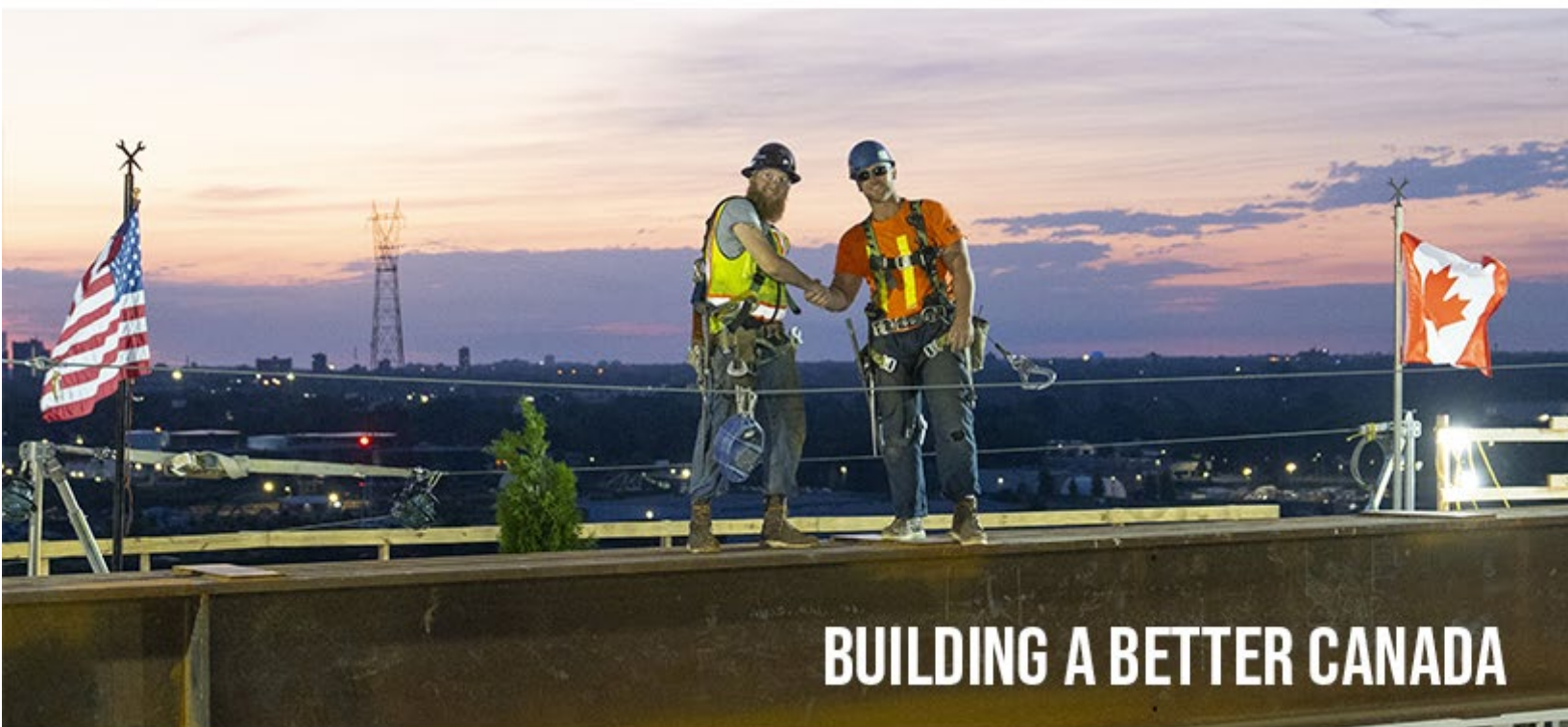




WRITTEN SUBMISSION FOR THE PRE-BUDGET CONSULTATIONS IN ADVANCE OF THE UPCOMING 2025 FEDERAL BUDGET



BUILDING A BETTER CANADA



CBTU SMCC

CANADA'S BUILDING TRADES UNIONS
LES SYNDICATS DES MÉTIERS DE LA CONSTRUCTION DU CANADA
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RECOMENDATIONS

Recommendation 1: Accelerate implementation of the Clean Electricity Investment Tax Credits and add flexibility to address variable project starts and completions.

Recommendation 2: Enhance Union Training and Innovation Program with 'Brick and Mortar' funding to scale training opportunities for Canadians.

Recommendation 3: Provide dedicated funding to make permanent and expand the Group of Employers Skilled Trades Temporary Immigration Pathway to help solve episodic and regional labour shortages.

Recommendation 4: Index the Labour Mobility Tax Deduction and create an EI-Based relocation benefit for skilled trades workers who need to move to find high-quality work.

