



TOP

CONTRACTORS

CANADA'S LARGEST CONTRACTORS REPORT A BOOM IN THE MAKING

BY JIM BARNES

Every year, *On-Site* looks under the hood of Canada's construction industry in this Top Contractors report. According to 2010 results and 2011 projections, the industry is firing on all cylinders, both regionally and in terms of sectors.

Having dodged the worst of the recessionary downturn, 2010 turned out to be a relatively positive year. That was partly the effect of stimulus spending and partly due to the basic nature of these businesses, which tend to be involved in multi-year contracts and have large backlogs.

Some concerns are emerging, though. While public spending has been healthy, the return of the private sector to construction is proceeding in fits and starts. Few are willing to predict when private businesses as a whole will shake off the effects of recession and start to build again.

The next decade is going to see this industry face some remarkable challenges. From a technology point of view, collaborative methods of project procurement are coming into vogue. At the same time, clients are starting to demand technologies such as Building Information Modeling (BIM) and smart buildings. Canadian companies may be hard-pressed to

find employees capable of thriving in such an environment.

An addition, foreign competition is starting to come to Canada.

Attracted by a stable economy, a strong dollar and a reasonably healthy construction industry, they're getting their foot in the door. Many of these firms are already experienced with the project-management and technology trends now emerging in our marketplace.

This report is based on direct research with private companies, with the addition of a small amount of data from public sources. It's important to note that the rankings are based on revenue, just one measurement in gauging a company's performance.

We thank these companies for sharing their information with such enthusiasm. Canada's construction industry has an amazing story to tell, and their participation in this report helps get the message across.

If you have any questions or comments about this report, or want a listings form for next year, please contact the editor at (416) 510-6821 or at editor@on-sitemag.com.

Jim Barnes is On-Site's contributing editor.

ADF GROUP INC.

300 Henry-Bessemer, Terrebonne QC
J6Y 1T3 T: 450-965-1911 F: 450-965-8558
www.adfgroup.com Rev: \$55.3

AECON GROUP INC.

800-20 Carlson Crt., Toronto ON M9W
7K6 T: 416-297-2600 F: 416-293-0271
www.aecon.com Rev: \$2,746.2 Sectors: A B
C D F H J M N O Q R S T V W X Z

ALBERICI CONSTRUCTORS, LTD.

1005 Skyview Dr., Burlington ON L7P 5B1
T: 905-315-2910 F: 905-315-3001 www.
alberici.com Rev: \$125 Sectors: F J X Z

AMAN BUILDING CORP.

#20-41 Broadway Blvd. Sherwood Park AB
T8H 2C1 T: 780-449-5825 F: 780-467-3513
www.amanbuilding.com Rev: \$60
Sectors: C F G H M N V

AVONDALE CONSTRUCTION LTD.

49 Hobsons Lake Dr., Halifax NS B3S 0E4
T: 902-876-1818 F: 902-876-1822
www.avondaleconstruction.com
Rev: \$126.5 Sectors: C F H M O

BIRD CONSTRUCTION CO.

5403 Eglinton Ave. W., Toronto ON M9C
5K6 T: 416-620-7122 F: 416-620-1516
www.bird.ca Rev: \$845.9
Sectors: C H M N O X Z

BLUESCAPE CONSTRUCTION MANAGEMENT INC.

229 Yonge St., Ste. 503, Toronto ON M5B
1N9 T: 416-806-3272 www.bluescape.ca
Sectors: V

BOCKSTAEI CONSTRUCTION LTD.

1505 Dugald Rd. Winnipeg MB R2J 0H3
T: 204-235-7135 F: 204-231-0979
www.bockstael.com Rev: \$86
Sectors: C F M O V

BONDFIELD CONSTRUCTION CO. LTD.

