

## **Site "C"**

While Site "C" goes through its stages of approval we are aware that the government has held a preliminary meeting with some contractors. Building Trades unions and our employers are industry leaders in quality, on-time, on-budget production, skills training and workplace safety.

Our experience on hydro projects, in the Peace and Columbia river systems, is a ready resource of valuable contributions to the dialogue on labour supply, industry stability, training, safety and providing opportunities for minority groups who haven't traditionally been involved as construction workers (Women, First Nations and New immigrants).

Our recent agreement with Bechtel on behalf of its client Rio-Tinto Alcan is an example of a labour agreement that is a win-win for all sides.

## **Construction Industry Training Organization – CITO**

CITO is the first major ITO to find its feet under the new training model. Government funding for the ITOs is still to be determined. CITO's funding proposals will be before the Minister in the coming months. Of course the decisions in response to CITO's strategic plan will be scrutinized by other ITOs that are now finding their feet, specifically; the Resource ITO, Transportation ITO and the Residential Construction ITO.

Our training institutions are responsible for much of the momentum and stability in construction trades training. Collective agreements enable the Building Trades Joint Training Boards to invest over \$8 million annually in training. These investments produce over half of the completed certificates in the construction trades.

## **Gateway Program**

The Building Trades have been involved as participants and stakeholders in the federal Asia-Pacific Gateway Strategy. At the federal level our expertise and investments in skills development are sought out to help ensure sound public policy and considered decision making.

The provincial Gateway Program can similarly benefit from involvement which includes the Building Trades Council and member unions.

## **Supporting tendering opportunities for small and medium BC construction companies on PPPs.**

The Building Trades support Public/Private/Partnership construction projects. The PPP model provides investment capital for public projects that would have

otherwise been difficult to finance. In spite of this support we oppose strategies by some foreign project managers that effectively restrict BC construction companies from participating in the tender bid process.

When the prime contractor refuses to break down large construction projects into manageable packages, small and medium BC companies are left on the sidelines. When it takes a minimum of \$100 million to bid on component projects the small or medium sized contractors are frozen out. When construction managers tender through the back door to their friends or associate off-shore companies, how does this promote BC Business?

A hypothetical example can be taken from the upcoming South Perimeter Road. Let's say that six overpasses are required for the project. Each has an estimated cost of \$20 million. If the prime contractor decides to build them all or to only allow a concession to a company that will build all six, many BC companies will be unable to secure the bonding required for such a large project.

The consequence of this prime contractor strategy is disastrous for BC companies, workers and the provincial economy. BC construction companies and workers watch with consternation as foreign firms employ off-shore engineers and office staff. Pay packages that travel out of the country with the foreign workers are a loss to the BC economy and local communities.

Eventually the long term survival of smaller BC contractors depends on the ability to bid and win component projects on large infrastructure works. The evolution towards large all inclusive work by large companies is also bad for competition. Eventually we will be left with monopoly control over the construction industry.

We recognize that not all PPPs are alike. Road construction projects in remote and distant locations combined with the economies of scale of a large project may not favour the tendering of component work. Projects in the suburban and metro area of Vancouver are different. Here the labour pool is close to home and the expertise of small local companies can be put to a productive advantage. Variations in geography and size also impact Triple P projects in the institutional sector. A new hospital or school in remote BC may not be able to attract tender bids from small BC contractors. However, a new hospital or school located in the busy metro Vancouver area will provide opportunities for many small contractors.

We also recognize that PPPs, as private investment models, limit intervention from government. But this is a side issue. What we are asking for is public policy that requires fair and open tendering on all construction projects, public and private. If PPPs are used by multi-national construction companies as a vehicle to avoid open tendering then it's a corruption of the PPP model, not of PPPs in-and-of themselves.

In summary we ask the Minister to consider the long term public policy implications of allowing large off-shore lead contractors to retain all of the component project work for themselves.

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