



**SASKATCHEWAN
CONSTRUCTION
ASSOCIATION**



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Chair (Young)

May 11, 2017



CONSTRUCTION ASSOCIATION NETWORK
OF SASKATCHEWAN

April Labour Market Report for Saskatchewan

This report was prepared by the Sask Trends Monitor for the
Saskatchewan Construction Association on May 5, 2017

Provincial Employment

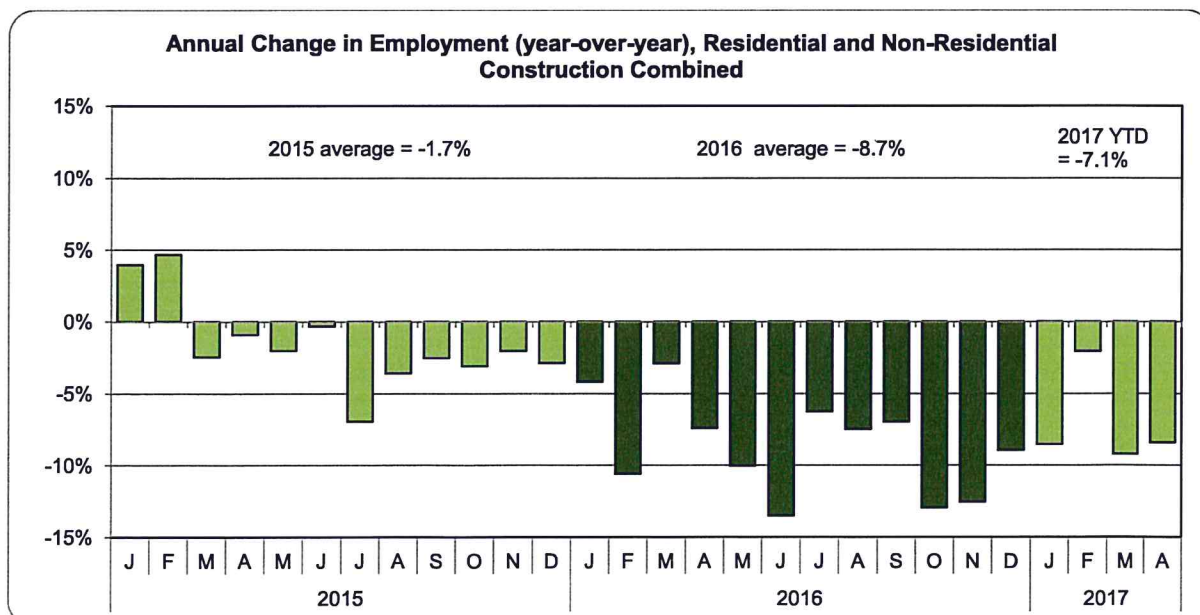
The Saskatchewan labour market is stagnant in early 2017. Total employment in April was unchanged from a year ago and the number of jobs created in the first four months of the year is up by only 0.3%. This is still an improvement over the 0.9% drop in 2016.

Construction employment continues to be well below last year's levels. Counting heavy construction and both the residential and non-residential building sectors, construction employment in April was 45,800 which is 8.4% lower than the 50,000 a year ago. The year-to-date figures for the first four months show a 7.1% decline in employment.

Compared with April a year ago employment is:

- down 10% in heavy and engineering construction;
- up 1% in residential and non-residential building construction; and
- down 13% in trade contracting firms.

The drop in employment was evident among both the self-employed (-5%) and paid workers (-10%). The average hours fell by more than 10% to an average of 32.4 hours per week so even those with a job are not putting in as many hours.