407 Basaltic Rd., Concord ON L4K 4W8
T: 416-667-8422 F: 416-667-8462 www.
bondfield.com Rev: \$665
Sectors: C E H M O X Z

THE TOP 40 CANADIAN CONTRACTORS

(BASED ON REPORTED 2010 SALES VOLUME)

Rank	Company	2010 (\$M)
1	PCL family of companies	\$5,198
2	Aecon Group Inc.	\$2,746.2
3	EllisDon Corp.	\$2,400
4	Graham Group Ltd.	\$1,800
5	Flint Energy Services Ltd.	\$1,400
6	The Churchill Corp.	\$1,175.3
7	Carillion Canada Inc.	\$1,053.3
8	Pomerleau	\$891
9	Bird Construction Co.	\$845.9
10	Bondfield Construction Co. Ltd.	\$665
11	Clark Builders Ltd.	\$492
12	EBC Inc.	\$475
13	Taggart Group of Companies	\$352
14	Pennecon Ltd.	\$324.7
15	Con-Drain Co. (1983) Ltd.	\$298
16	Transec/Comon Inc.	\$285
17	Maple Reinders Group Ltd.	\$275
18	North American Energy Partners	\$250
19	Thirau Ltée	\$239.8
20	ITC Construction Group	\$224.2
21	Chandos Construction Ltd.	\$220
22	Collavino Group	\$207.3
23	The State Group Inc.	\$190
24	Giffels Corp.	\$188.7
25	Concrete USL (6P) Inc.	\$186
26	Mansfield Construction	\$170
27	Triamico Development Affiliates	\$162
28	Quantum Murray LP	\$156.9
29	Dawson Wallace Construction Ltd.	\$152
30	Marco Group	\$140
31	Bot Construction Group	\$134.5
32	Scott Builders Inc.	\$130
33	Delnor Construction Ltd.	\$126.8
34	Avondale Construction Ltd.	\$126.5
35	Alberici Constructors, Ltd.	\$125
36	Yellowridge Construction Ltd.	\$120
37	McKay-Cocker Construction Ltd.	\$110
38	Mady Development Corp./Mady Contract Div. Ltd.	\$109.4
39	Buttcon Ltd.	\$100
40	Lewis Builds Corp.	\$90

Based on written responses to research conducted by *On-Site*.
Some privately owned contractors declined to participate in this research.

BOT CONSTRUCTION GROUP

1224 Speers Rd. Oakville ON L6L 2X4
T: 905-827-4167 F: 905-827-0458
www.botconstruction.ca Rev: \$134.5
Sectors: A B W

BUTTCON LTD.

8000 Jane St., Tower B Ste. 401, Concord
ON L4L 5B8 T: 905-907-4242
F: 905-907-8096 www.buttcon.com
Rev: \$100 Sectors: C F H M N O V

ACTIVITIES

The following letter codes are used to indicate areas of activity for the contractors in the listings on these pages.

A	Aggregates	O	Institutional buildings
B	Bridges	Q	Marine-related
C	Commercial buildings	R	Mining-related
D	Communication engineering	S	Oil and gas-related
E	Concrete	T	Other transportation construction
F	Contract management	U	Residential houses
G	Demolition	V	Residential: multi-unit
H	Design/build	W	Roadbuilding
J	Electric power/utilities	X	Sewer
K	Environmental remediation	Y	Structural steel
M	General contracting	Z	Waterworks
N	Industrial buildings		

CARRILLION CANADA INC.

7077 Keele St., Concord ON L4K 0B6
T: 905-532-5200 F: 905-532-5299
www.carrillion.ca Rev: \$1,053.3
Sectors: B C H M N O W

CHANDOS CONSTRUCTION LTD.

6720 - 104 St., Edmonton AB T6H 2L4
T: 780-436-8617 F: 780-436-1797
www.chandos.com Rev: \$220
Sectors: C N O V

CHANT CONSTRUCTION LTD.

226 Edward St., Aurora ON L4G 3S8
T: 905-726-8321 F: 905-726-8331
www.chantgroup.com Rev: \$15
Sectors: A F J M

CLARK BUILDERS

4703-52 Ave., Edmonton AB T6B 3R6
T: 780-395-3300 F: 780-395-3541
www.clarkbuilders.com Rev: \$492
Sectors: C F H M N O R S T V Y

COLLAVINO GROUP

5255 County Rd. #42, Windsor
ON N8N 2M1 T: 519-966-0506
F: 519-966-8872 www.collavinogroup.com
Rev: \$207.3 Sectors: A B C D E F
G H J K M N O Q R S T U V W X Y Z

CON-DRAIN CO. (1983) LTD.

30 Floral Parkway, Vaughan ON
L4K 4R1 T: 905-669-5400
F: 905-669-5040
www.condrain.com Rev: \$298
Sectors: A X W Z

CONCREATE USL (6P) INC.

