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March 2021

PETER HALL PRESENTS GLOBAL ECONOMIC UPDATE TO CCA CONFERENCE



In his presentation to the Canadian Construction Association's virtual annual conference, Peter Hall, Vice President and Chief Economist at the Export Development Corporation echoed many of the points raised by Benjamin Tal Deputy Chief Economist with from the CIBC capital markets that we reported on in a recent COCA newsletter. Here are some of the highlights of his Global Economic Update:

- There have been three waves of cases globally
 - The graph of the global case count is the best leading economic indicator
 - The case count in the US is falling precipitously
- The vaccine rollout in the US has been very effective
 - Canada is doing its best to secure supply of vaccines
 - This is setting up a wave of growth in the second half of 2021
 - The Biden Plan is injecting \$1.9 trillion into the US market that will unleash a torrent of economic activity

The Consumer Sector

- The fundamentals underlying the world and US economies are strong
- The consumer sector is responsible to 60% of economic activity – 70% in the US
- The recovery will not be driven only by stimulus – there is enormous pent-up demand
- The US housing market just started to recover from the great recession just before the pandemic struck
- Throughout the pandemic, most people kept their jobs but because of restrictions had nothing to spend their earnings on
- Through the pandemic, US demand deposits grew exponentially and today represent about 14% of GDP; same for Canada and Europe where demand deposits stand at 11% of GDP; there has been a savings explosion in the US, Canada and Europe; this will pack a big economic punch when it is deployed in the economy

Exports/Trade

- There was a movement against globalization prior to the pandemic
- China's international trade recovered extremely quickly, Canada has now fully recovered and the US is still recovering
- Recovery of construction in the energy and aerospace sectors will be slow

- Recovery of construction in automotive has been slowed by supply constraints
- Tourism, hospitality and service industries are extremely slow
- Business services where people are required to travel is constrained
- Recoveries will vary industry by industry
- In terms of real GDP the world economy will grow by 5.7%, developed economies will grow by 4.2%, emerging economies will grow by 6.5% and the US will grow by 6.3% this year and 3.9% next
- There are a number of problems in Canada: i) the domestic market is not a high growth market; ii) there is a housing bubble in Canada; iii) there are no savings; iv) Canada's trade is falling behind OECD
- If Canada's economy is to grow, it will have to be through trade
- Today, about 75% of Canada's trade is with the US and only 5% is with China; growth in trade with the US is forecast to be only moderate but growth in trade with China could be phenomenal
- By 2048 China could be Canada's largest trading partner
- To accommodate growth, Canada must address its \$100B infrastructure deficit
- Australia with only 25 million people and the same distance from China as Canada is getting huge trade growth with China; no reason why Canada should not plan for the same
- There is an investment boom in store: digitizing, robotizing, mechanizing, AI; re-shoring, near-shoring
- While there is a lot of liquidity out there, the spare capacity from the pandemic is enough as a buffer against inflation

RECENT ADVOCACY ACTIVITIES



Our advocacy to seek priority for construction workers in the queue for vaccinations was successful. In the guidance issued by the Provincial Government on March 23, 2021, construction workers are scheduled for vaccinations in the last half of June, before the general population. Of course the schedule could be adjusted depending upon the supply of the vaccines, sooner if more than the expected number of vaccine doses are received, later if less.

COCA's WSIB-OH&S Committee responded to the Ministry of Labour Training and Skills Development's consultation on the legislated five-year review of the Working at Heights (WAH) program standard and training provider standard. As the basis of its own submission, the Committee used a draft developed by a working group made up of labour and management members from the construction and the electrical utilities section 21 committees. The Committee endorsed the working group's draft and added to it during a virtual consultation with ministry officials.

The WSIB-OH&S Committee also provided advice to the Ministry of Labour Training and Skills Development on moving the first aid regulation from the Workplace safety and Insurance Act to the Occupational health and safety Act where it will affect all Ontario workplaces.

At its recent meeting, the COCA board of directors struck a task force to examine the restrictive regulations of the Government of Quebec that unfairly limit the ability of Ontario construction companies to perform work there and restrict the ability of Ontario resident workers to work there. On the recommendation of the task force, COCA's executive committee approved a study on this issue.

