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Financial Projections Relating to Skilled Trades Workforce Mobility Tax Deduction

## **CANADA'S BUILDING TRADES UNIONS**

March 10, 2021

Unaudited

March 10, 2021

## **NOTICE TO READER ON THE COMPILATION OF A FINANCIAL PROJECTION**

We have compiled the financial projections of estimated cost savings resulting from the implementation of a skilled trades workforce mobility tax deduction using different scenarios presented by Canada's Building Trades Unions (the "Unions") using assumptions, including the hypothesis set out in Note 2 and other information provided my management with an effective date of March 10, 2021. Our engagement was performed in accordance with the applicable guidance on the compilation of a financial projection as set out in the CPA Canada Handbook - Assurance.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including the hypothesis, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on these financial projections, or assumptions, including the hypothesis. Further, since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented if the hypothesis occurs, and the variations may be material.

We have no responsibility to update this communication for events and circumstances occurring after the date of this communication.



HENDRY WARREN LLP  
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Licensed Public Accountants  
Ottawa, Ontario

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #1

#### Canada Wide Construction Industry Participation

	<u>Per worker</u>	<u>Total</u>	
Total number of construction industry participants (Note 3)		1,373,900	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		137,390	
Estimated annual travel expenditures (Note 2)	\$ 4,000	549,560,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(112,659,800)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	286,320,760	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	(42,948,114)
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	243,372,646	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	176,546,150	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	1,059,276,900	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	217,151,765	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 347,864,611</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

		Annual Eligible Travel Expenditures			
		\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
% workforce affected	5%	\$ 180,973,543	\$ 173,932,305	\$ 166,891,068	\$ 159,849,830
	10%	\$ 361,947,086	\$ 347,864,611	\$ 333,782,136	\$ 319,699,661
	15%	\$ 542,920,628	\$ 521,796,916	\$ 500,673,203	\$ 479,549,491
	20%	\$ 723,894,171	\$ 695,729,221	\$ 667,564,271	\$ 639,399,321

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #2

#### Ontario Construction Industry Participation

	<u>Per worker</u>	<u>Total</u>	
Total number of construction industry participants (Note 3)		514,800	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		51,480	
Estimated annual travel expenditures (Note 2)	\$ 4,000	205,920,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(42,213,600)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	107,284,320	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	91,191,672	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	66,151,800	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	396,910,800	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	81,366,714	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$130,344,786</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

	Annual Eligible Travel Expenditures			
	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
5%	\$ 67,810,743	\$ 65,172,393	\$ 62,534,043	\$ 59,895,693
10%	\$ 135,621,486	\$ 130,344,786	\$ 125,068,086	\$ 119,791,386
15%	\$ 203,432,229	\$ 195,517,179	\$ 187,602,129	\$ 179,687,079
20%	\$ 271,242,972	\$ 260,689,572	\$ 250,136,172	\$ 239,582,772

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #3

#### Manitoba Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		47,100	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		4,710	
Estimated annual travel expenditures (Note 2)	\$ 4,000	18,840,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(3,862,200)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	9,815,640	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	8,343,294	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	6,052,350	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	36,314,100	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	7,444,391	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 11,925,485</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

	Annual Eligible Travel Expenditures			
	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
5%	\$ 6,204,130	\$ 5,962,742	\$ 5,721,355	\$ 5,479,967
10%	\$ 12,408,260	\$ 11,925,485	\$ 11,442,710	\$ 10,959,935
15%	\$ 18,612,389	\$ 17,888,227	\$ 17,164,064	\$ 16,439,902
20%	\$ 24,816,519	\$ 23,850,969	\$ 22,885,419	\$ 21,919,869

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #4 Saskatchewan Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		40,200	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		4,020	
Estimated annual travel expenditures (Note 2)	\$ 4,000	16,080,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(3,296,400)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	8,377,680	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	7,121,028	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	5,165,700	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	30,994,200	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	6,353,811	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 10,178,439</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