2 Manchester Court, Bolton ON
L7E 2J3 T: 905-857-6962
F: 905-857-0175 www.uslltd.com
Rev: \$186 Sectors: B W C G N O

CONSTRUX BUILDING CORP.

4480 Rue Cote de Liesse #318,
Montreal QC H4N 1X4 T: 514-940-2005
x222 F: 514-940-2006 www.cxcorp.ca
Rev: \$17.6 Sectors: C

DAWSON WALLACE CONSTRUCTION LTD.

4611 Eleniak Rd., Edmonton AB T6B 2N1
T: 780-466-8700 F: 780-466-9613
www.dawsonwallace.com Rev: \$152
Sectors: C F H M N O

DELNOR CONSTRUCTION LTD.

3609-74 Ave. N.W., Edmonton AB T6B 2T7
T: 780-469-1304 F: 780-466-0798 www.delnor.ca
Rev: \$126.8 Sectors: C F G H M O V

DEVITT & FORAND CONTRACTORS INC.

5716 Burbank Cres. S.E., Calgary AB T2H
1Z6 T: 403-255-8565 F: 403-255-8501
www.devitt-forand.com Rev: \$52
Sectors: C F M N O

EBC INC.

1095, rue Valet, P.O. Box 158, L'Ancienne-
Lorette QC G2E 3M3 T: 418-872-0600 F:
418-872-8177 www.ebcinc.qc.ca Rev: \$475
Sectors: B F H J M N O Q R S T V W X Z

ELAN CONSTRUCTION LTD.

#100, 3639 27th St. N.E., Calgary AB T1Y
5E4 T: 403-291-1165 F: 403-291-5396
www.elanconstruction.com Rev: \$83.8
Sectors: C H N O

ELLISDON

89 Queensway Ave. W., Ste. 800,
Mississauga ON L5B 2V2 T: 905-896-8900
F: 905-896-8911 www.ellisdon.com
Rev: \$2,400 Sectors: A B C D E F G H J
K M N O S T V W X Z

FLINT ENERGY SERVICES LTD.

700, 300 - 5th Ave. SW, Calgary
AB T2P 3C4 T: 403-218-7195
F: www.flintenergy.com
Rev: \$1,400 Sectors: R S Y

FLYNN CANADA LTD.

6435 Northwest Dr., Mississauga
ON L4V 1K2 T: 905-671-3971
F: 905-673-3971 www.flynn.ca
Sectors: C N O S H

GIFFELS CORP.

2 International Blvd. Toronto ON M9W
1A2 T: 416-798-5500 F: 416-798-5473
www.giffels.com Rev: \$188.7 Sectors:
B C F H J M N O S S T V Z

GRAHAM GROUP LTD.

10840 27 St. SE, Calgary AB T27 3R6 T:
403-570-5000 F: 403-236-6575 www.
graham.ca Rev: \$1,800 Sectors: B C F H J
M N O Q R S V W

HARBIDGE & CROSS LTD.

350 Creditstone Rd. Ste. 202, Concord ON
L6K 3Z2 T: 416-213-7165 F: 905-738-9649
www.harbridgeandcross.com Rev: \$80.8
Sectors: C N O

ITC CONSTRUCTION GROUP

#105 - 1500 Howe St., Vancouver BC V6Z
2N1 T: 604-685-0111 F: 604-685-0112
www.itc-group.com Rev: \$224.2 Sectors:
C F H M N O U V

KNAPPETT PROJECTS INC.

555 Pembroke St., Victoria BC V8T 1H3
T: 250-475-6333 F: 250-475-6444 www.knappett.com Rev: \$43 Sectors: B C D F H M N O V X Z

LEWIS BUILDS CORP.

98 Scarsdale Rd., Toronto ON M3B 2R7
T: 416-492-0500 F: 416-492-4932 www.lewisbuilds.com Rev: \$90 Sectors: F V

MADY DEVELOPMENT CORP./MADY CONTRACT DIV. LTD.

8791 Woodbine Ave., Ste. 100, Markham ON L3R 0P4 T: 905-944-0907 F: 905-944-0474 www.madycorp.com Rev: \$109.4 Sectors: A B C D E F G H J K M N O Q R S T U V W X Y Z

MANSHIELD CONSTRUCTION

955 Cobalt Cres., Thunder Bay ON P7B 5Z4 T: 807-346-1650 F: 807-346-1654 www.manshield.com Rev: \$170 Sectors: C F H M N O V

MAPLE REINDERS GROUP LTD.

