



First Half Construction Intentions Down

The value of construction intentions declined 6% in the first half of the year, compared to the same period in 2010 as a result of a significant 26% decline in the commercial sector's intentions according to the Ontario Construction Secretariat (OCS).

Building intentions in this sector were down across almost all building types, including office, recreational, warehousing and retail buildings. Conversely, permits for service stations were up 131% because of ongoing redevelopment of service stations along the 400 series highways and the renovation of stations recently purchased by Husky Energy.

On a regional level, OCS reported that Toronto and Central Ontario accounted for most of the decline in commercial intentions — 17%. However OCS noted this came off the heels of "record levels of activity experienced in 2010" adding that "this moderation in 2011 could represent a return to more 'normal' levels, rather than a full-blown weakness in commercial construction".

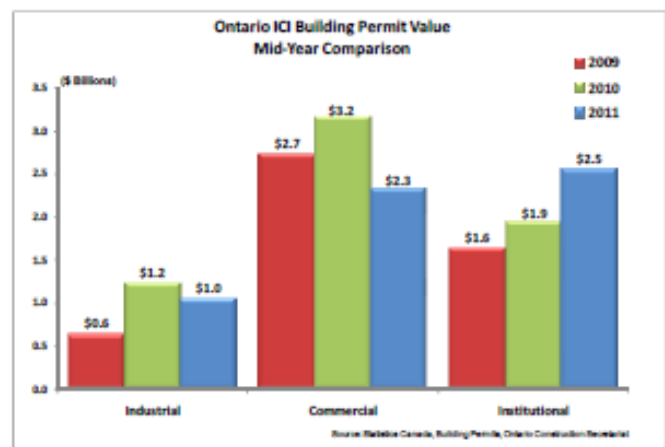
Toronto commercial intentions dropped in the first half of this year with the value of office building permits also dropping significantly in the same period. But this followed very strong increases in commercial building in both 2010 and in 2009 which may explain some of the weakness observed in Toronto's commercial market. On a go forward basis it will be difficult to determine if this weakness in the commercial building sector will continue. Market fundamentals have been decent this year, however with the latest round of economic uncertainty adversely affecting world markets, any positive confidence that has been built since the autumn of 2009, may be undermined by these latest realities.

Industrial intentions were also lower over the first half of the year (down 14%), versus the same period last year. However, OCS reported that it was narrowly concentrated in the transportation/utilities component which was down 45%. Additionally, this retrenchment followed a massive gain of 260% experienced in 2010. In contrast, building intentions for both mines and factories/plants

were stronger in the first half of the year, reflective of dramatically improved prospects for both these sectors. However OCS noted that the outlook for industrial building is questionable "because of several factors, not the least of which is the ongoing economic uncertainty and weakness south of the border". In fact, there is a significant risk that the U.S. economy may dip back into recession. However, and notwithstanding, some major projections have indicated that at least \$20 billion worth of industrial projects are slated to be started over the next three years providing some encouraging news to this sector.

OCS reported that the Institutional sector has been the mainstay of the ICI sector with record levels of permits issued over the January to June period. Growth in this area was concentrated in government buildings and hospitals.

Regionally, these Institutional growths were concentrated in Eastern and Southwestern Ontario. In fact, Institutional permits in Southwestern Ontario beat their 2010 gains. However, the biggest increase in institutional intentions occurred in Toronto where a record \$1.6 billion dollars worth of permits were issued, more specifically it was 5% higher than the value of institutional construction intentions for the whole of 2010, which in of itself was a record year.



Minority Government May Mean Slow Progress



Ian Cunningham, President of the Council of Ontario Construction Associations (COCA) stated that a minority Liberal Government could result in slower progress in implementing plans. "The minority situation makes it less likely that the government will move forward on big or controversial initiatives. It'll have to move forward on an issue by issue basis, seeking support for their initiatives from the parties in opposition," said Cunningham.

Earlier this year the Liberal government released a long term infrastructure plan that committed \$35 billion in spending over the next three years. Cunningham fears that this plan, which focuses on core infrastructure and networks including public transit, highways and bridges, may be held up by the minority government elected in Ontario. As part of their long-term infrastructure plan, the Liberals argued that they would create more jobs for tradespeople, promising to remove barriers so apprentices

can complete their training. However, Cunningham stated that he would like to see more in terms of job creation, noting that "some simple things can be done to make the construction industry dynamic and be better positioned to support a growing economy and that is through a more competitive WSIB system, reforms to the Construction Lien Act and the introduction of prompt payment legislation for construction projects in Ontario". He further noted that "these are no cost changes that in economic terms would simply increase the velocity of money in the economy and contribute to a more prosperous Ontario."

COCA has been pushing to get Queen's Park to pay more attention to the industry and a minority government just might be that perfect opportunity. He argued that the ruling Liberal government will need to listen to the other parties of the legislature forcing and requiring Industry Construction Associations, like COCA, to deal with both government officials and the opposition parties because they "will become more relevant and more important in the political mix," said Cunningham.

George Gritzotis Named Chief Prevention Officer



As recommended by the Tony Dean Expert Panel, the Ontario government has named George Gritzotis as Ontario's Chief Prevention Officer (CPO) and the Ministry of Labour's Associate Deputy Minister. Mr. Gritzotis has extensive experience working with national labour-management partnership organizations on human resource development, occupational health and safety, and labour market policy issues.

Since 2001, Mr. Gritzotis has served as founding executive director of the Construction Sector Council (CSC), a national organization committed to developing a highly skilled workforce that will support the human resource needs of Canada's construction industry.

As the CPO, Mr. Gritzotis will be responsible for working with the Prevention Council, ministry colleagues and system partners to establish a provincial occupational health and safety strategy. He will work to better coordinate and align Ontario's workplace health and safety prevention system and with the input of the Prevention Council, he will advise the Minister and Deputy Minister of Labour on strategic priorities.

The CPO is authorized to set standards to enhance health and safety training and will be responsible for working with Ontario's Health and Safety Associations to establish effective delivery of prevention programs and services.



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