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Construction in Ontario May 2009 - One Page

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President's Page - This n That

SWA Consolidation

I attended the CSAO's recent AGM and had the opportunity to listen to guest presenter Mark Dreschel who is the WSIB's Director, Prevention System Collaboration, who spoke about the consolidation of the safe workplace associations and particularly about the merging of the CSAO with electrical utilities and transportation. After his speech, I asked him about the seven CSAP consultants in northern Ontario who provide safety programs and services to the industry in that part of the Province. Mark was quite unequivocal in stating that those seven consultant positions will remain with the successor organization to the CSAO. An interim board of directors has been established, consisting of one worker representative and one employer representative from each of CSAO, EUSA and THSAO, with their CEOs acting in an advisory capacity, to prepare and file articles of incorporation and bylaws for the new merged organization.

WSIB Financial Statements

The WSIB's unaudited financial report for the fourth quarter of 2008 was posted to the organization's website on May 7, 2009 as promised by Chair, Steve Mahoney to our WSIB Task Force. In his letter to stakeholders, Chair Mahoney stated that despite the unprecedented global economic downturn, "the WSIB's ability to fund the ongoing obligations of the workplace safety and insurance system remains secure." According to Chair Mahoney, the WSIB is the third largest insurance company in North America and that it receives approximately 1,000 claims per day, 365 days per year.

Ontario Labour Mobility Act

On May 5th, Minister of Training Colleges and Universities, John Milloy, introduced the Ontario Labour Mobility Act pursuant to a commitment made in January of this year with all provinces and territories to improve labour mobility across Canada for certified workers in professions and trades. In a recent conversation with Minister Milloy, he referred to construction's red seal program as the model for others to follow.

HST Implementation - Temporary Restrictions on Input Tax Credits

When implemented in June 2010, the HST will operate pretty much like the current federal GST. It will be a value added tax, like the current GST, and, in no way that is visible to the purchaser/consumer, it will be made up of 2 components: 1) the 5% federal portion; and 2) the 8% provincial portion. Businesses will make a single remittance to one administrator/collector. Under the HST regime, a business will add up all the HST it has collected through sales to its customers during the period, subtract all the HST it has paid to its suppliers during the period (this amount is called the Input Tax Credit) and remit the net amount. The Province will, however, deny companies with annual taxable sales of more than \$10M the ability to deduct the provincial portion of the HST (the 8% provincial portion of the HST) on energy, telecom, entertainment and light duty vehicles for the first 5 years following implementation of HST. In years 6, 7 and 8 the full 8% Input Tax Credit will be phased-in. The logic and wisdom of these provisions escapes me. It appears to be a barrier to growth beyond the \$10M in annual sales or to promote the restructuring of businesses into arms length units of less than \$10M. Clearly, this generates revenue for the Province.

The board of directors of your provincial federation will be receiving a briefing on the implementation of HST from the Ministry of Finance and we would appreciate receiving your questions and concerns to put them forward at that time.

Thanks to SIAC

I was pleased to attend the recent AGM of the Ontario Chapter of the Scaffolding Industry Association of Canada to update the members on the activities and successes of COCA. SIAC is a dynamic, diverse and growing organization capably led by President John O'Hara. In addition to the usual reports and elections, the AGM received an informative presentation on transport platforms from Jim Wilkinson P.Eng. Thanks to SIAC for their warm reception and generous hospitality.

Skills Canada-Ontario

Skills Canada-Ontario is a not-for-profit organization that promotes the skilled trades as first choice career options for students in elementary and high schools. SC-O's consultants are in classrooms every day delivering presentations about the fulfilling careers available in the skilled trades. SC-O's flagship event is the annual skills competition which took place on May 4th, 5th & 6th at the spectacular RIM Park and Manulife Sportsplex in Waterloo. In total, 1600 students compete in 65 skilled trades areas including architectural technology and design, cabinet making, carpentry, electrical wiring, heating systems, home building, industrial wiring, plumbing, refrigeration, Ontario Technological Skills. This impressive event is a showcase of the bright young people who will be working in our industry in the years to come. Hats off to Skills Canada-Ontario!

GTR Economic Summit

On May 7th, about 200 leaders from the private sector, education, labour, politics and government assembled to roll up their sleeves and create short term (6 - 18 months) recommendations for an economic recovery plan for the Greater Toronto Region (GTR). The exercise was well organized and facilitated with break-out sessions in the following subject areas: 1) the financial services sector; 2) manufacturing; 3) human capital; and 4) research, innovation & creativity. What was particularly impressive about this session was that

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individuals, groups, municipalities etc which would not in the normal course of things work collaboratively together, did just that for the greater good. This process could and should be duplicated in all the regions across the Province.