2660 Argentia Rd., Mississauga ON L5N

5V4 T: 905-821-4844 F: 905-821-4822 www.maple.ca Rev: \$275 Sectors: C F G H K M N O S V X Y Z

MARCO GROUP

78 O'Leary Ave., St John's NL A1B 4B8
T: 709-754-3737 F: 709-754-3715 www.marcogroup.ca Rev: \$140 Sectors: C F H M N O S

MCKAY-COCKER CONSTRUCTION LTD.

1665 Oxford St. E, London ON N5Y 5R9
T: 519-451-5270 F: 519-451-8050 www.mckaycocker.com Rev: \$110 Sectors: C E H M N O Z

MERIT CONTRACTORS NIAGARA

235 Martindale Rd. Ste. 3, St. Catharines ON L2W 1A5 T: 905-641-2374 F: 905-641-2988 www.meritcontractors.com Rev: \$30.4 Sectors: C F M N O V

METRO-CAN CONSTRUCTION LTD.

520-10470 152nd St. Surrey BC V3R 0Y3
T: 604-583-1174 F: 604-583-3321 www.metrocanconstruction.com Rev: \$65 Sectors: C H V

NORTH AMERICAN ENERGY PARTNERS

2400 - 500 4th Ave. S.W., Calgary AB T2P 2V6 T: (403) 767-4825 F: (403) 767-4849 www.nacg.ca Rev: \$250 Sectors: B C J N O R S

PCL FAMILY OF COMPANIES

5410 - 99 St., Edmonton AB T6E 3P4 T: 780-733-5000 F: 780-733-5077 www.pcl.com Rev: \$5,198 Sectors: A B C D E F G H J K M N O Q R S T U V W X Y Z

PENNECON LTD.

PO Box 8274, Stn A, 1309 Topsail Rd., St. John's NL A1B 3N4 T: 709-782-3404 F: 709-782-0129 www.pennecon.com Rev: \$324.7 Sectors: A B E F J M Q R U W X Y Z

POMERLEAU

521, 6th Ave. St.-Georges QC G5Y 0H1
T: 418-228-6688 F: 418-228-3524 www.pomerleau.ca Rev: \$891 Sectors: B C F H J M O T U V W X

PRIESTLY DEMOLITION INC.

3200 Lloydtown-Aurora Rd., Kettleby ON L0G 1J0 T: 905-841-3735 F: 905-841-6282 www.priestly.ca Rev: \$59 Sectors: G K U

EXPECTATIONS FOR SPECIFIC BUSINESS AREAS, 2011 - 2012

SECTOR	2011			2012		
	DECREASE	SAME	INCREASE	DECREASE	SAME	INCREASE
Industrial building	10%	35%	55%	0%	33%	67%
Commercial building	10%	44%	46%	3%	32%	65%
Institutional building	8%	32%	59%	3%	27%	70%
Residential mult-unit	12%	56%	32%	4%	38%	58%
Residential houses	8%	77%	15%	8%	46%	46%
Roadbuilding	0%	46%	54%	0%	36%	64%
Bridges	6%	44%	50%	0%	69%	31%
Other transport	0%	36%	64%	0%	25%	75%
Oil and gas construction	0%	31%	69%	0%	15%	85%
Electric infrastructure	0%	40%	60%	0%	25%	75%
Mining construction	0%	50%	50%	0%	27%	73%
Demolition	0%	55%	45%	0%	64%	36%
Sewer	12%	41%	47%	11%	33%	56%
Waterworks	11%	39%	50%	11%	37%	53%
General contracting	20%	29%	51%	3%	28%	69%
Contract management	9%	47%	44%	3%	45%	52%
Design/build	10%	17%	73%	0%	19%	81%

Based on responses to the Top Contractors survey.

TOP CONTRACTORS

QUANTUM MURRAY LP

345 Horner Ave., Ste. 300, Toronto ON
M8W 1Z6 T: 416-253-6000 F: 416-253-6699
www.quantummurray.com Rev: \$156.9
Sectors: G

RAM CONSTRUCTION INC.

