



## **MERIT STANDS FIRM ON PST CHANGES, WILL WORK WITH GOVERNMENT TO EASE THE TRANSITION PERIOD**

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 13,000 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 increase 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 to 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 certainly be monitoring the situation over the coming months in an attempt to document the negative effects of the new tax and will communicate that information to government officials.

Our disappointment with this application of PST should come as no surprise. Our organization, along with the Saskatchewan Construction Association, the Saskatoon and Regina Home Builders, and a number of other organizations actively lobbied MLAs across the province prior to the 2017-2018 budget to inform them of the negative effects of removing the exemption.

Our primary concern now is to ensure that our members have the appropriate and accurate information as they begin to implement this tax on behalf of the government. Merit has already been in discussions with the Ministry of Finance and offered to participate in an ad-hoc committee to provide guidance and advice on how to make the transition period as seamless as possible for our members and others in the construction community.

We remain committed representing our members and their concerns regarding the PST, as well as other issues related to the construction industry. We will be meeting with representatives from the government to provide workable solutions on behalf of open-shop contractors in Saskatchewan.