		Annual Eligible Travel Expenditures			
		\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
% workforce affected	5%	\$ 5,295,245	\$ 5,089,220	\$ 4,883,195	\$ 4,677,170
	10%	\$ 10,590,489	\$ 10,178,439	\$ 9,766,389	\$ 9,354,339
	15%	\$ 15,885,734	\$ 15,267,659	\$ 14,649,584	\$ 14,031,509
	20%	\$ 21,180,978	\$ 20,356,878	\$ 19,532,778	\$ 18,708,678

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #5

#### Alberta Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		214,000	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		21,400	
Estimated annual travel expenditures (Note 2)	\$ 4,000	85,600,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(17,548,000)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	44,597,600	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	(6,689,640)
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	37,907,960	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	27,499,000	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	164,994,000	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	33,823,770	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 54,183,730</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

	Annual Eligible Travel Expenditures			
	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
5%	\$ 28,188,615	\$ 27,091,865	\$ 25,995,115	\$ 24,898,365
10%	\$ 56,377,230	\$ 54,183,730	\$ 51,990,230	\$ 49,796,730
15%	\$ 84,565,845	\$ 81,275,595	\$ 77,985,345	\$ 74,695,095
20%	\$ 112,754,460	\$ 108,367,460	\$ 103,980,460	\$ 99,593,460

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

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### Scenario #6

#### British Columbia Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		221,600	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		22,160	
Estimated annual travel expenditures (Note 2)	\$ 4,000	88,640,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(18,171,200)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	46,181,440	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	39,254,224	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	28,475,600	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	170,853,600	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	35,024,988	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 56,108,012</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

		Annual Eligible Travel Expenditures			
		\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
% workforce affected	5%	\$ 29,189,706	\$ 28,054,006	\$ 26,918,306	\$ 25,782,606
	10%	\$ 58,379,412	\$ 56,108,012	\$ 53,836,612	\$ 51,565,212
	15%	\$ 87,569,118	\$ 84,162,018	\$ 80,754,918	\$ 77,347,818
	20%	\$ 116,758,824	\$ 112,216,024	\$ 107,673,224	\$ 103,130,424



# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

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### Scenario #7

#### Quebec Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		256,000	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		25,600	
Estimated annual travel expenditures (Note 2)	\$ 4,000	102,400,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(20,992,000)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	53,350,400	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	(8,002,560)
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	45,347,840	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	32,896,000	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	197,376,000	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	40,462,080	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 64,817,920</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

	Annual Eligible Travel Expenditures			
	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
5%	\$ 33,720,960	\$ 32,408,960	\$ 31,096,960	\$ 29,784,960
10%	\$ 67,441,920	\$ 64,817,920	\$ 62,193,920	\$ 59,569,920
15%	\$ 101,162,880	\$ 97,226,880	\$ 93,290,880	\$ 89,354,880
20%	\$ 134,883,840	\$ 129,635,840	\$ 124,387,840	\$ 119,139,840

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #8

#### Atlantic Zone Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		80,200	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		8,020	
Estimated annual travel expenditures (Note 2)	\$ 4,000	32,080,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(6,576,400)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	16,713,680	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	14,206,628	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	10,305,700	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	61,834,200	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	12,676,011	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 20,306,239</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

	Annual Eligible Travel Expenditures			
	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
5%	\$ 10,564,145	\$ 10,153,120	\$ 9,742,095	\$ 9,331,070
10%	\$ 21,128,289	\$ 20,306,239	\$ 19,484,189	\$ 18,662,139
15%	\$ 31,692,434	\$ 30,459,359	\$ 29,226,284	\$ 27,993,209
20%	\$ 42,256,578	\$ 40,612,478	\$ 38,968,378	\$ 37,324,278

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #9

#### Atlantic Zone and Quebec Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		336,200	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		33,620	
Estimated annual travel expenditures (Note 2)	\$ 4,000	134,480,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(27,568,400)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	70,064,080	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	(10,509,612)
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	59,554,468	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	43,201,700	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	259,210,200	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	53,138,091	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 85,124,159</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

