

**Building Significant,  
Shared & Sustainable  
Prosperity**

**National Policy  
Document  
2022**

# A Stronger Future

Throughout Canada, approximately 1.5 million men and women get up each morning, go to a construction site, put on hard hats and safety gear, and 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.

And when natural disasters ravage our communities with greater frequency and ferocity, the first calls to renew and rebuild go to construction contractors.

The foundation for Canada's success has rested on strong leadership, hard work, resilience, 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.

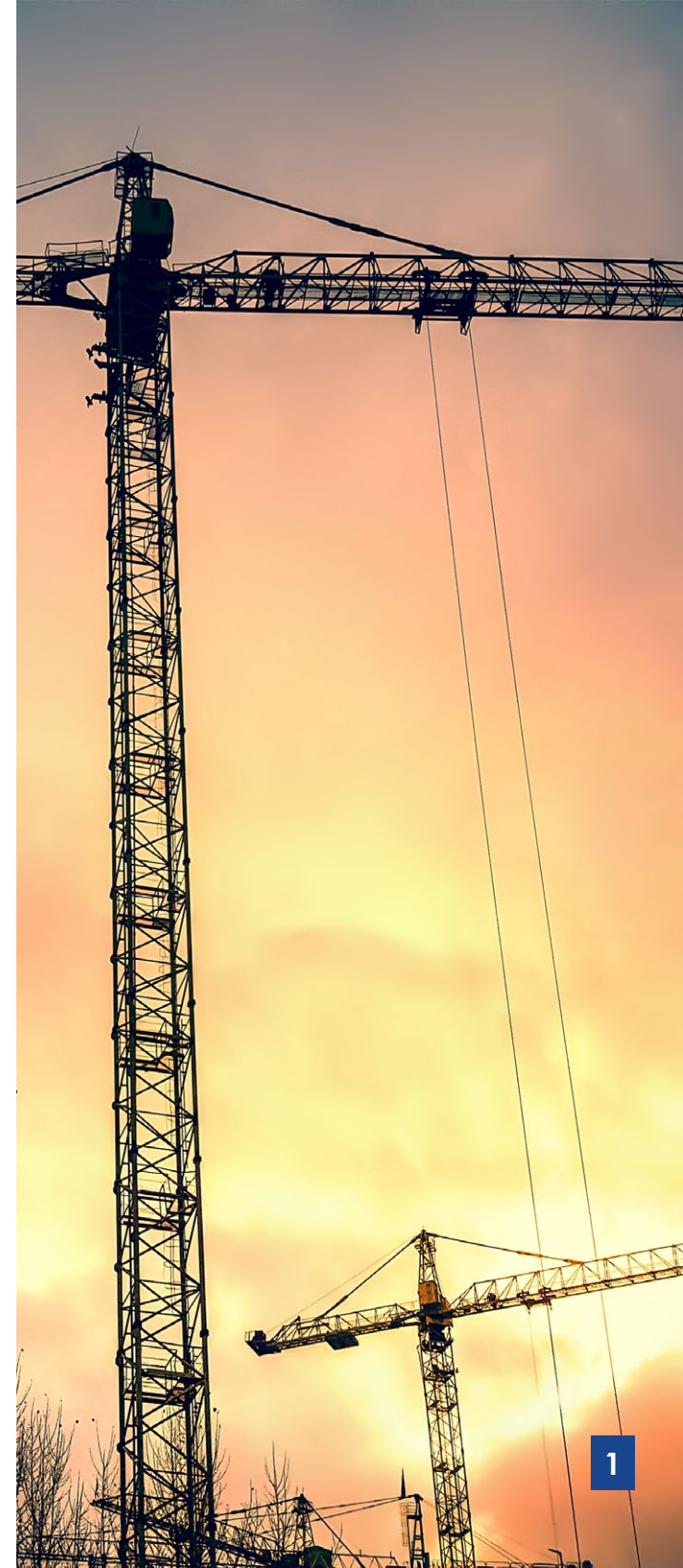
Pre-COVID-19, Canada – a small, open, and trade-dependent country – performed reasonably well economically, but significant challenges face us, so going forward it is imperative that we do better. In today's dynamic and ever-changing world, nothing can be taken for granted. The public policy choices made by today's leaders will be a key determinate of our long-term prosperity and will define our collective future.

