



**BUILDING**  
**SIGNIFICANT**  
**SHARED &**  
**SUSTAINABLE**  
**PROSPERITY**



National Policy Document  
September 2021



# Decision 2021

Throughout Canada, approximately 1.5 million men and women get up each morning, go to a construction site, put on a hard hat, and literally build our country. And for the most part, that continued uninterrupted during the COVID-19 global pandemic – helping to support families and communities at a time when large parts of our economy were shut down.

We must now work to attract investment and rebuild lost jobs and opportunities as we struggle to emerge from the greatest health crisis in a century. The public policy choices made by today's leaders will be a key determinate of our success in doing so, and will define our collective future.

## FOUNDATIONAL SUCCESS FACTORS

The foundation for Canada's success has rested on strong leadership, hard work and resilience, and fairness and compassion. Canada is at its best when these attributes and values coalesce to create opportunity and to unleash the enormous potential of our country's human and natural resources.

Election 2021 is occurring during the fourth wave of the pandemic, which continues to wreak havoc on our economy and blunt the confidence of Canadian businesses, communities and families. Pre-COVID-19 Canada – a small, open and trade-dependent country – performed reasonably well economically, but we can and must do better. In today's dynamic and ever-changing world, nothing can be taken for granted.

In this campaign, Canadians will make an important decision about the future, and Merit Canada is providing this blueprint for what it will take to: support a strong construction sector and the 1.5 million jobs within it; build long-term confidence in Canada; attract investment and create new jobs and opportunities; and enable shared prosperity for all Canadians. With the challenges before us in many ways unprecedented, the stakes in this election are especially high.

This national policy document – ***Building Significant, Shared & Sustainable Prosperity*** – is supported by five pillars that we urgently need to strengthen as our great country navigates the post-pandemic world:

- ① Investment, Trade and Growth
- ② Open and Fair Government Procurement
- ③ Responsible Resource Development
- ④ Building Infrastructure
- ⑤ Skills, Training and Education

From coast-to-coast-to-coast, the actions of federal policy makers matter – and they matter a great deal. This blueprint is Merit Canada's contribution to the critically important public policy choices Canadians must make as we go to the polls on September 20 to elect Canada's next national government.

# ① Investment, Trade and Growth

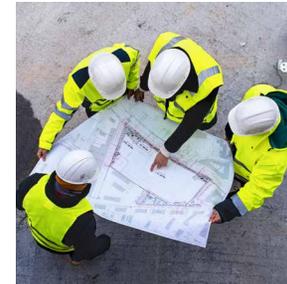


Private sector investment is key to enabling economic growth. A growing economy provides people with jobs, and governments with the tax revenues needed to pay for health, education and social programs.

In Canada, outbound foreign investment flows have outpaced inbound flows since 2014, and growth and job creation have been uneven across the country. In the World Bank's most recent comparative review of global economies, Canada ranks 23<sup>rd</sup> in ease of doing business. There must be a concerted effort to improve Canada's competitiveness, as doing so is key to our long-term economic prosperity.

And the headwinds facing Canada's economy are numerous: the rapid spread of COVID-19 variants; dramatically elevated levels of government spending to help stabilize businesses and households in the face of the pandemic; emerging demographic challenges; measures introduced in the United States to encourage investment and give preference to American firms; and turbulent relations with China and to a lesser extent India. All of this is working to create uncertainty for many sectors of the economy, and for Canada's long-term competitiveness and prosperity.

In the construction sector, demand for institutional, commercial, industrial and residential construction services is derived from other areas of the private sector



including manufacturing, forestry, mining, and energy, among others. Demand for construction services also comes directly from governments' leading role in funding nation-building and regional infrastructure

such as highways, ports, airports, hospitals and educational institutions.

## REGAINING INVESTOR CONFIDENCE

Merit Canada believes that public policy choices profoundly affect investment and growth by establishing private sector confidence levels, and shaping choices about whether to expand businesses.

Investor confidence is strongly influenced in particular by taxation levels, the burden of red tape and regulation, policies influencing labour market flexibility, and openness to international trade to source critical business inputs and to export goods and services.

Levels of investment, in turn, ultimately determine the amount and stability of taxes, fees and other revenues that are available for government to spend in support of critical "public goods" such as social services and infrastructure to move goods and people.