		Annual Eligible Travel Expenditures			
		\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
% workforce affected	5%	\$ 44,285,105	\$ 42,562,080	\$ 40,839,055	\$ 39,116,030
	10%	\$ 88,570,209	\$ 85,124,159	\$ 81,678,109	\$ 78,232,059
	15%	\$ 132,855,314	\$ 127,686,239	\$ 122,517,164	\$ 117,348,089
	20%	\$ 177,140,418	\$ 170,248,318	\$ 163,356,218	\$ 156,464,118

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #10

#### Ontario, Quebec and Atlantic Zone Construction Industry Participation

	<u>Per worker</u>	<u>Total</u>
Total number of construction industry participants (Note 3)		851,000
Estimated % of industry workers affected (Note 2)		10%
Estimated number of travelling skilled trades workers		85,100
Estimated annual travel expenditures (Note 2)	\$ 4,000	340,400,000
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%
Estimated cost of foregone in federal personal income tax revenues	(820)	(69,782,000) <b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	177,348,400
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	150,746,140 <b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	109,353,500
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00
	7,710	656,121,000
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%
Estimated additional federal tax revenues from additional employment	1,581	134,504,805 <b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$215,468,945 (A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

	Annual Eligible Travel Expenditures			
	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
5%	\$ 112,095,848	\$ 107,734,473	\$ 103,373,098	\$ 99,011,723
10%	\$ 224,191,695	\$ 215,468,945	\$ 206,746,195	\$ 198,023,445
15%	\$ 336,287,543	\$ 323,203,418	\$ 310,119,293	\$ 297,035,168
20%	\$ 448,383,390	\$ 430,937,890	\$ 413,492,390	\$ 396,046,890

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

### Scenario #11

#### British Columbia and Alberta Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		435,600	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		43,560	
Estimated annual travel expenditures (Note 2)	\$ 4,000	174,240,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(35,719,200)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	90,779,040	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	(13,616,856)
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	77,162,184	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	55,974,600	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	335,847,600	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	68,848,758	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$110,291,742</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

		Annual Eligible Travel Expenditures			
		\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
% workforce affected	5%	\$ 57,378,321	\$ 55,145,871	\$ 52,913,421	\$ 50,680,971
	10%	\$ 114,756,642	\$ 110,291,742	\$ 105,826,842	\$ 101,361,942
	15%	\$ 172,134,963	\$ 165,437,613	\$ 158,740,263	\$ 152,042,913
	20%	\$ 229,513,284	\$ 220,583,484	\$ 211,653,684	\$ 202,723,884

# CANADA'S BUILDING TRADES UNIONS

## Skilled Trades Workforce Mobility Tax Deduction Projections

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### Scenario #12

#### Mantioba and Saskatchewan Construction Industry Participation

	Per worker	Total	
Total number of construction industry participants (Note 3)		87,300	
Estimated % of industry workers affected (Note 2)		10%	
Estimated number of travelling skilled trades workers		8,730	
Estimated annual travel expenditures (Note 2)	\$ 4,000	34,920,000	
Marginal rate of federal tax applied to deductible travel expenses (Note 2)	20.50%	20.50%	
Estimated cost of foregone in federal personal income tax revenues	(820)	(7,158,600)	<b>A</b>
Estimated annual federal savings in EI benefits paid to trades worker (Note 3)	2,084	18,193,320	
Marginal rate of federal tax paid on EI benefits (Note 3)	15.00%	(313)	
Federal savings realized from reduced EI benefits paid net of federal taxes	1,771	15,464,322	<b>B</b>
Estimated average weekly construction earnings (Note 3)	1,285	11,218,050	
Estimated reduction in number of weeks of skilled trade unemployment (Note 3)	6.00	6.00	
	7,710	67,308,300	
Marginal rate of federal tax applied to increased worker earnings (Note 3)	20.50%	20.50%	
Estimated additional federal tax revenues from additional employment	1,581	13,798,202	<b>C</b>
Estimated net federal savings arising from implementation	<b>\$ 2,532</b>	<b>\$ 22,103,924</b>	<b>(A+B+C)</b>

The following table provides a sensitivity analysis showing the amount of estimated savings as a result of changes in the percentage of affected workforce and changes in the amount of deductible travel expenses incurred.

