid. So the taxpayer money goes in at the top and there's an advantage given to unionized bidders versus non-unionized bidders that allows them to get the contract from the same taxpayer who pays the money. Is that how the scheme works?

Mr. John Mortimer: It feels like they're paying twice, in some way. I don't know whether the math is really truthful when you follow that all around, but there's something absolutely wrong with what's going on here.

Mr. Jeff Watson: So it's not in fact a real open tendering process.

Mr. John Mortimer: No, it's not.

Mr. Jeff Watson: So long as the taxpayer's also funding...

Mr. John Mortimer: The taxpayer is ending up subsidizing these bids.

What! And we let this go on.

Mr. Jeff Watson: I actually don't have any further questions. Thank you.

The Chair: Thank you.

We just have a few minutes left. We're going to start another round. But you have one minute, so be very brief with your question because that includes the answer.

Mr. Aubin.

[Translation]

Mr. Robert Aubin: If I had to summarize your testimony from this afternoon, I would say that you prefer open tendering to closed tendering. We will skip all the stuff about unions. I still have a lot to say, but I am running out of time.

Is there another area of expertise I should keep in mind about your organization that could be valuable to our study? For instance, that might involve managing PPPs or dealing with red tape. That might help us see how increased competition may be better for infrastructure programs.

•(1710)

[English]

Mr. John Mortimer: I have nothing else to add.

The Chair: Okay.

Mr. Coderre.

[Translation]

Hon. Denis Coderre: Mr. Mortimer, let's end on a happy note. When I raise a point of order, it is because I don't like to see any type of dogmatism or abuse. That is unacceptable to me. I think it is important for you to be able to express your preference for an open tendering process. I think it is a good idea to mention it, but I don't think it is appropriate to say that in Quebec we are forced to do something. I am a liberal, which means that I am not dogmatic, I am neither left-winged or right-winged. I can therefore denounce abuses by unions and by non-unionized individuals. Actually, history has shown us that companies have also abused the system.

Based on your recommendations, the federal government should not invest money in the provinces if the tendering process is not open to both those who are unionized and those who are not. Quebec is an exception because we must comply with the law there.

[English]

Mr. John Mortimer: That's my view.

The Chair: Okay.

Mr. Poilievre.

Mr. Pierre Poilievre: I'm going to quote an article by Peter Shawn Taylor, the editor at large of *Maclean's* magazine, entitled "Why this shed could cost local taxpayers \$20 million a year". It reads:

Our province's bizarre construction industry labour rules impose union certification with the submission of just two union cards comprising at least 55 per cent of all relevant employees working at all job sites at any point in time. No vote required.

Taylor then goes to say that the forced unionization that happened in Waterloo also occurred in

Hamilton:[Where] two workers signed carpenters' union cards and were thus able to impose a union agreement on the entire city forever...[the pool of] eligible bidders for construction contracts in Hamilton was reduced by over 90 per cent. Of the 260 firms that had previously bid on city jobs, city staff calculated that only 17 were affiliated with the carpenters' union.

On the cost side, he noted:

Hamilton calculations show a 10 per cent increase in costs due to union-monopoly rules, or about \$4 million to \$10 million per year, for routine capital projects. With regards to a massive \$1.1 billion waste-water treatment plan, the cost is estimated at an additional 20 per cent to 40 per cent.

That's on a billion dollar project.

He goes on:A report by Cardus, a Hamilton-based open shop research group, estimates that out of our region's 2012 capital budget

—he's referring to Waterloo—

almost \$200 million worth of contracts would likely be affected by a successful carpenters' union certification. Even a 10 per cent hike amounts to nearly \$20 million in extra costs. In Toronto, Coun. Karen Stintz has put the price of restrictive union rules at \$100 million a year.

So my question comes then to the last point that Mr. Taylor makes. He says: All this should bring into sharp focus the region's

—now he's talking about Waterloo—

looming \$818-million light rail transit system. With funding fixed from the federal and provincial governments, any cost overruns are the sole responsibility of local taxpayers.

The Chair: Okay. Could you ask your question?

Mr. Pierre Poilievre: The question then is this. In an era where the FCM tells us that there continues to have an infrastructure deficit, where funding to municipalities has gone up by 70% over the last decade while inflation and population growth has been only half of that, do you believe we can afford to pay inflated prices to support a union monopoly that bans union-free workers from competing?

Ms. Olivia Chow: Mr. Chair, I have a point of order.

Can Mr. Poilievre send the article he's quoting to the clerk to be tabled. I'd love to see that information.

•(1715)

The Chair: Certainly.

Mr. Mortimer.

Mr. John Mortimer: I agree.

I looked, and Hamilton was two out of four, and it was two out of two in Kitchener-Waterloo. That's the magic union number to ensure that extra hundreds of millions of dollars of taxpayers' money is used on certain projects rather than spreading them further. It needs to change.

The Chair: There's one more question here, if you want it, Mr. Poilievre.

Mr. Pierre Poilievre: Okay. Peter Shawn Taylor, the editor at large of *Maclean's* magazine, wrote an additional article on the shed itself, pointing out that only two workers working on the shed signed the certification card, thus forcing everyone else in the industry in the region to become unionized. He notes that the cost of this certification will be \$20 million a year.

Can I ask you about the issue of competing unions, because I understand that this certification does not just exclude union-free workers, but also unionized workers who don't belong to the approved union? Is that so?

Mr. John Mortimer: That's correct. There is what you'd call wall-to-wall unions in construction in this country. For example, in Saskatchewan, the CEP, the Communications, Energy and Paperworkers Union, can now operate in competition with the building trades. The Christian Labour Association of Canada can do the same.

Building trades unions are based on the hockey theme that if you're a right winger, you'd never go into your own end zone to help out your defenceman. You'd just stay there and say you're on right wing. I don't think any union boss would play hockey that way, and I don't think our construction sites should be entirely done that way any more.

So, barring CLAC and CEP—which they are doing in some parts of this country, like in Nova Scotia entirely—leads to less competitive behaviours. We need to drive change in the building trades unions in this country, and competition will do it.

The Chair: Thank you very much, Mr. Mortimer.

With that, the meeting is adjourned.

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