



**Skilled trades**  
Tackling Canada's labour shortage



**Impact of unions**  
How they matter to Canadians

**MEDIA PLANET**

June 2012

# UNIONS



**3**  
FACTS  
ABOUT CANADA'S WORKFORCE

## RETHINKING LABOUR IN CANADA

Balancing the interests of Canadian businesses and workers to achieve **equality and prosperity in a fluctuating economy**

PHOTO: CUPE



### PUBLIC SERVICES WORK FOR CANADIANS

Hospitals, schools, community centres, roads, libraries, swimming pools—these services benefit everyone and create jobs that drive our economy.

Instead of cutting vital services, governments should make banks and corporations pay their share through fair taxes.

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**CUPE** / Canadian Union of Public Employees





# CHALLENGES



**1**  
7 MILLION CANADIAN WORKERS SURVIVE ON LESS THAN \$20,000 A YEAR

As the prospects for the global economy lurch between recession and recovery, **positive labour relations will be crucial in maintaining a growing economy** that reflects the strength and diversity of Canadian society.

## Tackling the challenges of Canada's workforce

**A**fter decades of struggles that secured the eight-hour work day, the weekend, sick leave, health and safety legislation, maternity leave, injured worker compensation, equal pay for equal work, and a minimum wage, it would seem that most of the big labour battles have been won. What, then, is the relevance of unions in today's economy?

**Protecting the middle class**  
The answer, quite simply, is that unions remain the surest path out of poverty and the best protection of the middle class. Given the ever-widening income gap, nothing could be more relevant in today's economy than working together to turn precarious jobs into decent ones.

History doesn't offer many examples of Canada's top 100 CEOs generously volunteering to share profits - or their \$8.4 million average salaries - with workers who earn roughly 189 times less. Instead, history teaches that the only way to

wrestle back fair wages and benefits is to bargain collectively. In doing so, workers who form a union also elevate the conditions of all workers by creating pressure on other employers to keep pace with union wages.

This model has proven successful for generations and created Canada's middle class.

### Current challenges

However, dramatic shifts in Canada's labour market over the past 20 years have led to a decline in union density and the emergence of a massive pool of unemployed and precarious workers. This is Harper's "flexible workforce" in which post-recession job recovery favours temporary, part-time and low-wage jobs and 30 percent of new jobs are subject to the Temporary Foreign Worker Program, forcing unemployed and migrant workers compete for jobs that pay wages 15 percent below the going rate.

As a result, roughly seven million Canadian workers survive on less than \$20,000 a year and Canada's unemployment rates have hit 7.4 percent. Even in oil-rich Alberta, nearly a



**Patrick "Sid" Ryan**  
President,  
Ontario Federation of Labour (OFL)

quarter of all workers earn less than \$15 an hour. These low-wage jobs are disproportionately filled by workers who are women, aboriginal, workers of colour, migrants or workers with disabilities. They are the changing face of Canada's labour force and they are desperate for union protection.

### Benefits for all

The evidence is so striking that even the World Bank confirms that unions reduce wage inequality, especially for women and minority groups. By rais-

ing the bar for union members, while fighting for legislation to extend these gains to the entire workforce, the labour movement establishes new and fairer standards for all workers. In fact, the World Bank also found that high rates of unionization are more generally associated with lower unemployment and inflation, higher productivity and speedier adjustments to economic shocks.

### Extending protection

However, defending non-union workers - especially unemployed and temporary foreign workers - has become a top priority for organized labour. After all, their exploitation drives down the standard of living for everyone. This is the basis of the "social unionism" that motivates labour unions to fight for and defend universal social programs - like public pensions, Old Age Security and Employment Insurance - that go beyond its own membership. It is also the reason why unions remain the best defense against inequality.

**PATRICK RYAN**  
editorial@mediaplanet.com

## The impact of collective bargaining

**The International Monetary Fund and the Organization for Economic Cooperation and Development have confirmed that broadly-based collective bargaining is the best mechanism to build a healthy middle class.**

In short, when workers, through their unions, are able to bargain freely for decent wages, benefits and pensions, there are benefits for the middle class and for society as a whole.

### Canada's changing labour landscape

In the not-so-distant past, Canadian governments also endorsed the value and purpose of free collective bargaining. The current federal government, however, frequently intervenes in the economy, more often on behalf of employers as opposed to employees.

Recently, Ottawa brought in back-to-work legislation on behalf of Canadian Pacific Rail in its dispute with engineers and other workers. Last

year the government intervened in two Air Canada labour disputes and prior to that in another at Canada Post.

All of this impacts Canadians whether or not they are unionized workers. The erosion of collective bargaining is linked directly to a growing income gap in our society. Corporate profits are at near or record highs while the wages of Canadians have stagnated for an entire generation.