	Annual Eligible Travel Expenditures			
	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
5%	\$ 11,499,374	\$ 11,051,962	\$ 10,604,549	\$ 10,157,137
10%	\$ 22,998,749	\$ 22,103,924	\$ 21,209,099	\$ 20,314,274
15%	\$ 34,498,123	\$ 33,155,885	\$ 31,813,648	\$ 30,471,410
20%	\$ 45,997,497	\$ 44,207,847	\$ 42,418,197	\$ 40,628,547

# CANADA'S BUILDING TRADES UNIONS

Notes to Skilled Trades Workforce Mobility Tax Deduction Projections

Assumptions effective March 10, 2021, unaudited - see Notice To Reader

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## 1. Purpose

The purpose of these projections is to demonstrate the estimated cost of implementation and estimated net savings resulting from the introduction of a Federal skilled trades workforce mobility tax deduction that would be permitted under the Income Tax Act (Canada). The tax deduction would provide incentives for the mobility of skilled trades workers in various parts of Canada. It is anticipated that this tax deduction would be introduced as part the 2021 Federal Budget. The total projected implementation cost consists of the estimated lost Federal tax revenues from providing a tax deduction for eligible travel expenses tax (Line A). The estimated Federal savings from implementation consists of employment insurance (EI) savings (Line B) and estimated increase in Federal tax revenue as a result of increased employment during the year (Line C). The total of these figures (A+B+C) represent the estimated net savings of implementation. Accordingly, these projections may not be appropriate for other purposes.

## 2. Summary of hypothesis

It is proposed that the skilled trades workforce mobility tax deduction would be legislated into the Income Tax Act (Canada) and would allow tradespersons and indentured apprentices to deduct from their taxable income any travel and accommodation expenses that they have incurred in order to secure and maintain employment in a construction activity at a job site that is located at least 80 kilometres away from their ordinary place of residence. As well, the employee must have been required under the contract of employment to pay those expenses and did not receive from his or her employer an allowance in respect of those expenses.

Within the spirit of the skilled workforce mobility tax deduction, these projections have considered the following hypothesis:

-The tax benefit would be in the form of a tax deduction. The tax deduction would occur at a level of taxable income that would be subject to a federal marginal tax rate of 20.50%.

-10% of the construction workforce in any geographic area travels more than 80 kilometres from their ordinary place of residence to obtain employment for six weeks of the year.

-\$4,000 is the average annual expense a skilled tradesperson incurs to obtain employment that is not reimbursed by the employer

As these figures are estimates provided by the Unions and are not supportable. A sensitivity analysis has been provided under each scenario to demonstrate the effect of changes in the hypothesis.

# CANADA'S BUILDING TRADES UNIONS

Notes to Skilled Trades Workforce Mobility Tax Deduction Projections

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### 3. Significant assumptions

The following assumptions have been made consistently throughout the projections and are determined to be adequately supported for the purposes of the projections:

a) The number of participants (000's) in the construction industry, as reported by Statistics Canada, April 2020, are:

-Ontario	514,800
-Quebec	256,000
-New Brunswick	24,200
-Nova Scotia	33,300
-Prince Edward Island	6,700
-Newfoundland & Labrador	16,000
-Manitoba	47,100
-Saskatchewan	40,200
-Alberta	214,000
-British Columbia	221,600
-Canada wide	1,373,900

b) The average weekly EI benefit in construction is \$521 as reported in the Monitoring and Assessment Report 2019 provided by the Canada Employment Insurance Commission. The worker draws EI for 4 weeks (\$2,084) during their 6 weeks of unemployment per year;

c) The average weekly earnings in the construction industry was \$1,285 in 2020, as reported by Statistics Canada;

d) The 2021 marginal federal tax rate on taxable income earned between \$0 and \$49,020 is 15%. The 2021 marginal tax rate on taxable income between \$49,020 and \$98,040 is 20.50%; and

e) These projections only consider the cost and benefit to the Federal government.