At Merit Canada we have developed this blueprint for what it will take to: support a strong construction sector and the 1.5 million jobs within it; enable the efficient construction of needed new infrastructure along with maintenance of existing structures; 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, given the sharp increases

in inflation, the fragility of supply chains, and the major shifts in the geo-political landscape, the stakes have never been higher.

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

- **1** ■ Investment, Trade and Growth
- **2** ■ Open & Fair Government Procurement
- **3** ■ Responsible Resource Development
- **4** ■ Building Infrastructure
- **5** ■ Housing Affordability
- **6** ■ Skills, Training and Education





# 1 Investment, Trade and Growth

While government infrastructure spending has supported the post-pandemic economic recovery, private sector investment is key to sustained 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 has been uneven across the country. In the World Bank's most recent comparative review of global economies, Canada ranks a dismal #64 in the length of time it takes to approve a construction project – it's imperative that we do better. There must be a concerted effort to improve Canada's competitiveness. Doing so is key to our long-term economic prosperity.

The headwinds facing Canada's economy are numerous – elevated unsustainable levels of government spending to help stabilize businesses and households in the face of the COVID-19 global pandemic; emerging demographic challenges that include a rapidly aging population; measures introduced in the United States to encourage investment and give preference to American

firms; fragile global supply chains given our turbulent relations with China and the significant changes to the geo-political landscape in the wake of the invasion of Ukraine by Russia. All of this is working to create uncertainty for many sectors of the economy, and significant risks to Canada's long-term competitiveness and prosperity.

The headwinds facing Canada's economy are alone challenging. However, when they are combined with a largely ineffective government policy framework to attract investment and increase productivity and competitiveness, the overall effects are devastating.

In 2021, the Organization of Economic Cooperation and Development (OECD) reviewed 38 of the most advanced economies in the world and ranked Canada's dead last in forecasted economic growth for the coming decade.

## RE-GAINING INVESTOR CONFIDENCE

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

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

Investor confidence is strongly influenced 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...

## MERIT CANADA RECOMMENDATIONS

Merit Canada recommends that federal policy makers:

- Undertake a long-overdue review of Canada's complex tax system, with the overarching goal of simplifying its application and administration.
- Commit to a long-term plan to reduce the taxation rate for business to promote global competitiveness.
- 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 it is critical.

Governments – federal and provincial – must 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.

Federal policy makers should not follow the path, for example, of the 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.

## OPEN OPPORTUNITY FOR ALL

Non-union contractors represent approximately 70 per cent of Canada's construction workforce and freezing them out of taxpayer-funded infrastructure projects is simply bad policy. The results of implementing such a prejudicial procurement model are characterized by significant cost escalations, inefficient project delivery, increased timelines, and challenges finding skilled workers.

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.

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 needlessly costs taxpayers more money.

## MERIT CANADA RECOMMENDATIONS

Merit Canada recommends that policy makers:

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





# 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. Given the global uncertainty of the energy resource supply chain, it only makes sense to develop our own national resources to address international demand.

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, and 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 land-locked 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. It also affects the confidence of investors. In making a strategic investment decision, the cost of lengthy approvals and possible permit denial is often a deterring factor. The Trans Mountain Pipeline saga is a perfect example.

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 in 2021 compounded the challenges facing Canada's energy sector.

Instead of acting 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.

## SETTING NATIONAL DIRECTION

Merit Canada believes the federal 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, to 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 environment 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 2% 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).



