

Conveying the Importance of the Building Materials Industry

Notes for Remarks to:
Manufacturers' Council
Canadian Home Builders' Association

June 18, 1996
Metropolitan Toronto Airport Board of Trade

Mike McCracken
CEO, Informetrica Limited

What are the basic messages?

- **Large Actor**
- **Critical Supplier**
- **Environmentally Conscious**
- **Internationally Competitive**
- **Innovative**
- **Bright Future**
- **Sensitive to Economy and Policy**
- **Need for Investment**
- **Need for Competitive Returns**
- **Significant Contributor to Government Revenues**

For Whom?

- **Federal Departments**
 - **Industry Canada**
 - **CMHC**
 - **Finance Canada**
 - **National Resources Canada**
 - **Environment Canada**
 - **International Trade**
- **Provincial Governments**
 - **Housing**
 - **Industry**
 - **Energy**
 - **Environment**
 - **Labour**
- **Municipal Governments**

Information Needs of:

- **Suppliers**
- **Financial Industry**
- **Customers**
- **Employees/Unions**
- **Shareholders**

What is to be produced?

- **External document**
- **Reference Book**
- **Database, Tables, and Charts**
- **?**

Absolute and Relative Size

- **Employment**
- **Output**
- **Trade**
- **Relative to Other Industries**
- **Relative to Other Countries**

Performance Indicators

- **Profitability**
- **Productivity**
- **Value-added**
- **Wage Rates**
- **Competitiveness**
- **Capacity Utilization**

Major Firms

- **Location**
- **Capacity**
- **Employment**

The Building Products "Chain"

- **Linkages to Suppliers**
- **Linkages to Customers**
 - **New Housing**
 - **Renovations**
 - **DIY Repairs**
 - **Nonresidential Construction**
 - **International**

Innovation

- **R&D Spending**
- **New Processes**
- **Investment**
- **New Products**

Environment

- **Emissions**
- **Recycling**
- **Environmental Investment**
- **Upgrading the Housing Stock**

Taxes Paid

- **Corporate Income Taxes**
- **Payroll Taxes**
- **Property Taxes**
- **Other Commodity Taxes**
- **Personal Income Taxes**

Regulatory Elements

- **Workplace**
- **Environment**
- **Trade**
- **Concentration Ratios**
- **National Building Codes**

Other Dimensions

- **Clusters**
- **JIT inventory systems**
- **Association linkages**
- **Small Business Linkages**
- **Standards**

Impacts of:

- **Increased Housing Starts**
- **Renovations**
- **DIY**
- **Increased Exports**

Building Material price impacts

- **Trace through the impacts of a price increase:**
 - Lumber
 - Steel
 - Plastics
 - Effect on House price
 - Effect on Renovation

Impact on BM Industry of:

- **Real economic growth**
- **Interest rates**
- **Exchange rate**
- **Exports**
- **Fiscal measures**
- **Material input price shocks**
 - OPEC price shock

Prospects for the Industry

- **Short-term outlook**
- **Longer-term scenarios**
 - Link to immigration, etc.
 - **Brown and Orange Scenarios**

Challenges for the Industry

- **Housing in Society**
- **Competing Materials**
- **Maintaining Competitiveness**
 - Unit labour costs
 - Unit capital costs
 - Innovation
 - Material inputs
- **Trade with the US and Mexico**
- **Trade with Other Countries**
- **Trade Actions**

Known Areas of Difficulty

- Low Housing Starts
- Low Vacancy Rates
- ?
- ?

Multipliers

- Direct
- Indirect
- Induced
- Multiplier is Total over Direct

Effects of \$1 Billion on A&A (millions of 1986\$)

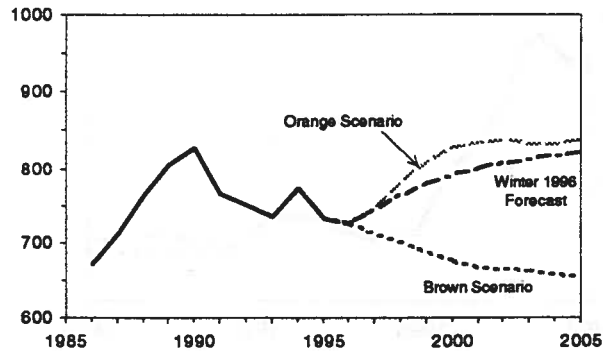
<i>Sector</i>	<i>Direct&Indirect</i>	<i>Induced</i>	<i>Total</i>
Resources	212	165	377
Durable&Con	331	80	411
Business Svcs	109	164	273
Consumer G&S	94	250	344
Govt. Svcs	1	33	3
Total	746	691	1,437