Restructuring CSAO

As the industry is aware, the CSAO will soon undergo restructuring as part of a plan to reorganize Ontario's health and safety associations (HSAs). The following information appeared in the April 2009 edition of the CSAO Network News.

Background

In 2008, the WSIB embarked on the five-year Road to Zero strategy, which aims to reduce lost-time injuries by seven percent each year. Last spring, the health and safety system launched a roles review of Ontario's HSAs to explore how they could be realigned to achieve the Road to Zero objectives.

The review concluded that the system faces many challenges that cannot be met by the current arrangements and recommended a more integrated and focused system that expands its frontline operations (more field consultants directly helping workplaces). Amalgamating "back-room" support services would free up money that could be invested in the front line.

In the ensuing months, the WSIB outlined a plan for reallocating HAS resources. The implementation will begin this year.

The key changes

- Ontario's 12 industry-specific HSAs will be combined into four large HSAs.
- CSAO's operations will form part of a large HAS responsible for construction, electrical utilities, pipelines, natural gas, aggregates, and transportation.
- CSAO's "back-room" support services will be amalgamated with those of other HSAs, including the Electrical & Utilities Safety Association (E&USA).
- Savings will be redirected towards frontline (field consultant) operations.
- A Northern HAS will serve industries in northern Ontario (CSAO would prefer its northern staff to remain under CSAO's direction instead of becoming employees of the Northern HSA).

Questions Remain

Some of the details that remain undefined are:

- Will CSAO keep its name and brand within an umbrella HAS, or will the partners integrate to form a new, united entity with a new name?
- Will CSAO begin charging for products and services it has been offering as "pre-paid" by contractor WSIB premiums?
- Will the Board of Directors of the new HAS be "weighted" to reflect the relative size of the construction industry compared to the other industries it will serve?
- Will CSAO field staff in northern Ontario remain as employees of CSAO, or will they be absorbed into the Northern HSA?

The CSAO plans to advocate for answers to these questions that maintain - or improve - the quality of service the construction industry receives from the health and safety system. COCA will continue to distribute information as it becomes available. (Source: CSAO)

COCA Welcomes Harry Sullivan

The Council of Ontario Construction Associations extends a warm welcome to Harry Sullivan as the new Executive Director of the Kingston Construction Association.

Assuming his position April 20th, Mr. Sullivan is currently formulating his business and strategic plan for the coming year.

Having deep roots in the Kingston area, Mr. Sullivan joins the KCA after a career with TD Canada Trust.

Building Permits Rebound

After five months of declines, building permits rebounded 23.5 % in March to a total value of \$4.5 billion, driven by increases in the non-residential sector in Ontario, Quebec and Alberta.

Commercial and institutional components of the industry increased 47.9% to \$2.3 billion based on growth in Ontario, Quebec and Alberta.

Industrial permits values declined 8.8% to \$216 million after seeing an increase of 14.7% in February.

It is likely that the value of institutional permits will continue to trend higher as government infrastructure stimulus monies make their way in to provincial economies. May 1st was the deadline for municipalities to make submissions to Queen's Park for projects seeking infrastructure dollars and it is rumored more than 420 of Ontario's 444 municipal governments made application to the province for funding. Given the economic and political urgencies for progress on these projects municipal leaders are hoping to see movement on these applications by the end of the month.

National Unemployment Rate Steady in April

After months of huge job losses, April saw the creation of 36,000 net positions; shocking economists who had

predicted the economy would shed an additional 50,000 jobs. The positive numbers left the national unemployment rate unchanged at 8%.

Employment gains occurred in information, culture and recreation; business, building and other support services; "other services"; and agriculture. Employment was unchanged in manufacturing and construction.

The increase in employment in April was in full time work, which added 39,000 jobs while 3,600 part time jobs were lost.

While this is good news, economists were quick to point out that the gains were primarily a result of an increase in self-employment and that the unemployment rate remains at its highest level in 7 years.

Only Hands-Free Phones in Cars for Ontario

The McGuinty government passed legislation April 22nd effectively banning the use of hand-held cell phones while driving in Ontario - something likely to make a significant impact on the construction industry.

A date has yet to be set as to when the new rules will come into force, but it will likely be sometime this fall.

Those caught breaking the new law will be subject to a \$500 fine and while no demerit points are included in the legislation, those deemed by police to be placing others at risk when caught breaking the law will also be subject to existing careless driving offenses.

Devices exempt from the new law are hands-free and Bluetooth enabled devices, or cell phones used to make 911 calls. Portable videogames, DVD and MP3 players are not exempt, nor are GPS navigation systems unless they are properly affixed to a vehicles dashboard.

Police, Firefighters and paramedics have been exempt from the new law and a number of other groups are currently petitioning the government for exempt status, but Transportation Minister, Jim Bradley has indicated that further exemptions are not likely.

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