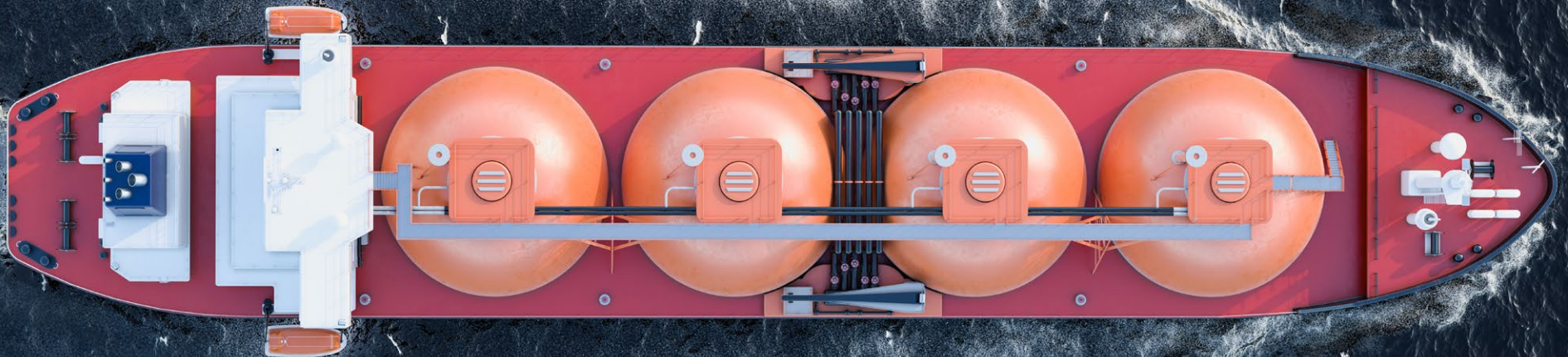


# Responsible Resource Development...

## MERIT CANADA RECOMMENDATIONS

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 Bill C-48 with more balanced legislation to advance responsible resource development, with due regard for other legitimate societal interests and environmental protection.
- Focus on 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; 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 provincial and municipal infrastructure projects, and such infrastructure in turn can play a key role in enhancing the quality of life for all Canadians while creating job opportunities for the skilled trades.

Provincial infrastructure to create efficient and effective urban transit systems, to develop recreational centres, or to improve local water supply requires the assistance of the federal government to ensure project viability.

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. In fact, the Federation of Canadian Municipalities estimates that 40% of Canada's roads and bridges, vital nation-building transportation networks, is in fair, poor or very poor condition.

