



April 29, 2005

Mario Racco, MPP  
Chair  
Standing Committee on Social Policy  
Room 1405, Whitney Block  
Queen's Park  
Toronto, Ontario  
M7A 1A2

**RE: Bill 144, Labour Relations Statute Amendment Act**

Dear Mr. Racco:

Canadian Manufacturers & Exporters (CME) is run by business, for business. Canada's leading business network, its members account for 75% of Canada's industrial output and 90% of its exports. CME's mission is to provide value add to all members from coast to coast through advocacy, education and networking. Over the past eight years, CME's members have been responsible for over 45% of the new jobs created in the Canadian economy.

CME has recently completed the first stage of a major cross country initiative entitled "Manufacturing 2020: Building our Vision for the Future". From this dialogue with over 2500 stakeholders, CME heard that manufacturers are facing intense pressures from emerging markets (i.e. China), the rapid appreciation of the Canadian Dollar, regulatory impediments and increasing business costs. Manufacturers are facing the very real and difficult decision of whether they are forced to move operations out of Canada. This is not a threat, but a call to action on the part of the manufacturing community and the government, to recognize the importance and contribution of manufacturing in Canadian society and to work together to ensure a vibrant future for manufacturing in the future.

CME is concerned that Bill 144, *Labour Relations Statute Law Amendment Act* will not achieve the stated objective of "promoting stable labour relations and economic prosperity by introducing legislation that would ensure fairness and choice in Ontario's workplaces".<sup>1</sup> This Bill will have an unintended regressive impact on labour relations and promote egregious misrepresentations of employer conduct and intimidation from unions. We have had many years of stable labour relations, and see no need for these amendments.

The first specific area of challenge is regarding section 11 of Bill 144, which would allow for "**remedial certification**" powers to return to the Ontario Labour Relations Board. Allowing for remedial certification undermines the underpinnings of democratic society. Employees' right to vote on union representation could be contravened by a government body (the OLRB) that is not democratically elected and is accountable to no one.

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<sup>1</sup> <http://www.gov.on.ca/LAB/>, *New Law Would Foster Fair and Balanced Labour Relations*, Nov. 3, 2004

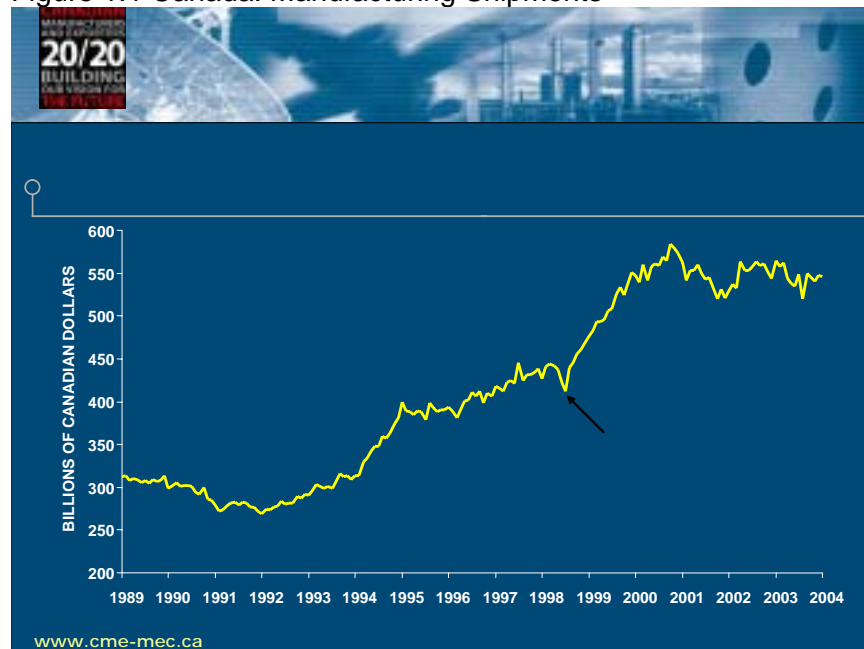
Validating these powers could result in a situation where a union is certified even where a minority of individuals favour such representation (less than 40 percent). Union formation should continue to exist if and only if, it is voted upon by secret ballot by the employees of a given organization.

If passed, remedial certification would induce unions to raise challenges to companies in the hopes of achieving remedial certification irregardless of the true wishes of the employee population. This would create labour relations strife and violate an individual's right to chose whether they wish to be represented by a union. The existing powers of the OLRB provide an ideal balance of employee and employer interests by retaining the right to order a second, secret vote in the event of a contravention or suspicion thereof.

Furthermore, CME wishes express concern for the proposed re-introduction of **card based certification** for the construction industry. We have no desire to see the construction industry return to the "dark ages" of labour relations that were characterised by card based certification and intimidation tactics from unions.

The government must consider the importance of manufacturing in Ontario and the potential damage to the economy that may be caused by the passage of this bill. More than one million Ontarians are employed in manufacturing and every \$1 invested in manufacturing generates \$3.19 in economic activity. As demonstrated in Figure 1.1, labour relations have a significant impact on the economy. A single disruption can have a ripple effect throughout the North American economy. In this instance, a disruption at a strike at a break plant in Saginaw Michigan in 1998 resulted in a loss of \$20 billion to the Canadian economy.

Figure 1.1 Canada: Manufacturing Shipments



CMEs recent *Manufacturing 20/20* initiative determined that manufacturing is indeed at a crossroads. CME's 2004-2005 management issues survey indicated that 23 percent of companies surveyed stated that the provincial policy environment was getting worse while only 2 percent stated that conditions were improving. For example, the resources and costs associated with complying with Employment Standards Act changes (hours of work) are considerable. Many manufacturing facilities operate 24/7 where process shutdowns are not possible (i.e. steel, plastics, petrochemical, etc.). Significant resources must be expended to get sign off from all the employees.

These resources could otherwise be used to invest in research or efficiency improvements that are often desperately needed. Bill 144 threatens to become another example of misspent resources without achieving the intended purpose: preventing illegal employer contravention.

The current reading of Bill 144 will result in an employee being punished for the contravention by the employer by taking away the employees right to vote. This action would be counter intuitive and counterproductive.

There is cause for optimism in that 32 percent of respondents to the management issues survey indicated that general business conditions were improving while only 20 percent responded that conditions had deteriorated. The government must continue to play an important role in order to fulfill the manufacturing 2020 vision of a vibrant manufacturing sector by the year 20/20 and per capita GDP parity with the United States. In doing so, the government must recognize that de-stabilizing initiatives such as Bill 144 will jeopardize future investment in the province and circumvent years of progress in labour relations.

I look forward to continuing to provide input on behalf of CME members that will assist you in making the difficult decisions for all Ontarians.

Regards,

A handwritten signature in black ink, appearing to read "Ian Howcroft". The signature is fluid and cursive, with a large initial "I" and a long, sweeping underline.

Ian Howcroft,  
Vice President, Ontario Division  
Canadian Manufacturers & Exporters