### The collective impact

Left to its own devices, free collective bargaining really does work for the common good. Unions have been able to ensure that workers share, at least to some extent, in the corporate profits that they helped to create. Unions have been successful in reducing systemic wage gaps in workplaces. Being in a union means better wages for women, workers of colour, Aboriginal people and people with disabilities.

The more equal wage structure in unionized workplaces sets wage and benefit standards that spill over into other workplaces. Employees tend to

be paid better when they live in communities with unionized workers earning decent wages. Finally, countries with strong labour movements have a larger, more vibrant middle class and achieve greater societal fairness because unions advocate for



**Ken Georgetti**  
President,  
Canadian Labour Congress

government policies that benefit all working people, not just their own members.

### A healthier future

Our government's involvement in the labour market should play a more positive role in protecting labour rights and fostering a stronger middle class for Canadians.

For generations, Canada has endorsed the purpose and understood the value of free collective bargaining. To a great extent, their destiny and that of their communities depends upon it. Employees must be free to negotiate for wages that will allow them to pay their mortgages and put their children through school. A healthy middle class means a prosperous Canada.

**KEN GEORGETTI**  
editorial@mediaplanet.com

**WE RECOMMEND**

**Toby Sanger**  
Senior Economist,  
CUPE

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"We need to broaden our platform so that all workers can see that unions speak for them too, and are fighting to safeguard their rights."

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What Canada's labour authorities think about the future of unions

## MEDIA PLANET

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Responsible for this issue:  
**Publisher:** Martin Kocandrlje  
martin.kocandrlje@mediaplanet.com  
**Designer:** Laura Shaw  
laura.shaw@mediaplanet.com  
**Contributors:** Robert R. Blakely, Alexandre Boucher, Carol Burnup, Rui Cunha, Rodger Cuzner, Patrick Dillon, Ken Georgetti, Dr. Rafael Gomez, Indrani Nadarajah, The Honourable Lisa Raitt, Patrick "Sid" Ryan, Toby Sanger, Christianne Scholfield, Emile Therien

**Photo Credit:** All images are from iStock.com unless otherwise accredited.

**Managing Director:** Chris Vassallo  
chris.vassallo@mediaplanet.com  
**Production Coordinator:** Tyra Bouhamdan  
tyra.bouhamdan@mediaplanet.com  
**Business Developer:** Jessica Bowman  
jessica.bowman@mediaplanet.com

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**United Way Canada**  
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### CANADIAN LABOUR FACTS

- 1 The Canadian Labour Congress represents 3.3 million Canadian workers in 56 affiliated unions, 12 provincial and territorial federations, and 135 district labour councils.
- 2 There were 1.38 million Canadians unemployed in May 2012. Among youth aged 15 to 24 the official rate of unemployment was 14.3 percent.
- 3 Among unemployed Canadians, 62.5 percent were not receiving Employment Insurance benefits in April 2012.
- 4 Income inequality in Canada has increased over the past 20 years. The richest group of Canadians increased its share of total national income between 1993 and 2008, while the poorest group lost share. Middle-income Canadians also lost share.
- 5 More than 11 million Canadian workers have no workplace pension plan.
- 6 One-third of Canadian workers aged 24-64 have no personal retirement savings.

COURTESY OF THE  
CANADIAN LABOUR CONGRESS  
editorial@mediaplanet.com



INSIGHT



**COOPERATION AND INNOVATION**  
New forms of unionization are an emerging strategy to face mutual challenges

# Open source unionism: A model for the underrepresented worker?

Two of Canada's largest unions — the Canadian Auto Workers (CAW) and the Communications, Energy and Paperworkers Union of Canada (CEP) — are toying with the notion of extending membership to workers who lack workplace representation.

**A challenging task**

The proposal has garnered considerable media attention because of its supposed novelty and applicability to today's younger, more mobile and precarious workforce. "It's a thought we have worked on for many years," said CEP president Dave Coles, "but we have not been able to get our head[s] around how to do it." This last comment is somewhat surprising given that academics have been writing about this idea for some time and that peering back even further, to the foundations of the North American labour movement, one finds plenty of examples of 'unaffiliated membership' (i.e., accepting workers who are favourable to unionisation but who are otherwise not members of any trade union at work).

**A new idea?**

Talk of this 'new union organizing



"Open source unionism ... can give labour an immense boost in its leverage."

**Rafael Gomez**  
Associate Professor, Employment Relations Centre for Industrial Relations and Human Resources & Woodsworth College University of Toronto

idea' by trade union officials reminds us of economist John Maynard Keynes' famous admonition that "Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist." Nowhere is this quote more apt (except for the 'defunct' part) than in this case.

The idea of extending membership to all workers, even if they fail to have a certified union at their workplace, was actually floated a decade ago by

two academics; Richard Freeman (an economist) and Joel Rogers (a sociologist) in a piece published in The Nation, titled "A Proposal to American Labor."

