



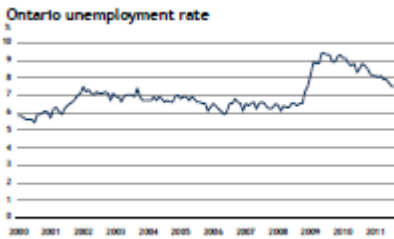
## Ontario Economy Stumbles

The Royal Bank of Canada, in its fall outlook for Ontario, announced that the Province hit “a bump on the road”, which slowed its progress toward full recovery from the recession. “A supply-chain disruption in the auto sector and slower than expected growth in the U.S. economy have dimmed the outlook for this year and next”, the outlook reported. As a result, the bank lowered its over all real GDP growth to 2.3% from 3% in 2011 and 2.4% from 3.1% in 2012. Three key issues identified in the report summarized the bank’s assessment of the Province— a dip in auto production, a slow down in consumer spending and, on the positive side, an improvement in the job market.

The report summarized that the positive trends experienced by the auto sector at the start of the year soured by March when the industry’s supply chains were disrupted by the earthquake and tsunami in Japan. A number of assembly plants in the province either halted operations or curtailed production this spring and early summer. The result was a 14% decrease in car and truck output in the second quarter relative to the same period a year ago which totally reversed the strong gains experienced in the first quarter. The report noted that while these “supply-chain” issues have largely been resolved the overall performance of Ontario’s auto sector in 2011 will be weaker than it previously anticipated.



Source: Automotive News, IAC Consumer Research



Source: Statistics Canada, IAC Consumer Research

Ontario consumer spending slowed significantly this year as a result of higher energy prices which dampened the Provinces economic performance. The surge in gasoline prices during the fall of last year and this past winter, in particular, likely contributed in the restraint that Ontario consumers have shown so far this year. Excluding sales at gas pumps, retail sales grew by only 2.0% year-over-year in the first half of 2011 marking a considerable slowing from 2010’s rate of 4.5% the report noted. However, it was noted that the modest drop in gasoline prices since spring will ease pressure on household budgets in the months ahead, and the bank anticipates that consumers will loosen their purse strings again.

Some encouraging news was reported in the outlook which outlined that the most encouraging trend continued to be the gains in the job market where 85,000 new jobs were created during the year’s first eight months causing the unemployment rate to fall to 7.5% by August. The report further indicated that although labour market improvement had not quite strengthened retail spending, it helped maintain a strong housing market, where new home construction picked up in the first half of the year.

Ontario forecast at a glance

% change unless otherwise indicated				
	2009	2010	2011F	2012F
Real GDP	-3.6	3.0	2.3	2.4
Employment	-2.5	1.7	2.1	1.6
Unemployment rate (%)	9.0	8.7	7.8	7.6
Retail sales	-2.5	5.4	3.8	3.9
Housing starts (units)	50,370	60,433	65,100	57,800
Consumer price index	0.4	2.4	3.0	2.1

How these issues affect ICI Construction, at this point, is uncertain. An improved and more competitive auto sector should bode well for the Province’s economy. A retooling and or new purpose for some of the idle plants will translate into more plant and equipment spending which may spur an expansion into new and retro-fit industrial and commercial construction. Increased consumer spending, especially in larger consumer products, will also help in these sectors where export markets are flat. However, now that the election is over, the Provincial government will have to address the looming deficit. It may mean an increase in taxes and a reduction in government spending which will adversely affect Institutional spending and as a consequence Institutional Construction.

*The Mathews Dinsdale Minute*



This week we are going to talk about strikes, specifically illegal strikes. In many cases, especially in the construction industry, illegal strikes can be a serious problem that deeply impact on a contractor's ability to get their work done. Imagine this scenario:

You are working for a general contractor on a major construction site doing drywall. Two other union trades (that have nothing to do with your work) have a disagreement about work jurisdiction as assigned by other contractors or the general. One of the trades puts down their tools and puts up a picket. Do your men, as members of an organized construction trade "cross" the line and continue to work? Is your work slowed by something you can't control?

Labour relations in North America are premised on a fundamental trade off. Union organizing and collective bargaining are legal and protected. The trade off is that it is illegal to engage in a "strike" at any time other than when the collective agreement has expired and the parties have exhausted the negotiations process. During the life of the agreement, disputes are resolved by arbitration, not work stoppages.

It is fundamentally illegal for workers to engage in a strike during the life of the agreement because they are upset about something on the site. It doesn't matter if the concern is with overtime assignment, work jurisdiction claims or any other issue. Even if what they complain about may be a breach of the collective agreement, the answer for them is to grieve, not to refuse, as a group, to work.

Strikes have been widely defined so as to include any activity, in concert or combination, that is designed to restrict or limit workplace output. Therefore, any group activity, including mass overtime refusals (even under voluntary overtime systems), sick calls, slow downs, sympathy strikes (where employees refuse to cross a picket line) and work to rule campaigns, is prohibited. If employees engage in an illegal strike, employers can apply to the Ontario Labour Relations Board for an order that they cease this activity and return to work. These applications are usually scheduled on an expedited basis and, in fact, often are resolved in advance of a hearing.

If you think you are facing this kind of illegal activity, there are options for employers to get their men back to work. Even if there is some kernel of legitimate concern being raised, engaging in illegal activity is not the way to advance the employees' position. If this happens with your employees, don't hesitate to contact us, and certainly don't wait, because the next phone call is probably from your customer asking why work isn't being done.



32 Vancho Crescent  
Etobicoke, Ontario  
M9A 4Z2

Phone: 416-605-6417  
Fax: 416-240-1465  
E-mail: [aao@bellnet.ca](mailto:aao@bellnet.ca)

*Provincial in scope ...  
Provincial in outlook*