Canada’s Union Construction Industry is Facing Its Most Severe Test Yet

In Canada’s construction industry, 1986 may well be the most critical year for collective bargaining in more than a decade. At least 140 multi-employer agreements covering well over a quarter of a million tradesmen are up for renewal in ten provincial jurisdictions.

The primary force driving industry negotiations is a serious inability to compete with new and powerful non-union competition. There is no doubt that in parts of Canada, contractors will be taking a hard line as they seek wage and benefit adjustments essential to survival in a difficult market.

A nation as large and diverse as Canada is faced with a multiplicity of economic factors. Lower oil prices tend to have a beneficial effect on the more densely populated industrial regions of Quebec and Ontario at the expense of Western resource based economies. The construction industry is plagued with unemployment rates exceeding 40% in the Atlantic region while certain trades are in short supply in the metropolitan Toronto area. While these factors may weigh heavily at provincial bargaining tables, the shadow of non-union competition is ever present and will, in the long run, exert the greatest influence over bargaining decisions.

Open Shop Gains in West . . .

In Alberta and Saskatchewan, most collective agreements expired in 1984 and all efforts to renew them have failed. In many instances, the contractors in these two Western provinces have unilaterally set wage rates for individual jobs and as much as 80% of all construction volume is completed by non-union forces.

The possibility of a major showdown looms on Canada’s West Coast where contractors are demanding real cuts in wage and benefit packages. British Columbia unions have thus far stood firm. As contract expiry dates of April 30th pass, there is little indication that a settlement is possible.

With the end of construction for Vancouver’s Expo ‘86, the West Coast construction industry is bracing for a substantial downturn in activity. Unless contractors improve their position through collective bargaining, the non-
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union share is certain to grow.

Bargaining in Manitoba on the eastern edge of Canada’s prairie west, has displayed a sharp contrast to negotiations elsewhere in Canada. Propelled by the construction of a major hydro dam in the far north of the province, Manitoba’s usual mediocre economic performance has taken a turn for the better.

Most multi-employer province-wide agreements in Manitoba have already been signed. In many cases modest wage increases have been exchanged for considerable improvement in benefit costs. In this province, union contractors are reported to be holding their own against the competition.

Bargaining in Ontario presents some of the greatest challenges in the industry. A surge in construction volume in major centres in this large industrial province has caused some unions to seek significant wage increases. Meanwhile, non-union contractors continue to take an ever-increasing share of the market in smaller communities. It is widely believed that any move to settle agreements containing irresponsible wage and benefit adjustments could trigger a major swing away from union construction. The major traditional purchasers of construction are known to be extremely cost conscious and are watching negotiations carefully.

In French speaking Quebec, bargaining got off to a slow start as unions jockeyed for position at the multi-trade bargaining table. A unique European style decree system gives the provincial government unusual powers respecting the negotiating process. In 1982 and 1984, government ended bargaining by imposing a contract on the parties.

Quebec unions are seeking wage adjustments of 5% in the first year and bargaining is likely to be protracted as contractors seek to contain the already high cost of labor.

In Canada’s four Atlantic provinces, attempts to gain concessions from the unions over the past year have achieved very modest results. In a comparatively slow economy, that has again been dampened by declining prices for oil and gas, union contractors are likely to be very hard to deal with.

Labour Canada, a department of
the Federal Government, reports that all private sector settlements in Canada during 1985 averaged 3.5%. The construction industry with only a few agreements bargained last year, averaged increases of 1%. There is little doubt this low average wage adjustment reflected the amazing growth of non-union competition.

In Western Canada, the rise of non-union construction has been phenomenal. It can safely be said that in Alberta and Saskatchewan, the change has been so swift and decisive that construction unions are in a state of disarray. As contractors now begin to establish organizations particularly devoted to ensuring the stability of open shop construction, it appears unlikely that unions can regain lost ground.

A Long, Hot Summer . . .

An interesting side issue in Canada is the fact that multi-employer province-wide bargaining is really being put to the test. The elaborate legislated systems put in place to contain the leapfrog settlements of two decades ago work much more effectively in limiting excessive wage settlements than in forcing concessions from hardened union negotiators. The fact that any contract must apply across a broad sector and to many contractors, clearly compounds the task for those charged with bargaining on the employer’s side.

Canada’s union contractors have long memories, however, and they are not likely to quickly return to the chaotic single employer arrangements that proved so costly and provoked an unacceptable string of work stoppages in the sixties. Nevertheless, collective bargaining in this industry does not function well when unions are required to react to the demands of contractors.

In Canada, it could be a long hot summer for industry negotiators. The Canadian Construction Association’s national joint committee which includes top international union leaders, has been urging cost effective measures for more than a year. In a joint publication entitled, “Ensuring Our Future” released in early 1985, business and union leaders warned that steps must be taken to reduce the total labour cost. It remains to be seen whether union bargaining agents can really respond to that challenge.