In it, the authors spell out just how such a proposal could work and be financed for little or no cost given the ease in which the internet (which at that time did not even include social networking sites such as Facebook) had allowed groups to communicate and share vital information.

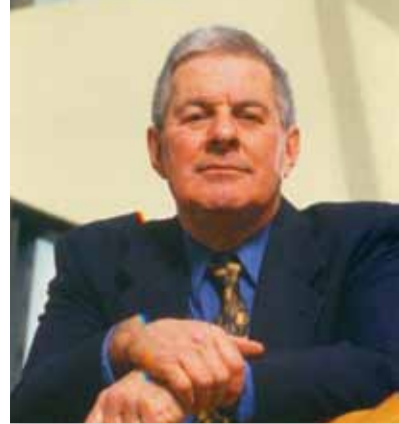
**The benefits**

Opening up to new members who are in favour of union representation but who fail to work for an employer in which collective representation is on offer — what Freeman and Rogers cleverly termed "open source unionism" (OSU) — can give labour an immense boost in its leverage and reach as well as gaining strategic information on employer behaviour.

For workers without majority status at the workplace, the OSU model would mean access to some of



**UNIONS BRING SAFETY TO THE FOREFRONT**



The devastating explosion in the Westray mine happened 20 years ago, on May 9, 1992. It may have been prevented had management acted on the workers' safety concerns — but with no union to support them, their fears went unheeded.

**Safety affects everyone, including the employer**

The economic impact of the Westray Disaster was immense and immediate. All 26 miners working underground lost their lives. Soon after, 117 more lost their jobs. The next year Curragh Inc., the company that owned the mine, went bankrupt.

A public inquiry found the miners had complained of company cutbacks in safety training and equipment, its negligent behaviour toward safety inspections, and being obliged to work in deep coal dust. Only six months before the explosion, one of them had made safety complaints to Labour Ministry inspectors, for which he was fired.

**Historic efforts**

When efforts to prosecute Curragh and the mine's managers failed, the United Steelworkers union lobbied to change the law.

The Mulroney government listened. In 2003, it amended the Criminal Code to hold managers and directors of corporations criminally responsible if they fail to protect the lives of their employees.

**Call to protect**

Today, unions are advocating for safety in the face of federal government cutbacks. The Canadian Immigration Union says cuts to border security could hamper efforts to keep criminals out of the country; fewer resources will make it harder to stop human traffickers as well as the smuggling of drugs and firearms.

The Union of Canadian Correctional Officers has expressed concerns about overcrowding of prisons and inadequate services for mentally ill inmates, which will create an unsafe environment inside the prisons and jeopardize public safety.

One raison d'être for unions is that without a collective voice individual complaints may be ignored, increasing the possibility of harm to workers and to the employer.

**EMILE THERIEN**  
RETIRED PRESIDENT OF THE CANADIAN SAFETY COUNCIL  
editorial@mediaplanet.com

the bread-butter services that unions traditionally offer (e.g., advice and support on their legal rights, career guidance, access to training and so on).

**Coming to grips**

As noted, the roots of this idea go back to the birth of the North American labour movement. In the late 19th and early 20th centuries, directly affiliating with a union was not only possible but actively encouraged. It is only in the last half-century that labour has become closed in its membership, extending privileges only to those workers where a majority support unionisation and the union is recognized by the employer as the exclusive representative of workers for the purposes of collective bargaining. In the first half of the 21st century that model has come to its nadir, and it's about time more trade union officials 'got their heads around that.'

**RAFAEL GOMEZ**  
editorial@mediaplanet.com



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IN 2011, THE  
NUMBER OF  
UNIONIZED  
WORKERS WAS  
30.2 PERCENT

Cutting public services and jobs will affect both rich and poor alike, argues the Canadian Union of Public Employees, and **deepen existing divisions in society.**



**LOOKING TO THE FUTURE**  
Planned government cuts will deeply affect public sector workers

# Austerity and prosperity: Striking the proper balance

## GOVERNMENT CUTS

The current government obsession with slashing deficits, through cutting jobs and essential services will ultimately prove to be a Pyrrhic victory with devastating social consequences, warns the Canadian Union of Public Employees (CUPE).

"We started out in the 1980s by emphasizing supply-side economics, which argues that economic growth can be most effectively created by lowering barriers for people to produce goods and services," CUPE'S chief economist Toby Sanger explains. "Therefore, cutting income and capital gains tax rates, while reducing burdensome regulation, would stimulate production. Such an environment would see consumers benefit from a greater supply of goods and services at lower prices."

## Dealing with crisis

Things didn't go according to plan, though. Instead of basking in a glow of continued growth and rising incomes,



**Toby Sanger**  
Senior Economist,  
CUPE

"we have now witnessed an economic crisis that the European economies, especially, are struggling to recover from," notes Sanger. Meanwhile, in Canada, the middle classes are being squeezed and the poor are getting poorer.