Suite #180 - 7881 128th St., Surrey BC
V3W 4E7 T: 604-501-5265 F: 604-501-5289
www.ramconst.com Rev: \$18 Sectors: A B C
D E F G H J K M N O Q R S T U V W X Y Z

REID & DELEYE CONTRACTORS LTD.

4926 Hwy 59 S., Courtland ON N0J 1E0
T: 519-688-2600 F: 519-688-2700 www.
reid-deleye.com Rev: \$50 Sectors: C H M
N O U V X Z

ROSATI GROUP

6555 Malden Rd., Windsor ON N9H 1T5
T: 519-734-6511 F: 519-734-7872
www.rosatigroup.com Rev: \$46
Sectors: C F H M N O

SCOTT BUILDERS INC.

8105 49 Ave. Close, Red Deer AB T4P 2V5
T: 403-343-7270 F: 403-346-4310
www.scottbuilders.com Rev: \$130
Sectors: C F H N O

SUNLITE ELECTRIC LTD.

5014-51 St. PO Box 820, St Paul AB T0A
3A0 T: 780-645-3031 F: 780-645-3632
www.sunliteelectric.ca Rev: \$5
Sectors: C O U

TAGGART GROUP OF COMPANIES

3187 Albion Rd. Ottawa ON K1V 8Y3 T:
613-521-3000 F: 613-526-7901
www.doran.ca Rev: \$352
Sectors: C U V X Z

THE ATLAS CORP.

111 Ortona Court, Concord ON L4K 3M3
T: 905-669-6825 F: 905-669-8288
www.atlascorp.com
Sectors: C F H M N O

THE CHURCHILL CORP.

11825-149 St., Edmonton AB T5L 2J1 T:
(780) 454-3667 F: (780) 452-8741 Rev:
\$1,175.3

THE STATE GROUP INC.

3206 Orlando Dr., Mississauga ON L4V
1R5 T: 905-672-2772 F: 905-672-1919
www.stategroup.com Rev: \$190 Sectors: C
D F G H J K M N O Q R S T X Z

THIRAU LTÉE

489 blvd Pierre-Roux Est C.P.458,
Victoriaville QC G6P 6T3 T: 819-752-9741
F: 819-752-6936 www.thirau.com
Rev: \$239.8 Sectors: J

TIKI INTERNATIONAL INC.

Bay 2D, 624 Beaver Dam Rd. N.E., Calgary
AB T2K 4W6 T: 403-241-1093
F: 403-241-8250 www.tiki-international.
com Rev: \$25 Sectors: C F M N O

TIMBRO DESIGN BUILD CONTRACTORS

401 Enterprise Dr., Welland ON L3C 4V1
T: 905-734-4513 F: 905-734-4220
www.timbrodesignbuild.com Rev: \$13.1
Sectors: C F H N O U

TRANSELEC/COMMON INC.

2075 Fortin Blvd., Laval QC H7S 1P4
T: 514-382-1550 F: 514-388-9020 www.
transelec.com Rev: \$285 Sectors: J M D

TRIAMICO DEVELOPMENT AFFILIATES

2199 Blackacre Dr., Oldcastle ON N0R 1L0
T: 519-737-1577 F: 519-737-1929
Rev: \$162 Sectors: B C J M O T U V W X Z

VCL CONSTRUCTION

101-240 Terence Matthews Cres.,
Kanata ON K2M 2C4 T: 613-592-1114
F: 613-592-2550 Rev: \$51.1 Sectors: C

WESTRIDGE CONSTRUCTION LTD.

2909 Saskatchewan Dr., Regina SK S4T
1H4 T: 306-352-2434 F: 306-352-0199
Rev: \$65.3 Sectors: B C F M N O Z

YELLOWRIDGE CONSTRUCTION LTD.

200 - 2605 Clarke St., Port Moody BC V3H
1Z4 T: 604-936-2605 F: 604-936-2630
www.yellowridge.ca Rev: \$120
Sectors: C F H M O



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TOP

GETTING INTO GEAR

THE RECESSION IS IN THE REARVIEW MIRROR AND CANADA'S LARGEST CONTRACTORS ARE ON A ROLL



BY JIM BARNES

“**T**hings are pretty rosy,” says Michael Atkinson, president of the Canadian Construction Association in Ottawa. “When you look at the macro numbers coming out for this industry in 2010 and the projections for 2011, it looks pretty good.”

