

Written Submission for the Pre-Budget Consultations in Advance of the 2022 Federal Budget

August 6, 2021

Ottawa, ON



CBTU SMCC

CANADA'S BUILDING TRADES UNIONS
LES SYNDICATS DES MÉTIERS DE LA CONSTRUCTION DU CANADA
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SUMMARY OF RECOMMENDATIONS

Recommendation 1: That the Government permit a skilled trades workforce mobility tax deduction to allow skilled trades workers to deduct work-related travel costs when these costs are not covered by their employer. Salespeople, professionals and Canadians in other industries can utilize a tax deduction for the cost of their travel, meals, and accommodations and it is unfair that skilled trades workers – who regularly have to travel for work – are unfairly denied the same benefit.

Recommendation 2: That the Government support energy workers impacted by the transition to a green economy – particularly workers in oil and gas – who may need re-training or relocation supports. This can be done through introducing a sector-specific task force that includes labour, industry stakeholders and government representatives to assess the industry's needs during this pivotal transition period.

Recommendation 3: That the Government implement Community Benefits Agreements (CBAs) or Workforce Development Agreements (WDAs) on federally procured infrastructure projects. These agreements enable the value of a project to extend beyond the building of infrastructure and support opportunities for apprenticeships and underrepresented groups.

Recommendation 4: That the Government invest in green energy technologies such as small modular reactors, carbon capture and green infrastructure investments such as industrial and commercial retrofitting.

Recommendation 5: That the Government continue to invest in people through its apprenticeship loans and grants, and by continuing to make improvements to the Union Training and Innovation Program (UTIP) to better equip training centres to meet new challenges and demands in the labour market.

Recommendation 6: That the Government make improvements to the Employment Insurance (EI) program by increasing flexibility in the program and recognizing the uniqueness of the construction labour force.

BACKGROUND

Canada's Building Trades Unions (CBTU) are the national voice of over half a million Canadian construction workers — [members of 14 international unions](#) who work in more than 60 different trades and occupations and generate six per cent of this country's GDP. Our work is not just done on site, but in a number of facilities that provide modules or other components that are incorporated into the structures that we work on. Once structures are built, we are employed in their renovation, maintenance, and repurposing. Our members are highly trained skilled tradespeople who are the backbone of the middle class.

Each year our industry – through our members and contractor partners – invests over \$300 million to fund and operate over 195 apprenticeship training and education facilities across Canada. Since 1908, our members have built the roads, bridges, factories, hospitals, schools, and green construction projects that benefit communities and Canadians from coast to coast. As our industry evolves, we continue to adapt our skills and training to ensure our members maintain the highest level of skills in their respective crafts.

Throughout the last 18 months, Canada, along with the rest of the world, has faced unprecedented challenges. From the start of the pandemic, construction was deemed essential and our members continued to go to work each and every day. Construction has, time and again, proven itself as a vital and stable force in Canada's economy, but skilled trades workers, and the construction industry as a whole, needs government support.

In this submission we have outlined tangible measures the Federal Government can take in Budget 2022 to support our industry and Canada's overall economy.

Recommendation 1: That the Government permit a skilled trades workforce mobility tax deduction to allow skilled trades workers to deduct work-related travel costs when these costs are not covered by their employer. Salespeople, professionals and Canadians in other industries can utilize a tax deduction for the cost of their travel, meals, and accommodations and it is unfair that skilled trades workers – who regularly have to travel for work – are unfairly denied the same benefit.

The *Income Tax Act* is currently an inequitable tax policy in its treatment of construction workers related to the deductibility of work-related expenses. Salespeople, professionals and Canadians in other industries can receive a tax deduction for the cost of their travel, meals, and accommodations. The same option is unfairly denied to skilled trades workers who work on jobsites that are in different regions or provinces from their primary residence. The Government has a responsibility to ensure a system of tax fairness is in place for all Canadians and to support skilled trades workers who build our infrastructure and communities.

Skilled trades workers have always had to travel for work – that’s why we’re called journeypersons. But infrastructure investments and growth across the country is oftentimes uneven, with some areas experiencing higher levels of construction activity resulting in labour shortages, while others will see high unemployment levels. To build a strong economic recovery, the Government should address the long-standing issue of labour mobility in the skilled trades by allowing skilled trades workers to deduct from their income the cost to travel and go to work.

Other jurisdictions such as the United States already permit a tax deduction like this to those working in the skilled trades. The US Revenue Code allows workers to deduct meals, travel, and accommodation expenses for temporary work away from home. Implementing a similar measure will help put Canadians to work, address labour shortages and reduce reliance on government programs like Employment Insurance, ultimately saving the government hundreds of millions of dollars.

CBTU commissioned an [independent financial projection](#) which estimates that a Canada-wide implementation of a skilled trades workforce mobility tax deduction could save the Federal Government an estimated \$347 million dollars annually through increased tax revenues and reduced reliance on EI and other government programs.

“Unfortunately, due to work shortages, construction workers, like myself, often need to travel from their home provinces. I have had to leave my wife and three children behind, not knowing for sure if there are even jobs available. Out of pocket costs add up fast with hotels, flights and food. Sometimes the flights are paid for as an incentive, but most of the time they are not. If the federal government would allow us to claim out-of-pocket expenses, it would be a great incentive for workers to travel for work.”