CUPE is the country's largest union, with about 615,000 members. It represents workers in many essential

services including health care, education, municipalities, libraries, and emergency services. More than half of CUPE members are women. A third work part-time.

## Growing inequality must be tackled

If venerable conservative institutions like the International Monetary Fund, the OECD, and even the Conference Board are warning against continued deficit-reducing policies, because of the resulting inequality, surely governments should pay some attention, points out Sanger.

Budget cuts increase inequality, and women, 62 percent of the public sector workforce, will be more affected. "I recognize that in the short term, people need to reduce their debt while maintaining some level of spending, but in the long term, people need to have stable, sustainable growth," Sanger says.

Some commentators have argued that government cuts merely shift the costs elsewhere, and fixing the

resulting problems can be very expensive. Public services are a great equalizer in different ways, says Sanger. Both rich and poor depend on government services - think of the fire service, or food and environmental inspectors.

## The reality of spending cuts

However, lobbying for change has been complicated because government information has been kept under tight wraps. It is incredible, for example, that Canadians are still unaware about the true impact of looming budget cuts. According to a March 2012 CUPE paper, "Economic Climate for Bargaining", austerity budgets being tabled by federal and provincial governments could lead to more than 300,000 job losses. "Public spending in Canada is hardly out of control, having recently dropped to its smallest share of the economy in over 30 years," Sanger points out.

Equally mind-boggling - this year, Canadian governments are expected to spend less per person than the

United States does, for the first time in many decades.

## Speaking for all workers

Yet, it is not all gloom. A weary Canadian public is an opportunity for unions, observes Sanger.

"We must emphasize policies that benefit society at large," says Sanger. "We need to broaden our platform so that all workers can see that unions speak for them too and are fighting to safeguard their rights."

It was in that spirit that CUPE lobbied for pension reform in 2009, calling for mandatory pension participation, a national system of pension insurance, and expanding the mandate of the Canada Pension Plan. CUPE also recommended that pensions be required as a condition of employment.

"Unfortunately, the campaign wasn't successful, but we are trying to revive it."



# INSPIRATION



**NEW SKILLS**  
The United Way and labour organizations have worked together to employ workers and build a brighter future

**MEDIA PLANET**

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September:

- Biotechnology
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# United Way and labour: Instituting positive change

Two years ago a manufacturing plant in Strathroy, Ontario went bankrupt, leaving over 100 people without jobs. Many of the workers, members of the International Association of Machinists and Aerospace Workers (IAM), had been with the plant for their entire working life. For about 60 percent, English was their second language, and 75 percent had not graduated from high school.

Change started when IAM and United Way Centraide joined forces with Employment Ontario to support these workers.

**Words into actions**

Under a provincial program, IAM sponsored the IAM-Glendale Action Centre, which would offer employ-

“The IAM-Glendale Action Centre... would offer employment skills workshops, information on community services, workshops on budgeting, and coping with stress.”

ment skills workshops, information on community services, workshops on budgeting and coping with stress, language training, and anything else that was needed to help unemployed workers get back into the workforce.

**Tying up loose ends**

The Centre had to be governed by a committee of affected workers and chaired by a provincially-recognized expert. United Way London and Middlesex just happened to

have one on staff.

Sharon Lupton is responsible for liaison with unions in the community and some of her time was freed up so she could work with IAM and its members.

The Centre was staffed by affected workers, who provided peer-to-peer support and Lupton trained them on the skills they needed to support their co-workers. Much of the United Way-funded training provided to the Centre staff and affected workers was developed by the Canadian Labour

Congress to connect workers with the resources available in their community.

**Empowering the community**

The entire community came together to help at the Centre. United Way-funded and other local agencies provided a variety of services. Local grocery stores and bakeries donated food to the Centre. Employers in the community contacted the Centre when they had job openings.

**Practice and success**

Over 80 percent of the workers found jobs or pursued post-secondary education and the workers, their families and the community benefitted.

COURTESY OF THE UNITED WAY  
editorial@mediaplanet.com

# What will be the impact of Bill C-377 on working Canadians?

**BILL C-377**

Living in a free enterprise system offers tremendous opportunities while also containing inequalities, as evidenced by the global financial crisis gripping much of the developed world. Despite the challenges, Canada has a strong attribute and that is a strong civil society. By that, I am referring to the diverse ensemble of non-governmental organizations, faith groups, charities, and trade unions. The relative autonomy of Canada's civil society, vis-à-vis the state, is a rarity among most countries in the world, and is a primary reason that attracts people to this country. The right to freely associate and conduct one's affairs without being beholden to government or business is a right that we take for granted.