Recommendation 5: Exempt registered union pension funds invested in public-private partnerships (P3's) from *Excessive Interest and Financing Expenses Limitation* (EIFEL) rules in the Income Tax Act.





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BACKGROUND

Canada's Building Trades Unions (CBTU) are the national voice of over 600,000 Canadian skilled trades construction workers — members of 14 international unions who work in more than 60 different trades and occupations, generating six per cent of Canada's GDP. Each year our industry – through our members and signatory contractor partners – invests over \$300 million to fund and operate 195 apprenticeship training and education facilities across Canada. Since 1908, our members have built the roads, bridges, dams, factories, hospitals, schools, and green projects that benefit communities and Canadians from coast to coast.

From the Gordie Howe Bridge to Canada's First EV Battery Plant, our dedicated trades people are building Canada and its economy, putting value on display, every day.

THE CHALLENGE AHEAD

Canada's Building Trades Unions is grateful for the Government of Canada's ongoing support for the skilled trades over the last few years. With the introduction of the Investment Tax Credits in the recent *Fall Economic Statement* as well as the introduction of new measures in Budget 2024, our members are energized at the prospect of building a cleaner, greener economy knowing that generous incentives are tied to strong wages and apprenticeship opportunities. Alongside measures like the *Sustainable Jobs Act*, ongoing investments in the Canadian Apprenticeship Strategy and Union Innovation and Training Program, the outlook for Canadian skilled trades construction workers is bright.

While the work outlook is bright, growth in the construction sector to meet the challenges of a transition to net-zero, aggressive housing construction targets to build more homes for Canadians, as well as the general growth of the economy will require even more skilled trades workers in the decade to come. By 2033, sector growth will mean that Canada will be short approximately 85,000 skilled trades workers. This is in addition to the requirements for new skilled trades workers in the net-zero economy. Canada's Building Trades Unions believes that continuing to invest in apprenticeship development trades will be necessary to ensure there are enough qualified skilled tradespeople to sustain a robust labour force over the long term. In our submission, we outline key measures and recommendations that our affiliates believe will address this challenge over the next decade, and help Canada meet its housing and clean economy targets in a way that continues to provide high-quality, well-paid jobs in the construction sector.

SUPPORTING THE SKILLED TRADES IN BUILDING A BETTER CANADA

Canada's Building Trades Unions is making five recommendations that we believe will build on the success of previous investments, and accelerate training, apprenticeship, and labour mobility for skilled trades workers across the country, while at the same time helping the Government of Canada achieve its climate and housing goals in the decade to come.





RECOMMENDATION #1: ACCELERATE IMPLEMENTATION OF CLEAN ELECTRICITY INVESTMENT TAX CREDITS AND ADD FLEXIBILITY TO ADDRESS VARIABLE PROJECT STARTS AND COMPLETIONS.

Canada's Building Trades Unions was thrilled with the implementation of the long-awaited Investment Tax Credits in Bill C-59, the 2023 *Fall Economic Statement Implementation Act*, which ties investments in the clean economy, while ensuring workers are paid the prevailing wage and employers invest in apprenticeships. Canada's Building Trades Unions recommends that the Government of Canada accelerate the implementation of the outstanding Clean Electricity Investment Tax Credits, which will give project proponents the financial certainty required to make final investment decisions. Getting shovels in the ground faster, and with more certainty, will help ensure Canadian skilled trades workers will see the benefits of the investments in a cleaner, greener economy.

Canada's Building Trades Unions also recommends that the government extend and expand the eligibility criteria for investors who may face challenges in project delivery within the time horizons prescribed within the *Income Tax Act*. Consideration should be made to grandfather ITC rates for project proponents who have commenced construction, but may face delay in project delivery, and recognize strong 'best efforts' to meet construction deadlines. Providing this certainty will encourage project proponents to begin construction on large scale nuclear projects.

To help ensure that such projects do not face undue delays, Canada's Building Trades Unions recommends the Government continue to make improvements to regulatory efficiency and the regulatory system to ensure timely implementation of projects. Our recommendations include creating a singular government oversight body to manage and coordinate federal permitting across different departments, harmonizing timelines and processes between the federal government and other jurisdictions, and delegating tasks to provinces as seen in the Impact Assessment Cooperation Agreement Between Canada and British Columbia.

RECOMMENDATION #2: ENHANCE UNION TRAINING AND INNOVATION PROGRAM WITH 'BRICK AND MORTAR' FUNDING TO SCALE TRAINING OPPORTUNITIES FOR CANADIANS.

