

Independent Auditors' Report

To the Members of the Greater Toronto Sewer & Watermain Contractors' Association:

We have audited the accompanying schedule of certain hourly labour rates of the Greater Toronto Sewer & Watermain Contractors' Association (the "GTSWCA") for the period from May 1, 2018 to April 30, 2019 (the "schedule"). The schedule has been prepared by management of the GTSWCA in accordance with the Ontario Provincial Standards for Roads and Public Works, November 2006, related to payment for labour up to \$3,000 (the "Ontario Standards").

Management's Responsibility for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the Ontario Standards, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the evidence we have obtained sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the schedule of certain hourly labour rates of the Greater Toronto Sewer & Watermain Contractors' Association for the period ended from May 1, 2018 to April 30, 2019 is prepared, in all material respects, in accordance with the Ontario Standards.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the fact that the schedule has been prepared in accordance with the Collective Agreements. The schedule is prepared to assist members of the GTSWCA in the process of charging customers for services rendered in the Greater Toronto Area. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the GTSWCA, its members and their customers in the Greater Toronto Area and should not be used by parties other than the GTSWCA, its members and their customers in the Greater Toronto Area.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

July xx, 2018

Licensed Public Accountants

Greater Toronto Sewer and Watermain Contractors' Association Schedule of Certain Hourly Labour Rates

For the period from May 1, 2018 to April 30, 2019

Classification	Hourly Rate - Straight Time	Overtime - (Weekdays & Saturdays)	Overtime - (Sundays & Statutory Holidays)
	<i>(Note 1)</i>	<i>(Note 1)</i>	<i>(Note 1)</i>
Foreman - Open Cut	\$ 93.46	\$ 129.69	\$ 166.28
Lead Miner - Tunneling <i>(Note 2)</i>	\$ 92.91	\$ 128.48	\$ 164.38
Operator <i>(Note 3)</i>	\$ 91.17	\$ 127.11	\$ 163.04
Pipelayer	\$ 87.43	\$ 120.67	\$ 154.24
Pipelayer's Help	\$ 85.30	\$ 117.46	\$ 149.97
Labourer - Open Cut	\$ 83.99	\$ 115.50	\$ 147.35
Labourer - Tunneling <i>(Note 2)</i>	\$ 87.83	\$ 120.86	\$ 154.23
Fuel Truck Driver <i>(Note 2)</i>	\$ 84.31	\$ 117.75	\$ 117.75
Flag Person	\$ 74.70	\$ 101.56	\$ 128.77

Note 1 Hourly rates include:

- (i) Wages and benefits per the collective agreements with A Council of Trade Unions Acting as the Representative and Agent of Teamsters' Local Union 230 and Labourers' International Union of North America, Local 183, and International Union of Operating Engineers, Local 793, each for the period from May 1, 2016 to April 30, 2019.
- (ii) Provisions for payroll related taxes and insurance premiums, as follows:
 - Canada Pension Plan premiums at 4.95%;
 - Employment Insurance premiums at 1.66%;
 - Employer Health Tax at 1.95%;
 - Workers Safety Insurance Board premiums at 5.98%; and
 - Contractor liability insurance premiums at 0.6%.
- (iii) 35% markup to the underlying costs of labour.

Note 2 Rates applicable to Tunnel Work in Board Area #8 and Simcoe County.

Note 3 Rates applicable to Open Cut Work in Board Area #8 and Simcoe County south of highway #88 for engineers operating cranes, clams, shovels, backhoes, derricks, pile drivers, gradalls, mobile cranes, caisson boring machines 25HP and over, side booms and similar equipment.