**The anatomy of a Bill**

Unfortunately, our system can result in conditions unfavourable to workers, and nowhere is this more appar-



**Patrick Dillon**  
Business Manager,  
Provincial Building and Construction Trades  
Council of Ontario

ent than through Bill C-377. This Private Member's Bill, also known as An Act to amend the Income Tax Act (requirements for labour organizations) was brought forward by Conservative British Columbia MP Russ Hiebert. If it passes, the Bill will force workers' union dues to be placed under public and more importantly employer scrutiny, establishing a uni-

versally-accessible website that discloses union finances ranging from salaries and benefits, to administration costs and political action funds that will be publicly known.

The Bill is presented as legislation to 'improve transparency'. However, this Bill will allow employers and government to exploit information on union finances by scrutinizing how unions spend their money, with the potential consequence of persuading non-unionized workers that it is not in their interest to organize collectively.

**The effect on us all**

Bill C-377 will be unfair and costly for workers. Trade unions are already accountable institutions with by-laws, constitutions, and periodic elections of officers who are chosen to serve their members. Trade unions are certainly democratic in nature; any unionized worker has the right to access his or her local union finances; scrutinize those finances; and run

for office if he/she thinks the money is misspent. Why should unions be forced to publicly disclose private money that belongs to their members?

**Impact on working Canadians**

Moreover, for a member of a government that supposedly seeks to 'reduce Red Tape,' Mr. Hiebert's Bill dumps excessive reporting requirements on unions that will increase the cost of compliance. The proposed penalty for non-compliance will hit workers upwards of \$1,000 per day, per organization: precious money that should better be spent on apprenticeship training or workplace health and safety.

This Bill will cost union workers money, similar to how the Gun Registry cost taxpayers money. In this instance, the Tories are forcing something that workers have never called for, onto industries that will impact every aspect of our economy.

editorial@mediaplanet.com

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**DID YOU KNOW?**

**How Labour and United Way Centraide work together**

- 1** United Way Centraide Canada and the Canadian Labour Congress (CLC) have had a formalized cooperative relationship since 1988
- 2** United Way Centraide Canada and the CLC come together at national and local levels to engage and support workers and their families
- 3** Local labour councils and United Way's Centraides team up to support workers who have lost their jobs, in some cases, to establish community-wide adjustment centres to assist workers in their job search
- 4** Labour Programs and Services staff bring United Way's Centraides, unions and community organizations together around common issues, such as anti-poverty initiatives, retirement security and affordable housing.
- 5** Unions also work with United Way's Centraides to provide meals to hungry community members; backpacks with school supplies for kids whose parents can't afford them; and renovation and repair for community organizations working on a restrictive budget.
- 6** The CLC and United Way Centraide jointly offer a Labour Community Advocate training program, which teaches members about the resources available in their community and about issues of concern to community members

CAROL BURNUP  
COMMUNICATIONS MANAGER,  
UNITED WAY CENTRAIDE CANADA

editorial@mediaplanet.com



## PANEL OF EXPERTS

	<b>Question #1</b> What type of role do unions play in Canadian society?	<b>Question #2</b> Given the diverse nature of Canada's workforce, what does the future of labour look like?	<b>Question #3</b> What is a priority for Canada in securing a stable economic future?
 <p><b>The Honourable Lisa Raitt, MP</b>            Minister of Labour,            Conservative Party</p>	<p>As Minister of Labour, I am responsible for the federal private sector. While this represents only 7 percent of the total workforce in Canada, the workers and companies are crucial to our economic infrastructure. 42 percent of federal private sector workers belong to unions; they rely upon them to negotiate the terms and conditions of their work, and represent them in settling conflicts during the term of a contract. I work and seek advice from organized labour on: health and safety, employment standards and Canada's role within the International Labour Organization.</p>	<p>As a government, we recognize that a diverse and dynamic labour force plays a vital role in the workplace. Our government understands that we require the skills and experience of many new Canadians to help our economy grow and compete in an increasingly competitive global economy. Small and large businesses alike need to continue to attract a strong and diverse workforce that will enhance productivity and promote innovation. Our government is working with unions and employers to help promote industrial peace and labour stability.</p>	<p>Our priority is to strengthen the financial security of Canadian workers and families, to help create good jobs and long-term prosperity across the country. Keeping taxes low helps hard-working families and supports the businesses that create jobs for Canadians. We made historic investments in infrastructure and have encouraged businesses to invest in Canada. Our Government remains focused on workers and we have put forward measures to create new, high-quality jobs. In fact, we have created 760,000 net new jobs.</p>
 <p><b>Alexandre Boucher, MP</b>            Federal Labour Critic,            New Democratic Party</p>	<p>Unions have made a contribution to Canadian society and have contributed much, through things like the introduction of benefits we take for granted today, like weekends, sick leave, vacations and parental leave, among others. Through collective bargaining, unions have been able to help ensure that employees have rights to things like a safe workplace and other protections. Unions have played an important role in making sure Canadian workers are valued and receive the respect they deserve for the contributions they make to Canada's economic success.</p>	<p>With the Conservatives in power, we are seeing an attack on workers' wages, protections and rights. With major cuts to Employment Insurance, with budget measures designed to keep wages down and repeated attacks on the right of employees to bargain collectively, Conservatives have shown that their vision of the future has labour always taking a back seat to corporate interests. New Democrats disagree and prefer a more balanced, fairer approach.</p>	<p>The NDP believes in a balanced economy, built on principles of sustainability. Unfortunately, Conservatives are managing our economy in a way that rejects the balanced economy our country has built since the Second World War. And to make matters worse, we are falling behind on building a green economy - meaning future generations of Canadians will be at a disadvantage when it comes to competing in tomorrow's world markets and establishing a stable economic future.</p>
 <p><b>Rodger Cuzner, MP</b>            Federal Labour Critic,            Liberal Party</p>	<p>Historically, unions played an important role in shaping Canadian society, through improvements to workplace health and safety, minimum wages, pension benefits, pay equity for women, and racial equality. They continue to play a relevant role today, by offering working Canadians a collective means of protecting their interests. The key to whether unions will continue to play a significant role will lie in whether they can convince workers that they can still effectively represent their concerns in a time of changing labour markets and labour relations due to demographic shifts and globalization.</p>	<p>Companies will continue to move away from full-time jobs to contract positions that will hold opportunity for some while creating uncertainty for others. Lifelong jobs will be replaced with the necessity for lifelong learning. The changing demographics, along with government policies, like increasing the age of eligibility for Old Age Security (OAS), will mean people will be working longer. This demographic shift will leave gaps that will result in reliance on immigration as well as increased participation by underrepresented groups like youth and aboriginals.</p>	<p>Increasing productivity will be essential to securing stability for the economy but necessary for increasing the economic well-being and quality of life of Canadians. Skilled labour and innovation will be key to achieving this. The labour market of tomorrow will require more skills and knowledge. Additional investment in training and education is one of the most important things governments, businesses and individuals can do. Innovation in development or adoption of technologies, and best practices is vital. Government can and must create a favourable framework for businesses to improve productivity.</p>