## ... Investment, Trade and Growth

### ACCORDINGLY, MERIT CANADA RECOMMENDS THAT POLICY MAKERS:

- Undertake a long-overdue review of Canada's complex tax system, with the overarching goal of simplifying its application and administration.
- Review Canada's overall regulatory burden with the goal of streamlining and simplifying the application and administration of regulations affecting businesses and citizens.
- Review the *Canada Labour Code* to ensure that it provides labour market flexibility and balanced labour relations and employment standards policies suitable to today's world of work. This must begin with restoration of a worker's right to a secret ballot vote during union certification processes in federally regulated workplaces – there is no more fundamental democratic value than the right to a secret ballot, and workers should have that right when they are deciding on union membership.
- Ensure that Canada maintains open access to steel products from international markets. Central Canada can source much of its supply domestically, while Western Canada is heavily dependent on imports from international markets.
- Develop a comprehensive pan-Canadian, export-oriented jobs and investment plan to leverage gains from trade with the United States, Asia and Europe.
- Put forward a practical plan to reduce the level of taxpayer funded debt and normalize government spending in a time frame that is reasonable given the recent economic shocks Canadians have experienced.



## ② Open and Fair Government Procurement



Fairness and transparency in government procurement policy is a key touchstone in the construction sector generally, and for Merit Canada in particular.

Governments – federal and provincial – should adopt procurement models that are open to all contractors regardless of whether companies and their workers are non-union (open shop), non-affiliated (wall-to-wall union), members of traditional (craft) building trades unions, or organized through an employee association.

Fundamentally, all levels of government should seek the best value at the lowest reasonable cost for public sector infrastructure procurement.



### **AVOIDING DISCRIMINATORY PROCUREMENT**

Federal policy makers should not follow the path, for example, of the fledgling building trades union-only requirements in the Government of British Columbia's deeply flawed and discriminatory Community Benefit Agreement ("CBA") framework. In 2018, the BC NDP Government mandated that anyone working on a provincial government construction project, built under a CBA, be forced to join one of the government-approved building trades unions.

Progressive unions and non-union contractors representing 85 per cent of British Columbia's 250,000 men and women in construction are effectively shut out of this work – gone is fair, open and transparent procurement on public infrastructure projects. In its place we have confusion, complexity and higher costs. This inefficient and discriminatory procurement model should not be adopted by federal policy makers.



## ... Open and Fair Government Procurement

According to an analysis done by the Canadian Federation of Independent Business, with British Columbia planning to spend \$25.6 billion on infrastructure over the next three years, the building trades union-only hiring model could cost taxpayers as much as \$4.8 billion more, or nearly \$4,000 for every family in the province.

Where applied, the BC CBA framework has already led to significant cost escalations, and to project scope reductions to stay within budget. Qualified bidders are choosing to simply not bid projects because of the significant financial and human resource risks to their businesses.

Merit Canada strongly believes that cutting special deals with the building trades unions or any stakeholder organization – to create a preference, unfair advantage or indeed a monopoly on government projects – hurts workers and construction contractors and costs taxpayers more money.

It also impairs crucial training outcomes. More people are trained in the construction trades through inclusive tendering; as well as by investing in more training spaces, and by working with construction contractors who train workers on construction projects in every community across the country every day.



### **ACCORDINGLY, MERIT CANADA RECOMMENDS THAT POLICY MAKERS:**

- **Maintain open, fair and transparent procurement processes based on achieving the best value at lowest reasonable cost for taxpayers, without preference or favour given to any defined group of contractors.**

## ③ Responsible Resource Development



Merit Canada is firmly of the view that the wealth, jobs and opportunities created by Canadian resource industries are too often maligned and not sufficiently appreciated or supported.

Ground zero for the now endemic challenges within Canada's resource industries is the lack of focus given by federal policy makers to getting Canadian energy resources to market.

In the 1980s, 1990s and 2000s, governments of both political stripes – Liberal and Conservative – made concerted efforts to unleash Canada's resources and to generate enormous opportunity for our country.

The result is that the energy industry is the single largest private sector investor in Canada, investing about \$44 billion in 2017 alone. The energy sector also pays an estimated \$15 billion annually to government, which all Canadians share.



### UNLOCKING NATURAL RESOURCES

Over the past few years, however, this commitment has been undermined by detrimental public policy measures which have complicated major project development and landlocked our natural resources.

The passage of Bill C-69, the *Impact Assessment Act* in 2019 impairs Canada's ability to develop its resources by making major project permitting and approvals more costly and complex at best, and impossible at worst.