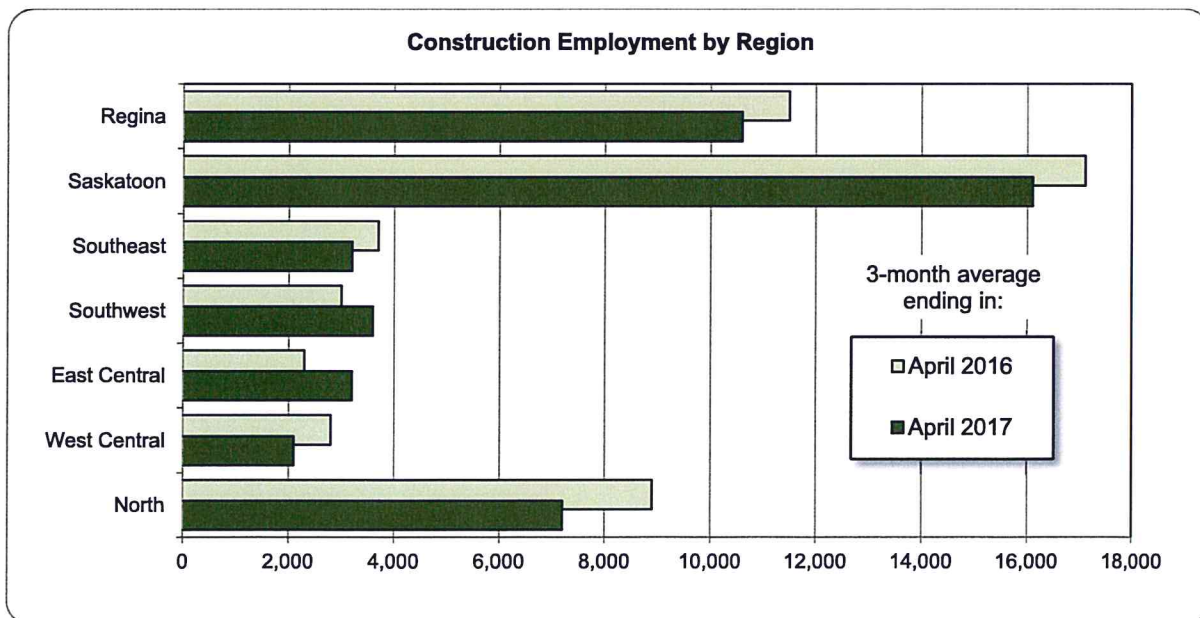


Regional Employment¹

The weakness in construction employment in the early 2017 was widespread across the province with declines in five of the seven sub-provincial regions used in the Labour Force Survey including rare declines in both Regina and Saskatoon.

In absolute numbers, the largest declines were in the northern part of the province which lost 1,700 construction jobs in the last twelve months. Employment is also down in the west central region.

The only parts of the province showing a substantial increase are on the east side (Melville/Yorkton) where employment in the three months ending in April 2017 was 39% higher than a year ago and in the southwest corner where the increase is 20%.