## Training to Build a Future The Construction Industry



*"No longer are the opportunities for a stable career limited to a University degree. The need for a new standard of education has been answered."*  
 Dominic Mattina, MERIT Ontario Member, Mechanical Contractor

A new standard of training, for someone entering a trade, has been set by the industry under the category of Pre-Apprenticeship. The industry leaders such as Merit Ontario (an association of multi trade contractors), the CLAC Union (an open shop multi trade union) and the Ontario Electrical League have agreed and newly defined this standard. The industry is holding experienced trainers to a level of accountability as never seen before. Training organizations are being brought in-house to ensure job site safety, and hands on exposure takes precedent, setting the standard for training the next generation of skilled trade professionals.



Rui Cunha, Director of Operations at the Pre-Apprenticeship Training Institute (PAT Institute) says "to be selected by the industry is a humbling opportunity and the expectations are high. For graduates of the PAT Institute to be connected to the industry through the Merit Job Board is an excellent way to enter into a career in the trades." PAT Institute's wide variety of pre-apprenticeship programs - Construction and Maintenance Electrician, Plumbing, Network Cabling to name a few, ensure that the industry professionals are equipped with entry level people who have the right skills.

Merit Ontario's President Frank Viti has been very clear, "Merit Ontario has searched out the most reputable trainers who have wide experience at working with entry level candidates and PAT Institute ([www.pat institute.ca](http://www.pat institute.ca)) is that organization. PAT Institute has an extensive history of successfully preparing young people entering trades, as well as, training and recruiting for large organizations like Bell Technical Solutions. With 60,000 new entries into the trades needed in Ontario, this is an industry priority. In return Merit Ontario has made its job board, previously exclusively available to journeymen and apprentices, available to pre-apprentices graduating from the CLAC Pre-Apprenticeship Training Institute (Cambridge) and our very own Merit Ontario Pre-Apprenticeship Training Institute (Toronto) and the Ontario Electrical League Pre-Apprenticeship Training Institute (Toronto)."

The Industry is bridging the gap for those who want to enter the trades; Merit Ontario has granted access to the Merit Ontario job board for these Pre-Apprentices at ([www.4openshop.ca](http://www.4openshop.ca)).



*"The industry is far more sophisticated then people realize and the Merit Job Board itself is an employer resource that rivals any alternative HR solution, This is where our Merit members hire."*

Frank Viti MERIT Ontario President



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INSIGHT

3  
CANADA'S UNEMPLOYMENT RATE HAS HIT UP TO 7.4 PERCENT



CHANGING IDEAS  
PLA's have helped to control costs and balance the interests of all parties in large projects

# Project labour agreements: A new trick or an old saw?

**Question:** Have you ever wondered how complex building projects like an airport, an electrical generating facility or a refinery get built?