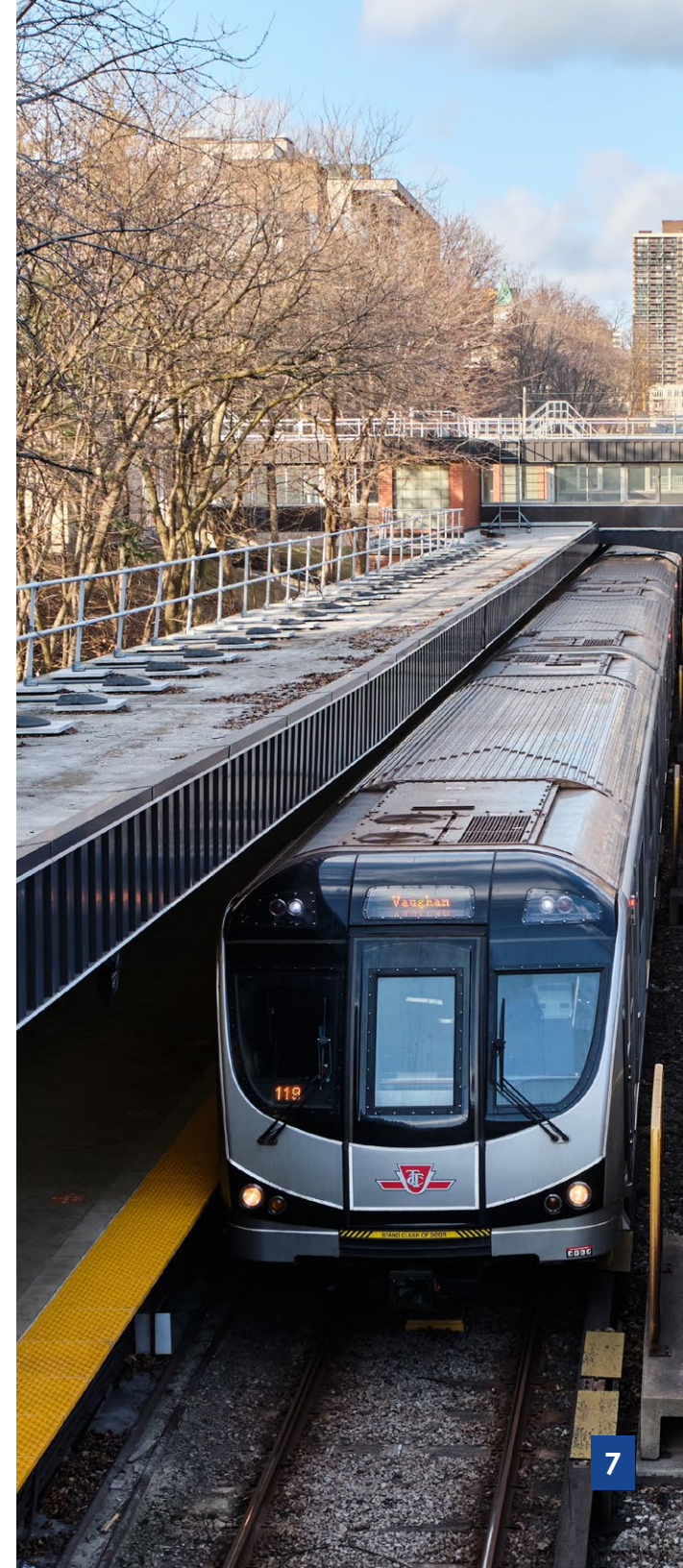
It is critical that all federal parties commit to multi-year funding for infrastructure renewal across the country, with added emphasis and initiatives in areas where investments can accelerate economic gains from export trade for the entire country.

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.

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# 5 Housing Affordability

The Canada Housing and Mortgage Commission issued a report stating that the last time housing was affordable in Canada, was in 2003 – two decades ago. What has happened since then? Red tape production, stifling government regulations, excessive fees and levies have been stacked against business. Canadians pay a heavy price for this inefficiency and bureaucracy in the form of a lack of affordable housing, and 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 must play a stronger leadership role in this effort.

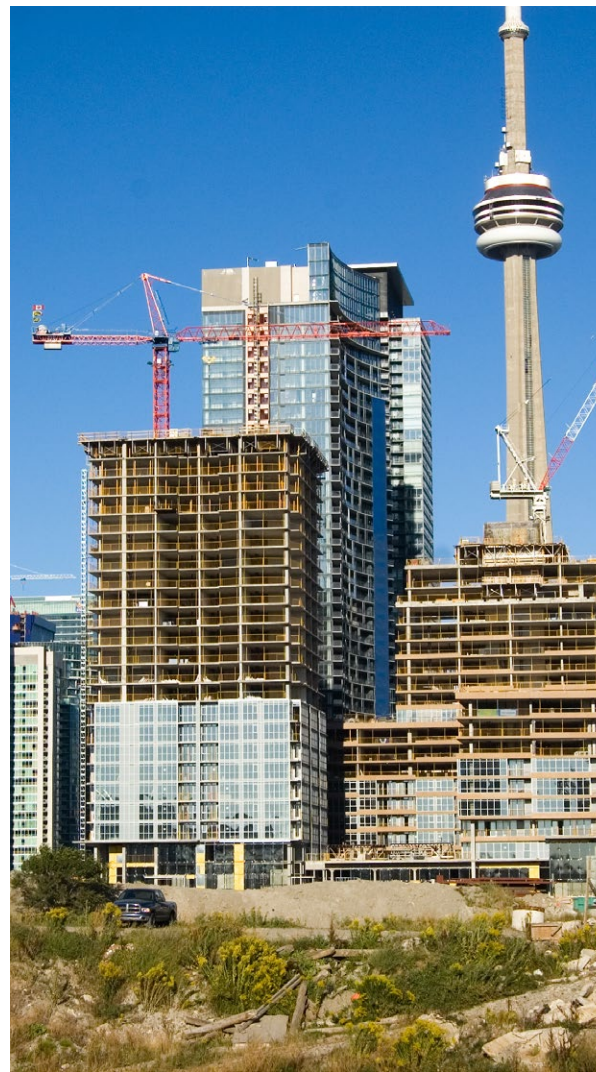
In a recent report issued by the Bank of Canada, the conclusion was clear – the housing supply is not keeping up with the demand for places to live. This crisis is affecting both low- and medium-income households where the average home price has increased exponentially which has pushed many families who would have previously bought homes to rent, and supply shortages have led to increased rent rates.