Bill C-48 – the ban on oil tankers off the west coast of Canada – stymied the development of further pipeline infrastructure on our country's northwest coast, which is critically necessary to get our nation's oil reserves responsibly to key global markets. The cancellation of the Keystone XL Pipeline project by the Biden Administration earlier this year, compounded the challenges facing Canada's energy sector.

Instead of taking action in the national interest to responsibly develop our resources, these legislative measures institutionalize obstruction, complacency, and the loss of investment in Canada's energy sector. In the end, all Canadians lose.

## ... Responsible Resource Development

### SETTING NATIONAL DIRECTION

Merit Canada believes government has an important role to play in setting the national direction for responsible resource development, in facilitating timely regulatory approvals and permitting; and in laying the foundation for the execution of nation-building infrastructure within federal jurisdiction.

In recent years, however, efforts to articulate a vision; coordinate with the provinces, Indigenous Nations and private sector proponents; and make the case to Canadians for the financial, social and moral imperative of advancing responsible resource and infrastructure development, have effectively been non-existent.

Merit Canada fears that Canada risks being labeled a place where it is simply too difficult to get things done or, worse, a place where regulatory approvals are not worth the paper they are printed on. The early results are in: businesses and investors are already taking their ideas, their people, and their capital elsewhere.

Protecting Canada's environment is an important public policy objective, and Merit Canada believes that environmental sustainability and tackling climate change go hand-in-hand with attracting



investment, creating jobs and building new infrastructure. However, federal policy makers' current vision is based on a misunderstanding of the nature and scope of Canada's influence on the core global challenges of our time.

For example, while most Canadians agree that climate change is a paramount threat, our national response fails to recognize that Canada produces less than two percent of the world's greenhouse gas emissions. A key part of Canada's contribution to climate action should be to help China, India and Europe transition away from coal to less carbon-intensive sources of energy such as Canadian LNG (liquefied natural gas).

## ... Responsible Resource Development

### ACCORDINGLY, MERIT CANADA RECOMMENDS THAT POLICY MAKERS:

- Act decisively to bring Indigenous leaders, other levels of government and the private sector together to develop the appropriate framework and policies that will ensure Indigenous communities are full partners in the opportunities, investment and jobs that flow from a strong and growing economy.
- Develop a national vision, strategy and implementation plan for advancing responsible resource development, in cooperation with provincial governments, Indigenous Nations and the private sector.
- Repeal and replace Bills C-69 and C-48 with more balanced legislation to advance responsible resource development, with due regard for other legitimate societal interests and environmental protection.
- Focus on incremental pan-Canadian LNG development to unleash the full potential of Western and Eastern Canadian gas reserves and export opportunities.
- Develop a realistic climate action plan which truly respects concurrent federal and provincial jurisdiction over the environment, and markets Canadian LNG as a transition fuel for China and India (the world's leading carbon emitters) and Europe.



## ④ Building Infrastructure



The federal government plays an important role in sharing the cost of infrastructure funded by provincial and local governments, and such infrastructure in turn can play a key role in reducing the affordability challenges facing all Canadians and the competitiveness challenges facing our economy.

Provincial infrastructure to connect communities with efficient and effective urban transit systems, and to reduce congestion in urban centers, requires the assistance of the federal government to ensure project viability. At the same time, local infrastructure is critically important in maintaining and growing affordable, sustainable and healthy communities of all sizes across the country.

Much of Canada's infrastructure was built in the 1950s and 1960s and is now in dire need of renewal or repair. However, both provincial and municipal governments are overburdened by "infrastructure deficits" that have built up – that is, large volumes of infrastructure built in the post-war period that is now at the end of its life-cycle.

It is critical that all federal parties commit to multi-year funding for infrastructure renewal across the country, with added emphasis and initiatives in areas where investments can accelerate economic gains from export trade for the entire country.



Investments in infrastructure renewal across the country should also be undertaken with a clear line-of-sight to cost-effective ways to improve energy use and efficiency.

### COOLING THE HOUSING CRISIS

Finally, the World Bank ranks Canada 64<sup>th</sup> in the world in the time it takes to process permits for construction projects – an embarrassing ranking that has to improve. Canadians pay a heavy price for this inefficiency in the form of lost jobs and opportunities.