All sectors of the industry and all regions of the country are showing growth. In a recent report, consulting firm PrinceWaterhouseCoopers called for a five-year growth spurt in Canadian construction and Statistics Canada data shows construction-industry employment is approaching pre-recession levels.

Commodity prices have been soaring and industrial construction is healthy right across Canada. “I understand that Fort McMurray is almost back to where it was before the recession,” says Atkinson. The only soft area seems to be residential, where growth prospects are moderate.

The industry as a whole benefited greatly from government stimulus spending, partly due to the multiplier effect that attracted provincial and municipal money. Now the stimulus funding is over, and most governments are entering a period of restraint in spending. “What is going to happen when fiscal realities go front-and-centre for most governments?” he

asks. Whether private-sector spending will take up some of the slack, “...is the million-dollar question for this year.”

Inflation is becoming a concern, notes Atkinson. Materials prices have soared and fuel costs are volatile. With Canada’s dollar already strong, the Bank of Canada has to be cautious in pulling the interest rate levers.

Another issue is the appearance of new competitors. “Canada is getting a reputation as a stable place to do business,” notes Atkinson. The U.S. construction market is still weak. With Canada’s strong dollar, some of the larger U.S. players are showing interest, even in smaller projects. “I think it’s going to make for a more globally competitive market in Canada, at least for a while,” he says.

While many CCA members are enjoying business increases, investment does not seem to be following suit. “There’s a certain discipline out there. They’re not going to crew up quickly,” he says. “The companies that were around in the early 1980s have learned that lesson.”

Atkinson notes the current construction environment is unprecedented. “It’s brand new territory. It’s a brave new world.”

ELLISDON

EllisDon Corp. is one witness to this growth. "I hate to jinx it, but we're seeing a lot of work in all sectors," says Michael Smith, vice president, Business Development.

Growth in civil infrastructure, including transportation and big civil projects, has worked out well for the company, which recently ramped up its civil division. The stimulus program brought in a fair amount of work for EllisDon. "We're seeing that there's still a lot of that work out there—including the infrastructure work that the Ontario government has been doing a good job with."

Now, the private sector is picking up, with a variety of projects taking shape in the retail, office space and hospitality sectors, among others, according to Smith.

"We're seeing that there's still a lot of that work out there—including the infrastructure work that the Ontario government has been doing a good job with."

Many projects in today's market are shifting toward a more collaborative format, says Smith. There is more interest in approaches like lean construction. "That ties into the design team and the owners, right at the earliest stages. The teams come together early and work with the client to develop the programs. It's way more efficient," says Smith.

Building Information Modeling (BIM) and so-called "smart" buildings are gaining greater presence in the market, Smith notes. "They're very complicated buildings, with a BIM infrastructure and heavy pre-planning."

"The mechanical-electrical components of these buildings are getting much more sophisticated," he notes, adding that the company has had to staff up in the mechanical and electrical areas. The challenge is finding "people with the expertise to make sure these buildings work the way they're supposed to."

Contracts are more complex. "When all that collaboration is done, [the client] wants to make sure they're getting the proper guarantees for delivery, price, schedule and quality," says Smith. Some contracts can be considered hybrids, where clients expect to be involved early, even on stipulated lump-sum contracts.

"This industry can't just be construction anymore. It has to be a full menu of services," says Smith. "When you go up against these big, international competitors, they've got huge departments dealing with all this complex technology."

Smith sees no cause for alarm, though: "I think the Canadian contractors have done well, even with the international competition."

PCL

"2011 will be an exceptional year. We'll set some records," says Brad Nelson, president chief operating officer of Canadian Buildings Div., PCL family of companies.

Public-sector business has been strong and accounted for 64 per cent of the firm's work in 2010. The private sector is starting to warm up, now accounting for about a third of the business in 2011.

The gains have been broad-based from a regional perspective. "We are seeing a pretty steady increase right across the country," says Nelson. In fact, in some areas labour shortages are starting to become an issue, notably in Alberta.

At one time, it was rare to see more than a couple of projects valued at over \$200 million in a given year. "Now, you're seeing projects that are worth a billion dollars. You have to find people capable of running projects like that," says Nelson.

These big projects are making it a more competitive market. "The work has dried up in Europe and the United States, so we're seeing foreign competitors popping up right across Canada," says Nelson.