Through both inaction and the imposition of rules and regulations that have distorted housing markets, governments – primarily at the local level, but also at the provincial and federal levels – are responsible for the current full-blown housing affordability crisis.

In a recent examination of the global problem of housing affordability the Economist Magazine notes that a common mistake of governments is making it “too difficult to build housing that populations require”. This, at least in part, is a response to owner-occupiers who have an incentive to resist development in their areas. Politicians have generally responded to this resistance favorably, rather than address the need for more densification to increase supply to improve

housing affordability for all citizens. It is now accepted by builders in many major centres in Canada that it will take as long to approve and permit a project as it will to build it.

To further compound the crisis, recent increases in the prime lending rate have decreased affordability and have put some homeowners without fixed rate mortgages in danger of default. A market collapse in some regions could very well be the result.



## MERIT CANADA RECOMMENDATIONS

Merit Canada recommends that policy makers:

- Accelerated efforts are needed to expedite building rapid transit infrastructure. This is a joint federal-provincial matter that requires focused, multi-year planning, with new infrastructure sequenced to where population growth is highest and overall transportation demand is most prevalent. That said, planning for future rapid transit infrastructure is the most opportune time to “shape growth” and optimize social, environmental, and economic considerations.
- Increase density along rapid transit routes. Here the federal interest in maximizing density around transit stations and hubs must be expressed through incentives to municipalities (indirectly) or by legislative fiat (directly). The federal government can also make its financial contribution to new rapid transit infrastructure conditional on higher densities. To date there have been missed opportunities in this regard.
- Municipal approvals processes are onerous and are significant impediments to supply and affordability. Municipalities should be compelled to expedite development to increase the supply of housing by streamlining approval and permitting processes.
- Incentivize rental construction. The federal government should examine ways to incentivize the development community to build more rental stock through the tax system (e.g. providing relief on GST for new builds); expediting regulatory approvals and permitting timeframes; and, making federal lands available for development.
- Federal contributions to municipal innovations such as Vancouver’s 3-3-3-1 faster permit policy should be prioritized.



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 nation-wide. 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.

Moreover, Canada has an aging population. There are simply not enough new people entering the workforce presenting a very real risk to Canada's long-term prosperity and competitiveness. There are only two solutions - increased productivity, doing more with less people, and immigration. Both require long-term solutions. In the short-term, investing in training to increase the skills of workers and reforming our immigration system should be key areas of focus for government.

## MERIT CANADA RECOMMENDATIONS

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 in order to increase the number of individuals being trained in the skilled trades and reduce wait lists.
- Encourage the geographic distribution of training spaces by investing in trades training institutions in medium and smaller-sized cities and towns.
- Work with the provinces to enhance and modernize the application process for student, work, and immigration visas with the goals of attracting the talent to Canada required to counter our aging population, making it easier to enter Canada and to reduce the chronic wait times that are proving to be a significant impediment to getting people in the country.
- Ensure any federal apprenticeship funding is provided without preference or favor 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, contrary to the flawed Union Training and Innovation Program.
- 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

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 every day.

Federal policy makers must think carefully about the challenges and opportunities our country is facing and develop a policy framework focused on 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.





# 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% of construction contractors, and of the men and women working in construction, who build more than 70% 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.



[merit-canada.ca](http://merit-canada.ca)

