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Posted Tuesday March 12, 2019

Construction

ONTARIO'S CONTRACTORS WILL CONTINUE TO BE BUSY IN 2019

An Ontario-wide survey of ICI contractors finds 81 per cent expect to conduct more or the same amount of business in 2019 compared to last year.

The Ontario Construction Secretariat's (OCS) 2019 Contractor Survey shows that 33 per cent of ICI contractors forecast they will be busier in 2019 than they were last year. Just under half of contractors expect to conduct the same amount of work as they did in 2018, and only 17 per cent expect to do less.

The 2019 Contractor Survey is released as part of the 19th Annual State of the Industry and Outlook Conference, being held today at the Metro Toronto Convention Centre. This informative and well-attended half-day conference hosted by the OCS is where industry experts unravel economic indicators and give insight on where the construction industry is headed in 2019.

"In general, the outlook for the ICI construction industry is good," said Robert Bronk, CEO, Ontario Construction Secretariat. "After a busy 2018, contractors anticipate the coming year to be positive, with a similar level of optimism that they had at this time last year."

Construction buyer procurement processes were also addressed in the 2019 Contractor Survey. Overall, a clear majority of ICI contractors in Ontario prefer it when government and other organizations use prequalification in their procurement processes rather than open bidding, with 61 per cent indicating that they "prefer it when construction buyers use prequalification." A majority of contractors (52 per cent) indicated that they would be more likely to bid on a project if prequalification was used rather than open bidding. Furthermore, 53 per cent of contractors indicated that prequalification was a more effective than open bidding

at ensuring buyers select the best bid, and 52 per cent said that prequalification was fairer for contractors.

Not surprisingly, labour market issues topped the list of challenges facing the ICI construction industry, with recruitment of skilled workers (72 per cent) and an aging workforce (50 per cent) amongst contractors' greatest concerns. Other challenges that are on contractors' minds are the provincial political environment, rated as a significant concern by 34 per cent of contractors, along with keeping up with new technologies and changes to NAFTA/USMCA (both 30 per cent).

This year's survey included an in-depth assessment of the impact on Ontario's ICI contractors of perceived skilled labour shortages, and likely remedies to skilled labour shortages that contractors could undertake. Sixty-two per cent of contractors indicated that they had experienced skilled labour shortages in the past three years. When asked to forecast, more than two-thirds of contractors said that they are expecting it to be more difficult to access skilled labour in 2019 compared to last year. Among the potential solutions, the most likely to be adopted by contractors in the coming years include deploying workers more efficiently, using new technologies, hiring more apprentices, and raising wages.

"We understand the impact of the skills shortage on the construction economy in Ontario, especially the impact it has on the growth of firms," said OCS Director of Research Katherine Jacobs. Focusing on solutions, Bob Collins, Lead Economist at BuildForce noted "The construction and maintenance industry will need to hire, train, and retain almost 103,900 additional workers over the coming decade."

Delivering the economic keynote address at the State of the Industry and Outlook Conference was Douglas Porter, Chief Economist and Managing Director, BMO Financial Group. In his pre-conference comments, he noted the economic implications of the findings in the 2019 Contractors Survey:

While the Ontario economy faces a number of challenges in the coming year, we expect it to grind out moderate gains and potentially even lead the provincial growth tables in 2019, underpinned by strong population gains, reduced trade uncertainty and infrastructure spending.

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Email Publisher

ISSN 0824-45

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Publisher: Exchange Business Communication Inc., PO Box 248, Waterloo, Ontario, Canada

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