The inability to approve and permit projects faster is revealing itself most acutely in the housing affordability crisis that has gripped major cities in Canada. Families and first-time home buyers continue to be squeezed out of markets and struggle to meet the high cost of rent. The first plank of a comprehensive approach to tackling housing affordability must be to increase supply, and the federal government has to play a stronger leadership role in this effort.

## ... Building Infrastructure

### ACCORDINGLY, MERIT CANADA RECOMMENDS THAT POLICY MAKERS:

- Work with other levels of government to address the chronic delays in the time it takes to approve and permit construction projects generally and housing projects specifically, with a particular focus on increasing the supply of all housing stock (affordable, rental and at-market) and on increasing density in Canada's major cities.
- Enhance the existing commitment to multi-year federal cost-sharing for provincial and municipal infrastructure renewal.
- Support provincial infrastructure initiatives to better connect communities, to improve goods and people movement, and to decongest provincial and national highway networks.
- Support major port infrastructure development, on Canada's west and east coasts and at the Saint Lawrence River and Great Lakes Gateways, tied to road and rail networks to improve supply chain efficiency and Canada's capacity to get exports to global markets.
- Work with telecommunications providers to ensure that Canadians across the country have sufficient access to highspeed internet and wireless network capacity.
- Invest in targeted airport infrastructure in partnership with local airport authorities (where applicable), provincial governments and municipalities (where applicable) to improve passenger movements and experience, and to improve air cargo capabilities where there is a clear business case to do so.
- Invest heavily in urban transit infrastructure in recognition that much of Canada's population growth is occurring in Canada's major cities and that affordable, livable and environmentally sustainable housing options go hand-in-hand with expanded transportation access.



## ⑤ Skills, Training and Education

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Merit Canada believes skills, training and education are foundational for building a talented workforce to in turn build our country, especially as many Canadians reconsider their professional options following the COVID-19 pandemic. This is a shared responsibility of government, business, and individuals.



Federal policy makers have an important role to help ensure a skilled, trained and well-educated workforce from coast-to-coast-to-coast. Though substantially within provincial jurisdiction, the federal government has an important leadership role working with its provincial counterparts to provide funding and incentives to enhance skills, training and education for Canadians.

### **ACCORDINGLY, MERIT CANADA RECOMMENDS THAT POLICY MAKERS:**

- Provide federal funds for training programs, in partnership with the provinces, through provincially accredited colleges, trades training, and technical institutions.
- Significantly expand the tax credits for employers training apprentices to help offset the costs of training the next generation of workers.
- Provide targeted assistance, in partnership with the provinces, to provincial institutions to add new trades training spaces and to build new training facilities.
- Ensure any federal apprenticeship funding is provided without preference or favour to union, non-affiliated union or non-union workers. Fundamentally, if the federal government provides funding for skills, training and education, it should be provided non-exclusively to all segments of the construction industry workforce.
- Recognize and support entrepreneurship as a legitimate and vitally important component of apprenticeship training, and support succession planning in small, medium and large construction firms across the country.



# Conclusion

On September 20, Canadians must confront important choices.

Merit Canada's vision and blueprint for building significant, sustainable, and shared prosperity for all Canadians is informed by the tremendous importance of the daily work of construction contractors and the approximately 1.5 million men and women who build projects of all sizes and scopes across our great country each and every day.

We encourage all Canadians to think carefully about the challenges and opportunities our country is facing, and to cast ballots for candidates committed to creating and fostering the investment, jobs and opportunities required to support the important health, education and social programs which we all cherish and depend on. We need a government ready to help Canada pull itself up off the mat economically following the COVID-19 pandemic and lock-in our long-term prosperity.

By electing candidates and a Federal Government committed to **Leadership, Fairness and Opportunity**, we will ensure continuation of the legacy of the bold visionary builders who made Canada what it is today.





# About Merit Canada

Merit Canada is the national voice of Canada's provincial Open Shop construction associations. Its roughly 5,000 member companies employ more than 125,000 Canadians. Merit Canada is the voice of the approximately 70 per cent of the construction contractors, and of the men and women working in construction, who build more than 70 per cent of the industrial, commercial, institutional and residential construction projects across the country.

Merit Canada was created in 2008 to advocate for fairness and transparency in government infrastructure project procurement on behalf of construction contractors and workers. Through its provincial partnerships across Canada, Merit Canada helps Open Shop employers develop the next generation of construction trades workers.

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