

VRCA Vancouver Regional Construction Association

December 18, 2018

Hon. Bruce Ralston
Minister of Jobs, Trade and Technology
Province of British Columbia
Room 137 Parliament Buildings
Victoria, B.C. V8V 1X4

By email only: JTT.Minister@gov.bc.ca

Re: Follow-up from meeting on December 13, 2018

Dear Minister Ralston:

Thank you for meeting with our delegation last Thursday to discuss the impact of Canadian tariffs and safeguards on steel imports from the U.S. and non-U.S. countries.

As touched upon, the Vancouver Regional Construction Association (VRCA) is the oldest and largest construction association in British Columbia and fifth largest in Canada with a rich history that spans almost 90 years. It serves more than 700 general and trade contractors, manufacturers, suppliers and professional services providers such as architects, engineers, lawyers, accountants and insurance providers, who operate as both union and open-shop employers in the industrial, commercial, institutional and high-rise residential construction industry.

VRCA is an independent, non-partisan organization with a mandate to advocate on business issues affecting its union and open-shop members and/or industry at large. The association uses its member feedback to inform its advocacy activities as well as those of its partners, the BC and Canadian Construction Associations.

As we shared, VRCA is very concerned about the effect the Canadian tariffs and safeguards on steel imports will have on its members and the B.C. construction industry.

Canada is a net importer of steel. That, together with the fact that it is prohibitively expensive to transport steel product across the country by rail, means that our members and others across the province need to import products that include heavy plate, reinforcing steel and hot-rolled sheet, from the U.S. and Asia Pacific. The tariffs and safeguards introduced on July 1 and October 25 respectively increase the cost of those imports.

Our request to Prime Minister Trudeau and Minister Morneau of November 7 was twofold:

- To ensure that steel products in transit to Canada prior to the introduction of safeguards on October 25 be excluded from tariffs; and
- To allow a regional remission of 100,000 tonnes of rebar be allowed into British Columbia.

At date of writing, the federal government has neither acknowledged nor responded to our request.

The result is that the construction industry is operating in a state of uncertainty regarding the cost of product, delivery of product to site and associated implications for the construction schedule itself.

Bluntly put, the construction planned for spring 2019, and therefore jobs associated, are at risk. Anecdotally, we are hearing that developers are choosing to delay or cancel projects until certainty returns. While public infrastructure cannot be delayed or cancelled, the impact of tariffs and safeguards on a project's cost and construction schedule, and ultimately the taxpayer, cannot be over-stated.

On that basis, we appreciate the opportunity afforded to our members to help inform the provincial government's submission to the CITT, and urge you to ensure that your representatives attend the hearing, scheduled for mid-January, in person to vigorously defend its position.

Although not part of our meeting agenda, we appreciate your questions about our association's opposition to the government's Community Benefits Agreement (CBA). Our position is shared by many business and industry associations, including the BC Construction Association.

As we confirmed, Premier Horgan's goals to bolster apprenticeship ratios and create hiring opportunities for women and Indigenous workers are worthy goals that are already being addressed by industry in a variety of ways. Our concerns about this government policy are three-fold:

- There was a lack of full industry consultation leading up to the Premier's July 16 announcement.
- The CBA is coupled with a Project Labour Agreement that stipulates workers on the named projects i.e. the Pattullo Bridge replacement project and the project to widen the Trans-Canada Highway from Kamloops to Alberta, must be unionized.
- Since the announcement, there has been a lack of clarity regarding fundamental operational questions posed by our members regarding how the new crown corporation will source employees in an already tight labour market and how it proposes to allocate project risk.

As a non-partisan organization that represents both union and open-shop employers, it is extremely important to us that your government understands we are concerned not about who does the work, but rather how it gets done. We are deeply concerned that in its current form, the CBA model will have enormous consequences for our industry and for taxpayers. Specifically, it will:

- Result in local companies facing potential barriers to participate in or, not bidding on, key public-sector infrastructure projects in B.C.;
- Result in out-of-province companies building B.C.'s infrastructure and returning the economic benefit to their respective jurisdictions; and
- Exacerbate an already tight labour market that needs all the skilled workers it can find.

We would therefore appreciate the opportunity to meet with you and your colleagues again to share details of current industry activities and future plans to bolster apprenticeship ratios and create hiring opportunities for women and Indigenous workers and to shape a way forward that serves the government's goals, supports industry's current and future workforce development initiatives and ensures best value for taxpayers' dollars.

Please contact me directly at ffamulak@vrca.ca or at 604.293.6585 if you have questions.

Regards



Fiona Famulak
President