

Ripples of labour discontent hit Toronto condo construction

Shane Dingman Real Estate Reporter

Staff

Toronto

Published June 13, 2019 Updated June 11, 2019



In some senses the disruptions are predictable: All the construction trade unions in Ontario renegotiate their contracts every three years. But extended work stoppages are unusual.

Fred Lum/The Globe and Mail

As the Toronto development industry continues to roar through one of the hottest building booms in decades you might not even know that one of the largest construction labour disruptions in 30 years is happening right in Ontario.

Until Tuesday this week, two major groups of unionized construction workers were on strike – plumbers and steamfitters as well as sheet-metal workers – which combined to represent more than 22,000 workers. The main issue in the contract demands from the employers was to extend the current 36-hour work week to 40 hours. On Tuesday, the plumbers and steamfitters announced a tentative agreement after the seven-day work stoppage, retaining the 36-hour work week, with a 6.7-per-cent wage increase over three years.

“It’s a little bit of a strange situation in my view, in the sense that over the last 30 years we’ve had very little lost time hours to strikes or lockouts,” Patrick Dillon, business manager and secretary treasurer of the Provincial Building and Construction Trades Council of Ontario, said. “At a time when we’re probably as busy now as we’ve been almost any time in the 30 years, at least some of the contractors have chosen now to dig in.” The plumbers have been on strike since the end of May, while sheet-metal locals have been on the line for six weeks already.

In some senses the disruptions are predictable: All the construction trade unions in Ontario renegotiate their contracts every three years. But extended work stoppages are unusual. “Two contracts ago, the operating engineers were out, at that time probably 8,000-9,000 workers,” Mr. Dillon said. But what surprises him is the 36-hour weeks have been part of the contracts for sheet-metal (who often work on heating, ventilation and cooling jobs) and pipefitters since the late 1960s. “Those trades were on strike for six to eight weeks for reduced hours of work; it’s surprising the contractors think they are going to get those hours of work back without a strike.”

While the majority of construction trade unions in residential and commercial work have agreed to new contracts, some such as the Teamsters traditionally wait until later in the bargaining period to finalize deals.

“Out of 25 trades in the ICI [Industrial, Commercial and Institutional] eight have not settled their contracts,” Wayne Peterson, executive director of the Construction Employers Coordinating Council of Ontario, said. “This round is very unusual; that you have two major trades out. That we haven’t seen in 30 years. ... But it was also a very slow start to negotiations. Normally we would begin to bargain in December and be wrapped up by mid-April.” In part, Mr. Peterson believes the provincial government’s recent legislation affecting labour concerns such as sick time and scheduling have created discontent among workers.

Mike Gallagher, business manager of Local 793 of the International Union of Operating Engineers, which represents 14,000 crane and equipment operators, said only a small subset of the trades he represents – those working on drains – are currently having any contract disputes.

“From my perspective, the vast majority of other associations ... have been able to negotiate fair deals. There was some hard bargaining, but we didn’t face any major concession demands,” he said, in contrast to what pipefitters and sheet-metal laborers are facing. “If you’re demanding concessions like that in a strong work picture, that doesn’t seem appropriate. ... [The employers have] been able to be successful for a long period of time.”

The employers who pushed for concessions did so at a time when developers are keenly aware that one of the major issues in the sector is rising costs. An Altus Group research paper found 60 per cent of development industry professionals worried that “project cost escalation [and] trade/labour shortages” would be a problem for the next five years.

“The bigger driver [of cost increases] is the productivity,” David Schoonjans, Altus Group senior director in cost consulting, said. “When it’s really busy and your average worker produces less – because you have a lot of new people coming into the trade – that can drive up labour costs generally much more quickly than salary demands.”

“All these cancelled condos? There were varying reasons but some of that was simple unpredictability,” Mr. Schoonjans said. “Historically, your cost increases were a couple per cent per year, but in a market where it’s going up 10 or 12 per cent per year, you can’t make the project work.” He said one of the hottest trades he tracked was concrete formwork, where costs rose close to 60 per cent between 2016 and 2019.

Another labour issue that has experts concerned is the ability to recruit new workers into these critical trades.

Andrew Pariser, vice-president with the Residential Construction Council of Ontario, said most of the residential contracts have been resolved, but he reckons more than 100,000 skilled workers will need to be recruited to construction trades in the next 10 years to avoid labour shortages. He said 91,000 trades workers are scheduled to retire over that period – 40,500 in the Greater Toronto Area (GTA) alone. But even in a red-hot construction sector – with 104 cranes operating in the GTA – young people don’t seem to grasp the appeal of swinging a hammer.

“Construction has a marketing problem,” Mr. Pariser said. “As a society, we’re pushing people toward university and college, and even those students who don’t thrive in school or after take a circuitous route back to physical labour. Researchers who look at the average age of apprenticeships see a young person is graduating high school, doing something other than construction and then after the better part of a decade maybe you’ll see them getting into a skilled trade.” As a result, Mr. Pariser said: “We have a real shortage in high-rise residential construction, specifically in crane operators, concrete forming and window installers.”

And, it’s an attitude even those who study the issue can fall prey to.

“Personally I’m not raising my kids to be formwork carpenters,” said Mr. Schoonjans, who has seen boom and bust construction labour markets up close in Calgary over the years. “It’s not a profession that attracts the attention that it probably should.”