

**Winnipeg Free Press Article – March 16, 2004:
*Master Labour Agreement: In the Interests of Taxpayers – Ernie Gilroy, CEO***

During the 1997 “flood of the century”, Winnipeg came within inches of a disaster. Many rural Manitobans had their lives disrupted in a way we will never forget. Despite the fact the floodway saved billions of dollars in losses, residents rightfully demanded improved flood protection for the Red River Basin.

The proposed expansion of the Red River Floodway is a priority that will improve the quality of life for all Manitobans. As one of the largest infrastructure projects in Manitoba’s history, it will provide increased flood protection for local homes and businesses while creating thousands of local jobs.

The expansion of the floodway will respect the environment and provide citizens with an opportunity to help shape the future of their communities. This project features many complex elements and will require several contractors working side-by-side.

At the entrance of Winnipeg, there is a control structure that needs to be strengthened to hold back much more water than 1997’s flood. The Trans-Canada Highway and both national railways cross the floodway. Bridges must be rebuilt without undue disruptions to existing traffic flows.

Approximately 34 million cubic metres of earth will be excavated. Winnipeg’s water supply and Manitoba Hydro’s main distribution line cross the floodway. They need to be modified. Dikes, control structures and drainage systems will be strengthened.

Environmental impacts, floodway operation, mitigation, water levels, compensation, recreation and economic opportunities will be the subject of additional public consultation sponsored by the Authority.

However, with opportunity, there is also risk.

A significant portion of our budget is dedicated to labour costs. The price of uncertain labour conditions on a project of this size is dramatic. A delay of one construction season will cost taxpayers tens of millions of dollars. As a result, we have made a choice to negotiate a single master labour agreement for the project.

Many of the workers on the job site will be union members working under a variety of collective agreements with different end dates. A master labour agreement will bring all of these workers together under one agreement for the entire length of the project.

Project labour agreements allow all contractors to bid on work – union and non-union. If a contractor operates non-union on non-project work, they continue to do so.

This agreement will provide for continuous, orderly work and more certain labour costs during the life of a project. It will help level the playing field for prospective bidders and allow for dispute resolution mechanisms.

Project labour agreements achieve important social objectives such as cost certainty, local hiring, job training and employment equity. In the case of the floodway, there are significant training opportunities for Manitobans – in particular Aboriginal youth, women and Metis – which will be included in our agreement.

Training partnerships will extend the benefits of flood protection. An industry suffering a shortage of skilled workers will benefit from an increased number of well-trained construction personnel – as will future Manitoba construction projects.

Project labour agreements are not new. Manitoba Hydro has used them for decades. Prior to the 1960s, Manitoba Hydro experienced a legal work stoppage that delayed the construction of

the Grand Rapids project one year. Subsequently, Manitoba Hydro chose to establish labour agreements for other development projects, notably the Limestone Generating Station – a project that came in on time and under budget.

Simplot, Tembec and Hudson Bay Mining have implemented similar agreements in Manitoba. The results have also been projects on-time and on-budget. In the public sector, Ontario's \$900 million Highway 407 project was constructed with a project labour agreement under the Mike Harris Conservative government.

Critics have suggested a master labour agreement for the floodway will cost local jobs. We should not sell Manitobans short. Manitoba workers are highly skilled and will share the benefits of this investment.

Some suggest a single labour agreement will increase the project's cost. The experience with other project labour agreements show the opposite is true. Without one, we would be managing dozens of extra contracts, risk a work stoppage and spend more money on administration - less for flood protection.

Additionally, I do not believe that employee benefits and pensions are unnecessary costs in today's marketplace.

The same critics suggest we should delay the floodway project until a review of the *Construction Industry Wages Act* is initiated, conducted and completed. Residents of the Red River Basin have waited long enough for flood protection and delaying this project one year will cost taxpayers millions – not to mention the loss of flood security.

Some have even asked if the floodway expansion project is being funded just to politically manipulate and force unionization upon the marketplace. Nothing could be further from the truth. Given the complexity of the project, the number of competing interests, the urgency of flood protection and the costs associated with unforeseen delays, the decision to establish a master labour agreement simply makes sense.

The Authority has just announced the next round of public consultation on the floodway expansion and in the coming days, we will invite Manitobans to give us their ideas about additional economic opportunities that may be associated with our work.

We need Manitobans to participate in that process and join this discussion. The floodway project transcends union and government politics. It transcends the border of Manitoba. The expansion of the Red River Floodway is an important national and international priority for Canada too.

As the Authority's CEO, I want taxpayers to know that underpinning all of our decisions is a mandate to get the new floodway built before the next big flood hits.