



## OPEN SHOP BENEFITS

March 31, 2017

Hon. Brad Wall  
Room #226, Legislative Building  
2405 Legislative Drive  
REGINA SK S4S 0B3

Dear Premier Wall:

As the voice for open-shop construction in Saskatchewan, Merit Contractors Association would like to express its displeasure with the removal of the PST exemption on construction labour. The open shop construction sector consists of approximately 7,000 contractors and over 50,000 workers, representing over 80% of the construction workforce in Saskatchewan.

Our association is very concerned that this action will have long-term and significant impacts on construction activity within the province. We believe that the imposition of a tax on construction labor will have an overall detrimental effect on investment in the province, at a time when construction activity is lagging.

Although the increased cost resulting from PST may appear marginal, it is entirely likely that the increased prices on construction work may serve as a deterrent for projects of every size. In addition, it adds a layer of administrative complexity for contractors that have never in their history had to charge PST on their services.

The full impact of the removal of the exemption will take time to assess. We will be monitoring the situation over the coming months in an attempt to document the effects of the new tax and will communicate that information to you as details emerge.

Several of our members have expressed concern about the transition to the new system, the lack of a suitable transition period, and the absence of regulations to provide guidance on some of the more intricate situations. We hope that you will encourage the Ministry of Finance to work with our association in developing answers and support for our members as they undertake this dramatic shift in their operations.

Merit is committed to being a resource for both members and government throughout the coming months. We hope that you will reach out to us with questions and for progress updates on an ongoing basis.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Low".

Karen Low  
Executive Director