**Answer:** There are thousands of workers on those sites and they have varied skills.

**Fundamental builders**

Carpenters, cement or brick masons and labourers work on the foundations; operating engineers and ironworkers erect the structural heart of the project; sheetmetal workers clad the outside of the buildings; steamfitters, plumbers, millwrights, more sheetmetal workers, boilermakers, and elevator constructors install the mechanical systems that are often brought to the site in enormous loads by teamsters and operating engineers; and carpenters and labourers make the scaffold that they stand on to work.

The systems work because the electric workers do the cabling and bring electricity to the complex structure; the bricklayers, painters, plasterers, insulators either insulate, install corrosion coatings, fireproofing or beautify the work (don't be fooled — the beautification has a practical purpose too); and the culinary workers prepare mountains of food and maintain accommodations for a host of people.

Within each of these groups are a number of smaller specialist trades; cooks, bakers, refrigeration mechanics, welders of all sorts that support almost all trades and nearly 50 more identifiable groups of workers. What do they have in common? Most often they work under a Project Labour Agreement (PLA).



“The PLA has proven so useful that some governments, as well as non-union and alternate unions, have utilized them.”

**Robert R. Blakeley**  
Canadian Operating Officer, AFL-CIO  
Building Construction Trades Department

**A structure rooted in history**  
Construction has been organized along craft lines since the pyramids were built. Contractors most often employ workers within one or two trade groups and only the largest general contractors will employ all trades. Union organization in construction has followed the way in which their employer partners do business; they are craft unions for craft workers.

The electrical workers (IBEW) represent electricians and electronic instrument mechanics (and the ubiquitous welders). The Plumbers (UA) represent plumbers, steamfitters, gasfitters, pneumatic instrument mechanics (and welders). The Plasterers (OPCMIA) represent cement masons, plasterers and fireproofers, and the lists go on.

**A complex negotiation process**

The number of trades unions and contractors makes for a large and complex team of workers on the building

of only one house; imagine what happens on a \$5 billion project, which will take in the vicinity of 30 million work hours to complete, and where each union group and employers' group must bargain for feasible agreements.

The employers are grouped into “employers’ unions,” by virtue of the legislative mechanism that every province, except Manitoba, mandates, in order to make the industries’ collective bargaining work. This means one collective agreement that results from one bargaining dispute, and if there is an economic sanction, one strike or lockout. In this process, there is a chance for up to 40 serial strikes given the province.

**A basic necessity**

The answer to the bargaining conundrum has been the PLA. The agreement applies across Canada on major projects where the Owner has a number of drivers to satisfy in order to make the job viable. These drivers include:

- Spanning bargaining rounds by no-strike, no-lockout provisions
- Tailoring common terms for all trades to suit the conditions
- Giving contractors the same terms and conditions of employment
- Increasing the base of contractors who will bid the work
- Achieving broader Owner policy goals for community and diversity causes, and for the creation of an operations workforce once the job is done
- Aligning goals like safety and productivity
- Collecting input and conducting effective dialogue through project steering teams and liaison committees
- Structuring workload, workplace safety, employee compensation, attraction and retention, as well as integrating apprentices and temporary foreign workers

**Project implementation**

The PLA has proven so useful that some governments, as well as non-union and alternate unions, have utilized them. It is instructive that virtually every PLA is initiated by a purchaser of construction, and once owners have used a PLA, they often insist on them thereafter. PLAs make sites safer, more productive and more innovative: all good reasons to utilize them for any significant work.



QUESTION & ANSWER

**What are the challenges facing the trades industry in the upcoming years?**

“Restrictive apprenticeship ratios in Ontario pose a significant challenge for the trades industry.”

**How can a career in the trades help prospects in being entrepreneurial and starting their own business?**

“Trades lend themselves to entrepreneurs since many trades people open small businesses which grow significantly; this is a national trend, however ratio’s in Ontario are undermining this long standing practice.”

**What areas of the skilled trades are facing a labour shortage?**

“Trades such as Plumbing, Electrical and Refrigeration Air Conditioning Mechanic are all experiencing a shortage with projected employment of 3,296, 6,416 and 2,170 respectively.”

**Why should someone consider a career in the trades?**

“A career in the trades presents many opportunities and good financial prospects. The trades are always in high demand and are projected to continue this trend placing a greater emphasis on the necessity for more skilled trade professionals over the next 15-20 years.”

**Considering the state of the economy, can the trades offer stable employment to recent grads?**

“Trades remain a strong aspect of the economy and projections indicate that we need 300,000 trades workers over the next 10 years. Unique aspects to trade work is that the skills are transferable and portable giving people greater access to areas that are in demand.”

**How do wage prospects in the trades compare to other industries?**

“Wage prospects are very competitive with experienced foreman earning approximately \$100,000.”

RUI CUNHA  
DIRECTOR OF OPERATIONS,  
PRE-APPRENTICESHIP  
TRAINING INSTITUTE

editorial@mediaplanet.com



SKILLED TRADES FACTS

Despite job losses caused by the economic downturn, Canadian employers continue to have difficulties filling positions because of a shortage of skilled trade workers.