Source: Informetrica Limited estimates: year 2

Planning for Uncertain Times

The Construction Industries Construction Employment

Total Construction Employment, Canada

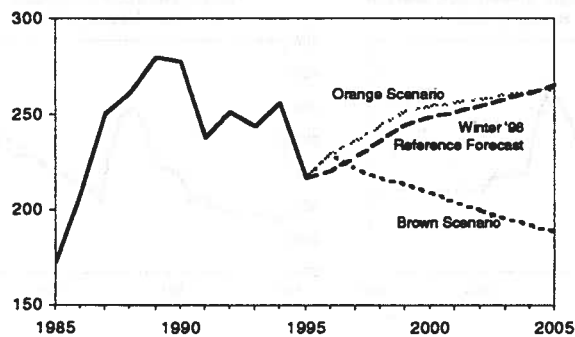


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The Construction Industries Residential Construction Employment

Residential Construction Employment, Canada

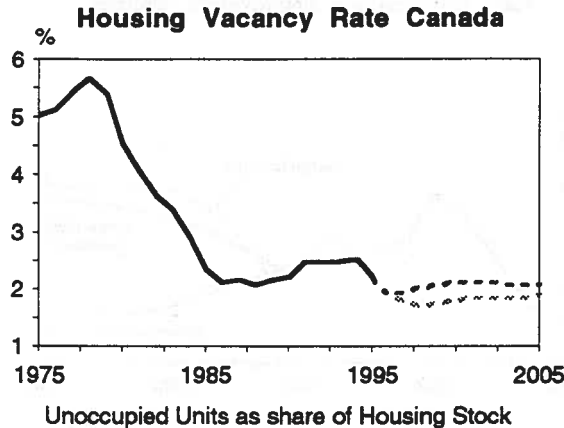


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Planning for Uncertain Times

Adequacy of Investment Vacancy Rates

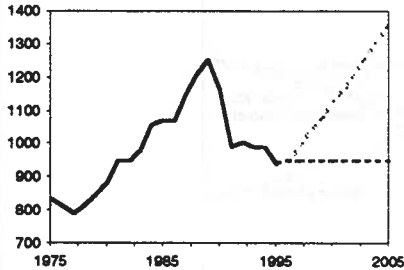


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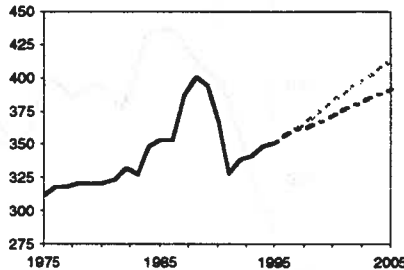
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Adequacy of Investment Residential Expenditure per Housing Unit