2021 -2030 BUILDFORCE CANADA REPORT RELEASED

BuildForce's annual study of the construction labour market was released on March 23, 2021. Here are the Ontario highlights:

- By the end of the decade, the construction industry in Ontario will need to hire, train and retain more than 116,000 additional workers to keep pace with expected growth in demand and retirements
- Intra-provincial labour mobility to satisfy peak regional requirements will be limited by competing demands for labour
- Construction employment is forecast to increase from the 2020 level by 35,180 workers by 2026, up by 9% and then moderate thereafter to end the decade up 23,540 workers over the 2020 baseline
- 92,500 workers or 21% of the 2020 workforce are expected to retire during the period
- It is estimated that the industry will recruit 84,800 new entrants aged 30 and younger from the local population
- That leaves a gap of 31,400 workers that will have to be recruited into the industry from outside the industry's normal course
- BuildForce points to the possibility of recruiting more women into the industry (women make up only 4% of on-site construction employment), more indigenous people (indigenous workers have a predisposition to consider construction employment) and ne international migrants (new Canadian make up 31% of Ontario's labour force but only 26% of the construction labour force)

OCS REPORTS LATEST STATISTICS CANADA CONSTRUCTION DATA



According to a March 16, 2021 "Economic Update" from the Ontario Construction Secretariat:

- Employment in the construction industry in Ontario stood at 508,000 in October 2020, 534,000 in November 2020, 540,000 in December 2020, 535,000 in January 2021 and 533,000 in February 2021 – relatively stable over the period
- ICI investment in Ontario stood at \$1.84B in September 2020, \$1.81B in October 2020, \$1.82B in November 2020, \$1.86B in December 2020 and 1.87B in January 2021
- January 2021 compared to January 2020, total ICI investment in Ontario declined by 1.5%; industrial declined by 12.6%, commercial increased by 3.7% and institutional declined by 4.8%
- New sets of data have been released by Statistics Canada in recent days, providing indications of where Ontario's construction industry stands at the start of 2021.

SIGNS OF THE OLD PREMIER FORD SHOWS

Ever since the novel coronavirus found its way into Ontario more than a year ago and quickly spread across the province, Ontarians have been treated to a “new improved” Premier Ford. In his daily pandemic pressers, Ford has been empathetic and caring, folksy and fatherly, gosh, gee whiz, no body cares more about Ontario than Premier Ford. The twelve months of lockdown have also clouded our memories making it difficult to recall the pre-pandemic Premier Ford.

But think hard for a moment.

Remember the misplaced priorities like buck-a-beer and the Tory blue licence plates. Remember the choreographed cheering in the legislature. And remember the carefully controlled news conferences with reporters held at a distance behind ropes and only softball questions from Tory friendly reporters allowed. This was not the open and transparent kind governing true conservatives believe in that allows the Fourth Estate to hold the government to account.

There were signs of the old Premier Ford at a news conference in Brampton last week when gave one of his rare questions to Jagdish Grewal, a former CPC candidate and owner of Punjabi Post who went on to praise the Ford government.

Let’s hope the Premier sees the errors of his ways and learns to control his overactive political enthusiasm.

LATEST POLL RESULTS FROM LEGER

We often draw recent polling to your attention in this space. We qualify these writings by saying the main value of polling is interesting water cooler conversation, their results have proven to be questionable and that in politics the only poll that counts is the one taken on election day. So here we go again. Here are some of the findings of a computer-assisted web interviewing type survey of 1,002 Ontario eligible voters taken between March 16 and 18, 2021 by Leger:

- When asked about their voting intentions, 33% of respondents said they would vote PC, 25% NDP, 20% Lib, and 7% Green
- When asked about their second choice, 23% said Liberal, 19 NDP, 13% Green and only 7% PC
- 49% said their vote was final while 48% said they could change
- 50% considered Premier Ford either very favourable or somewhat favourable, Horwath 40%, Del Duca 21% and Schreiner 20%
- 63% believe the government has done a very good or somewhat good job dealing with the pandemic from a public health perspective
- 10% believe the government has done a very good job dealing with the pandemic from an economic perspective and 45% or somewhat good job
- 6% of respondents believe strongly that Ontario is generally heading in the right direction and 43% believe the province is heading somewhat in the right direction

For more detailed breakdown of the responses, click on the following link:

<https://2g2ckk18vixp3neolz4b6605-wpengine.netdna-ssl.com/wp-content/uploads/2021/03/Provincial-politics-ONT-March-24-2021.pdf>