Another trend he has identified is a change in the risk profile, mainly in the P3 market. PCL has been able to strike an effective balance on the risk it assumes in various contracts. "The private sector knows that if you're going to transfer risk, you're going to pay for it," notes Nelson.

AECON

"We have never seen a boom like we're seeing today," says John Beck, chair and chief executive officer, Aecon Group Inc. 2010 set a record in terms of sales volume—a 21 per cent increase. The firm was awarded three of the largest projects it has ever won and now has the largest backlog in its history, at some \$2.5 billion.

The stimulus program wasn't much of a factor for the firm, says Beck. "What it did was to keep a lot of the smaller contractors busier than normal, so they weren't competing as much with us on some of the larger work."

He credits a strategic plan established about four years ago for boosting business levels. Certain strategic sectors across Canada were targeted—resources, transportation, social infrastructure and energy—and all are quite healthy at present.

"It's only this year that the oil-sands activity is starting to pick up steam again," says Beck. "If I had to pick one area where we were hardest hit by the recession and the withdrawal of the private sector, it would have to be the oil sands."

“We’re going through a construction boom at the moment, that brings all the positives, as well as the negatives.”

Generally speaking, the private side of the building business is showing less activity than in the past, he says, noting there are exceptions, such as solar-energy projects.

“We’re going through a construction boom at the moment,” says Beck. “That brings all the positives, as well as the negatives.” Some pre-recession problems, such as high material costs and labour shortages, are rearing their heads.

“If you ask me what our biggest challenge is going to be, it would be to find qualified labour at all levels of the organization,” says Beck.

“That’s one of the big differences between 2010 and 2011, the inflationary pressures,” he says. The company attempts to control risk from materials price increases in contracts. “There are many formats for sharing the risk between the client and the contractor,” he says. It’s important for each party to accept responsibility for the risks that are best under its control.

Offshore competition is growing in Canada, notes Beck. “They haven’t put a lot of pressure on the actual construction industry, what we call boots-on-the-ground,” he says. “They’re more interested in financing, development, design and management.” The firm’s response has been to upgrade its capabilities, with training as a primary initiative.

Beck characterized 2010 as coming-out of the recession, slowly. In 2011, the private sector started rubbing its eyes and saying ‘Maybe it’s time to get going again.’

FLINT ENERGY SERVICES

The oil and gas industry is cyclical and construction contractors tend to lag the curve, notes Guy Cocquyt, director, Investor Relations & Communications Flint Energy Services Ltd.

“We did close to \$600 million in 2009 and 2010, exactly when everything was turning down, so that carried us nicely through the recession,” he says. But the delay in oil-sands development caused by the recession left the firm in a valley, between contracts.

Flint finished two major projects in 2010 and expected new contract awards in the second half of 2010, but many clients are still dealing with the bid packages. “That would be the next

wave of contract announcements. Those were the ones that were delayed,” says Cocquyt.

“We’ll get some backlog added in the second half of 2011, but we really won’t see the lift in revenues in that division until 2012 or 2013 and beyond.”

Flint’s new maintenance division has helped carry some of the load. “That went from nothing in 2006 to \$421 million last year... Every maintenance contract has a construction piece, which might be repair, redesign or reconfiguration.

Before the recession hit, most of the work was being done on a cost-plus basis. “Project engineering was given to us literally on a monthly basis,” says Cocquyt. However, by November of 2009, some projects were testing the market with lump-sum payments.

“All the producers are looking for more cost certainty,” says Cocquyt. “It’s pushing more risk on to the contractors. The bid packages are much more complex and the terms and conditions that are eventually haggled out are a lot more detailed.”

The producers are taking more time to evaluate bids and are showing more discipline. “I think that’s important, because now they’re looking at ways to mitigate the risk of cost overruns. Part of that is by pushing a little risk onto the contractor.”

In current contracts, Flint tends to assume the productivity risk while the producer has the materials and the take-down risk. “They give us a list of what we’re going to do. If that list changes, then we get paid by unit. But we’re responsible for the productivity,” says Cocquyt. “When things get very busy, it’ll probably go back to being pure cost-plus.”

Will the industry have the capacity to work efficiently if business heats up even more? “The sequencing is really important. If the projects can be sequenced so they don’t all start at once, then labour constraints and other kinds of logistical problems that we had in the last boom disappear or are muted. But if everybody goes at once, it’s going to get pretty tight again,” says Cocquyt. ♦

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