-Rolie Furlong, SMART Local 437

Recommendation 2: That the Government support energy workers impacted by the transition to a green economy – particularly workers in oil and gas – who may need re-training or relocation supports. This can be done through introducing a sector-specific task force that includes labour, industry stakeholders and government representatives to assess the industry's needs during this pivotal transition period.

Urgent, proactive action is required to ensure that Canadian workers in the energy sector are not left behind. An April 2021 TD report estimates that 50 to 75 per cent of the 600,000 workers in the oil and gas sector – between 312,000 to 450,000 workers – are at risk of displacement in the transition to Net Zero through 2050. As the Federal Government works towards an energy transition, CBTU recommends a task force with industry and stakeholder representation be formed to assess and advise the Government on the impacts on workers in the oil and gas sector, similar to the Just Transition Task Force for Canadian Coal Power Workers and Communities.

Recommendation 3: That the Government implement Community Benefits Agreements (CBAs) or Workforce Development Agreements (WDAs) on federally procured infrastructure projects. These agreements enable the value of a project to extend beyond the building of infrastructure and support opportunities for apprenticeships and underrepresented groups.

Community Benefits Agreements (CBAs) or Workforce Development Agreements (WDAs) can enable apprenticeships, establish grounds for workplace development initiatives, provide funding and economic support for local communities, and set forth goals for Indigenous Canadians and other underrepresented groups including women, leaving a legacy of experience, skills training and employability. The Government should implement CBAs on federally procured projects to ensure every public dollar spent sees the greatest return on investment, especially as we look ahead to a post-pandemic economic recovery.

More information on CBAs and CBTU's recommendations can be found [here](#).

Recommendation 4: That the Government invest in green energy technologies such as small modular reactors, carbon capture and green infrastructure investments such as industrial and commercial retrofitting.

CBTU has long advocated for energy infrastructure to put Canadians to work. As Canada seeks to achieve Net Zero by 2050, the Government should position itself as a leader by investing in new, innovative green technologies like Small Modular Reactors and carbon capture. The Government should also increase its investments for industrial and commercial retrofitting to see significant decreases in carbon emissions. These additional infrastructure investments will create job opportunities and assist with our transition to a Net-Zero economy.

Recommendation 5: That the Government continue to invest in people through its apprenticeship loans and grants, and by making improvements to Union Training and Innovation Program (UTIP) to better equip training centres to meet new challenges and demands in the labour market.

A healthy and viable union construction apprenticeship training system is a proven avenue to restore the Canadian middle class and bring security back to the workplace. UTIP has provided considerable support to improve and expand training and support for skilled trades workers. This program has helped us to support the next generation of apprentices and tradespeople get the skills they need to succeed in Canada's changing economy.

UTIP should consider the following changes to further improve the program:

1. Extend funding to bricks and mortar projects that would see the expansion of training centres through extensions or new builds to increase capacity.
2. Alter the UTIP funding structure to accommodate a lower investment requirement from the Training Centres; often the 50/50 split is restrictive to training centres that are financially limited.
3. Take into consideration the fluctuation in pricing of equipment and machinery based in US dollars, as prices may fluctuate from the time a proposal was submitted to the time it is approved.
4. Standardize the UTIP reporting system/form to simplify the process, including allowing longer application time to address the needs of smaller training centres with limited capacity. Additionally, allow entities that have successfully received UTIP funding in the past to reapply through a scaled down application process.

Recommendation 6: That the Government make improvements to the Employment Insurance (EI) program by increasing flexibility in the program and recognizing the uniqueness of the construction labour force.

Reform of the Employment Insurance (EI) program is long overdue. CBTU recommends the Government undergo significant and genuine consultations on the EI program and implement the following changes:

1. Permanently simplify eligibility rules around the allocation of separation monies.
2. Support workers seeking re-skilling or skill upgrading by ensuring they can promptly receive EI benefits while attending skills training or an educational program.
3. Address delays in receiving EI benefits to support apprentices completing the in-class portion of their training and certification exams.
4. Make improvements to the Canada Training Benefits Training Credit by removing the upper-age limit, lower the earnings eligibility, and allow the credit to be applied to related expenses such as course materials

5. Extend the EI Training Support Benefit from four to 16 weeks, increase the replacement rate to 85 per cent of wages, and remove the one-week waiting period.
6. End the misclassification of workers.
7. Dedicate an EI representative at each of Canada's four administration regions who understand the specific issues pertaining to skilled trades workers and the EI system in Canada.
8. Re-establish a board of appeals for EI.

Reforming EI will bring further certainty into the industry, help hard-working Canadians get through difficult times, and strengthen the middle class.

CONCLUDING REMARKS

We appreciate the opportunity to submit our recommendations for Budget 2022 to the Federal Government. In the coming months, we look forward to engaging with you to discuss our recommendations to improve the lives of the working men and women of Canada's Building Trades Unions.

For more information on CBTU's recommendations, please contact: Rita Rahmati, Government Relations Specialist at rrahmati@buildingtrades.ca.