In 2007, 57.4 percent of small business owners saw employee shortages as one of their most significant challenges, the highest level since 1989.

The return on training investment for employers represents an average revenue-cost benefit of \$1.47 for every dollar. That’s almost a 50% return, and it’s getting better every year.

The average annual salary for a skilled tradesperson is \$50,000 or \$10,000 more than the average Canadian wage of \$40,000.

Tradespersons in general actually earn a salary of approximately 3.1% above the average of all the careers combined in Canada, according to the 2001 census.

CHRISTIANNE SCHOLFIELD  
DIRECTOR,  
SKILLS CANADA  
editorial@mediaplanet.com

ROBERT R. BLAKELY  
editorial@mediaplanet.com



# Pensions, Promises and Justice for Working People



By **DON MACKINNON**

President  
Power Workers' Union

We teach our children from a young age that “a promise is a promise” and it is important that promises be kept because we know our society will be a better place to live if people keep their promises.

Like many good life lessons, keeping a promise has both a moral and a practical aspect. Our civil law is based in part on the theory that a promise in the form of a contract must be kept, and if it isn't, the courts will step in to enforce the promise.

This is how we maintain order in our society and ensure that commerce can flourish in the knowledge that a deal made will be enforced. When this isn't the case, business dries up or flees to other jurisdictions and the community suffers. That's the practical aspect of the need to keep a promise. The moral aspect is that we view it as wrong to make a promise to someone who relies on it, and then change our minds at the expense of the other party.

Yet people can forget their life lessons as they grow up, particularly when self interest gets in the way of justice. A case in point is the push to eliminate defined benefit pension (DB) plans or replace them with defined contribution (DC) plans.

While pension rules can be complex, the basic concepts are simple. A DB plan is one that promises a defined benefit at the point of retirement (e.g. a pension of 2% of wages per year of service). A DC plan promises nothing more at the point of retirement than whatever contributions made to the pension plan are worth at that date.

Over the years, employers in both the public and private sectors all over Europe and North America implemented DB plans as a means of attracting and retaining skilled labour (the practical aspect of the promise) and providing for a sustainable retirement for their employees as a reward for many years of good service (the moral aspect). Hence, from the outset, DB plans provided a benefit for both employers and employees and, when times were good, they flourished. In fact, they more than flourished.

Many of them generated large surpluses (money that wasn't needed to pay for the pensions promised to employees). Many employers (including the governments of Ontario

and Canada) took surplus funds out of DB plans to use for their own purposes. In fact, governments passed laws to allow them to do this, even though the employees claimed that the surplus, or part of it, belonged to the pension plan.

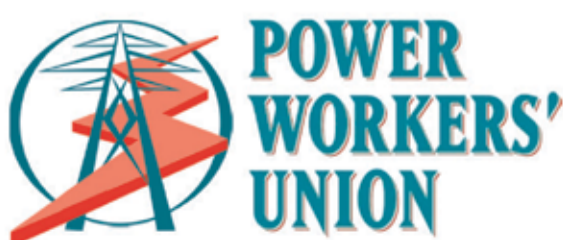
The employees' claim in this regard was based on the fact that both employees and employers contribute to a DB plan. Pension contributions are taken off every employee's pay cheque and employers make contributions for every employee they have. The system was designed to have everyone contribute to a fund that would pay employees (including managers) a set pension when they retire. That was the promise.

When interest rates and investment returns started to decline, many DB plans ended up in a deficit position (less money in the plan than the plan actuaries predict will be needed to pay out all the pensions). Note that many of these deficits only matter if the business ceases operations before the investment returns recover. That's not a likely scenario for a government, although companies do go out of business in the private sector. Nevertheless, there have been calls to convert DB plans to DC plans. This, of course, is driven by self-interest on the part of employers. A DB plan contains the promise of a fixed pension that was

agreed upon by employers and employees at the outset of their relationship, whereas a DC plan does not. The conversion from DB to DC shifts risk from employers to employees. The conversion would leave an employee promised a pension in a specific amount at a specific age without any certainty as to if and when they can retire and how much of a pension they will have when they do. This is not the deal they bargained and not the promise made to them during their working years contributing to a plan.

The proponents of conversion say times have changed and so should the nature of the pension plan, but this theory doesn't hold. DB plans were set up and funded on the basis of actuarial calculations that, in the long run, either the plan would be fully funded, or the employer would make extra contributions to make up for shortfalls, or the employer would reap benefits from a surplus.

The employers willingly took the risk because they also got the benefit of the regime – they attracted and retained the employees they wanted and they get to take the surplus out of the plan, which many have. There's nothing unfair about this. In fact, the unfairness would be to break the promise made to employees who have worked for years to fund a plan that promised them a defined pension.



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