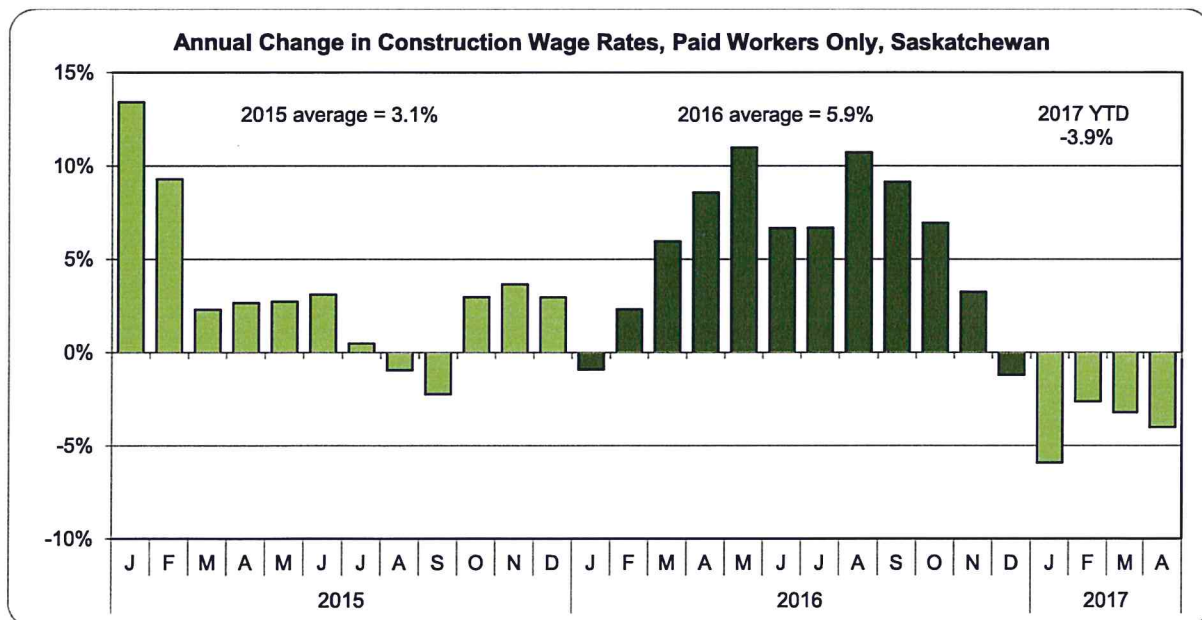


¹ In the Labour Force Survey, the regional data measure where you live not where you work.

Construction Wage Rates

After three consecutive years of wage increases that were well above the rate of inflation, the April figures confirm that the weak labour market is exerting downward pressure on construction wages. On a year-over-year basis, construction wage rates in April were down for the fourth consecutive month whereas they were effectively unchanged in the province as a whole.

In April 2017, the average hourly wage rate among paid workers in construction was \$29.43. This is 4.0% lower than in April 2016 and brings the year-to-date decline to 3.9%.





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News

Getting the Tax Rules Right - A Call To Action

May 4, 2017

Getting the Tax Rules Right - A Call to Action

The new PST on construction services has been in place for 34 days now. The government is still trying to sort out how and when the tax applies, and companies are scrambling to sort out contractual and financial obligations. It's a mess for our industry, and no one is happy about it.

Your associations and government officials continue to work together to update information and provide clarity around the implementation of new tax rules. While the associations, including the SCA, do not support the changes we are trying to make as much sense of them as possible for you – our members.

To that end, we've partnered with MNP – tax and audit specialists – to provide members with as much information as we can on what changes are finalized and what they mean. Together, we held a webinar in April during [Saskatchewan Construction Week](#) and, this past week, we partnered on in-person question and answer sessions for contractors. The first half of the session offered a presentation by MNP on the latest PST updates, followed by break out sessions.

Contractors and suppliers were able to grill Ministry of Finance officials on the ins and outs of the PST changes. The sessions sometimes got a bit heated, and lots of tough questions were asked. I hope most attendees found the sessions to be helpful. I also want to express my gratitude to the officials from the Ministry of Finance who attended these sessions. They're in a tough spot, left trying to figure out how to implement a tax they didn't get any notice about either. I don't feel sorry for them, but I do empathize with their challenge, and I know they're doing their best.

While we're working, for the most part, to help members understand the changes, we are not done fighting them yet. Specifically, we, and other associations, oppose the government's arbitrary decision to impose a 10% change order limit for projects contracted pre-April 1. The rule, as currently written, says that if a project is approved on the pre-April 1 registry, the pre-April 1 tax rules apply...UNLESS that project experiences cumulative change orders in excess of 10%. Everything over the 10% is taxed according to the new rules, including the entirety of the change order that pushes the total past that threshold.

This is an arbitrary and unfair percentage, chosen only to grow the revenue pie for the government with no consideration or understanding to the impact on the industry. This rule must change. The coalition of industry partners has written a formal letter to Brad Wall, asking the government to scrap the 10% rule and instead establish a three-year completion window for projects under the old rules. You can read more information in other parts of the SCA's newsletter this month on this issue and on other parts of the PST issue.

What we know today is that the only way this change will happen is if we have the political support of the government. We need to let our MLAs and Cabinet Ministers know why this rule needs to go. To do that, **we need your help!**

We want our members to write to your local MLAs, and other MLAs you know. Send a letter or an email to them, call their offices. Get in touch with Minister Kevin Doherty (Minister of Finance) and tell him what you think. If we really want this rule to

change, we need to let them know, and you have a part to play. In our newsletter this month we include a [template letter](#), and information on how you can contact your MLAs.

Complaining about the rules is one thing, doing something about them is another. At the SCA we will keep fighting hard to get these rules changed. Join us in this fight, and together, let's get it done.

Mark Cooper, MBA, PMP

President and CEO
Saskatchewan Construction Association

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SASKATCHEWAN CONSTRUCTION
ASSOCIATION INC.

320 GARDINER PARK COURT, REGINA,
SASKATCHEWAN, CANADA S4V 1R9

Tel: (306) 525-0171
Fax: (306) 347-8595

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