Additions & Alterations Investment, Canada
\$86 per Housing Unit



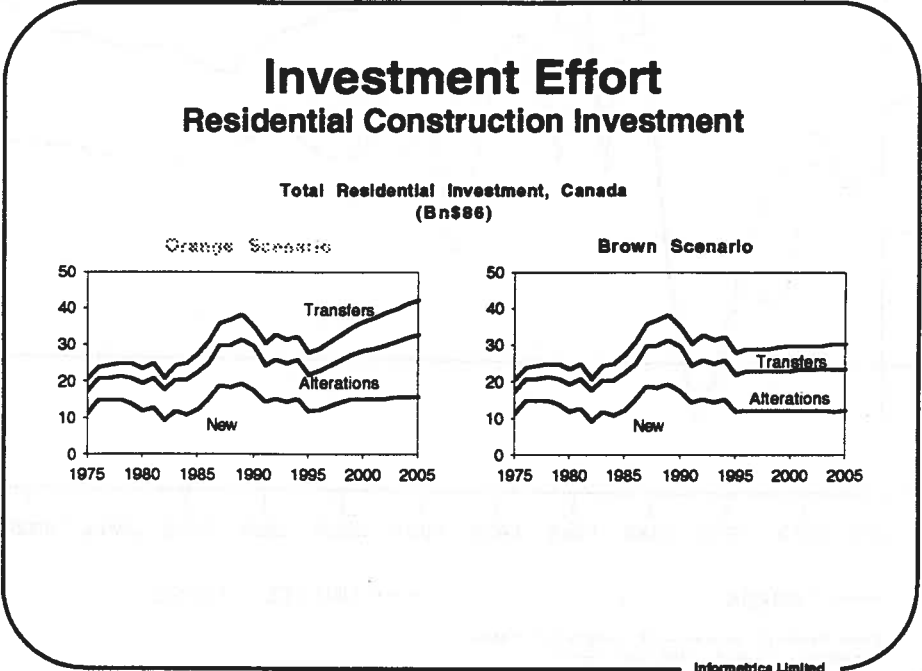
Repair Investment, Canada
\$86 per Housing Unit



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Planning for Uncertain Times

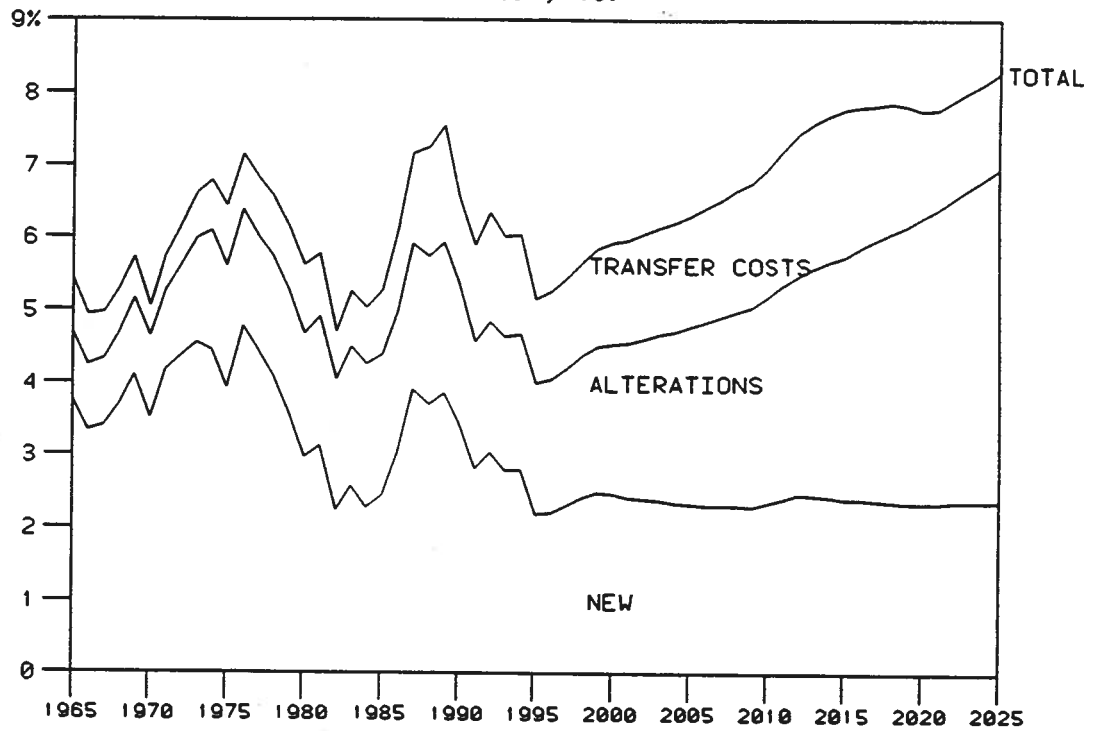


HOUSING STARTS, 1965-2025
(thousands)



Forecast: Winter 1998 Reference

RESIDENTIAL CONSTRUCTION, 1965-2025
(% GDP, \$C)



Forecast: Winter 1998 Reference