Canada's Building Trades Unions are grateful for the ongoing support of our union training centres provided by the Government of Canada through the *Union Training and Innovation Program (UTIP)* and the *Canadian Apprenticeship Strategy (CAS)*. These critical funding streams have allowed our union training centres to substantially improve our already world-class training for apprentices, and improve diversity and inclusion in the skilled trades, driving higher the numbers of women, indigenous, and members of equity-seeking groups who are finding life-long careers in the skilled trades. While these programs have been very successful, a major bottleneck in the ability for our union training centres to expand and extend training capacity remains support for building and classroom infrastructure.

Canada's Building Trades Unions recommends that the Government of Canada introduce a dedicated Union Training Infrastructure Fund, funded by *Innovation, Science, and Economic Development Canada (ISED)*, and administered in partnership with *Employment and Social Development Canada (ESDC)* under the existing UTIP program infrastructure. Such a fund could be



modeled after the *Post-Secondary Institutions Strategic Investment Fund* which was introduced in Budget 2016, and provided funding for up to 50% of the project costs for eligible investments, but was not made available to union training centres. We recommend the government develop a 70/30 funding model alongside a 50/50 partnership funding model for investments in classroom infrastructure that recognizes the diversity of union infrastructure across all of Canada's regions.

Such a 'Brick and Mortar' funding would amplify our union affiliates own \$300 million annual commitments, enabling our union training centres to maximize the existing UTIP investments and expanding training capacity to meet the forecasted labour demands expected through the transition to a net-zero economy, and national housing construction targets. Canada's Building Trades Unions has identified more than 24 'shovel ready' classroom expansion and training facility construction projects that could benefit from such funding, significantly expanding training capacity across Canada.

RECOMMENDATION #3: PROVIDE DEDICATED FUNDING TO MAKE PERMANENT AND EXPAND THE GROUPS OF EMPLOYERS SKILLED TRADES TEMPORARY IMMIGRATION PATHWAY TO HELP SOLVE ACUTE LABOUR SHORTAGES.

To address localized and regional acute skilled trades labour shortages over the next decade as Canada grows its skilled trades workforce, additional measures are required to streamline the supply of skilled trades labour from international sources to ensure major construction projects do not face undue delays, while maximizing jobs for Canadians. Canada's Building Trades Unions recommends that the Government of Canada invest in expanding and making permanent the Groups of Employers (GoE) Temporary Foreign Worker pilot program administered by ESDC. The GoE Pilot Project manages the Labour Market Impact Assessment process for large scale projects or initiatives, operating in the same industry and sector, enabling the construction sector to band together to collectively hire and share temporary foreign workers.

This program is based on a tri-partite agreement between the owners of the project, employers, and our union affiliates supplying labour to signatory contractors, where all parties involved agree to work together to ensure Canadians and Permanent Residents have first access to available jobs. Only when the supply of Canadian domestic labour is truly exhausted, are Temporary Foreign Workers requested, and those workers enjoy the same full wages and benefits negotiated through collective bargaining agreements. The Alberta Council of Turnaround Industry Maintenance Stakeholders (ACTIMS) model, powered by the Group of Employers pilot program, has proven to be a tremendous success in maximizing Canadian jobs, while ensuring labour supply is available during the construction and maintenance of major projects. This model must be replicated.

Canada's Building Trades Unions recommends that the Government of Canada invest the funding required to make the ACTIMS model permanent and expand the pilot nationally, to address acute skilled trades labour supply issues across Canada. Additional funding supports would enable Canada's Building Trades Unions, our signatory contractors, and project partners to establish a scaled-up, tri-partite program to address legitimate labour shortages in all regions of Canada, while ensuring Canadians are always put to work first when jobs are available.



RECOMMENDATION #4: INDEX THE LABOUR MOBILITY TAX DEDUCTION FOR TRADESPEOPLE AND CREATE AN EI-BASED RELOCATION BENEFIT FOR SKILLED TRADES WORKERS WHO NEED TO MOVE TO FIND HIGH-QUALITY SKILLED TRADES WORK.

As Canada's transitions towards a cleaner, greener economy and accelerates its housing construction, there will likely be significant changes in regional and local demand across Canada. To meet the growing demand for skilled trades workers in the changing demand landscape, Canada's Building Trades Unions recommends that additional labour mobility supports are provided to workers.

First, Canada's Building Trades Unions recommends that the Labour Mobility Tax Deduction for Tradespeople should be indexed to inflation, rather than fixed at a \$4,000 per annum limit. As inflation grows the cost of travel, the relative level of relief for skilled trades workers will diminish over time. Indexing the deduction will allow skilled trades workers to enjoy similar levels of taxation relief and help encourage skilled trades labour mobility to meet construction demand.

To further aide in labour mobility, Canada's Building Trades Unions recommends that the government create a one-time relocation benefit for skilled trades workers who must permanently relocate to regions where construction demand is significantly higher. We recommend that this one-time benefit be funded through employee EI contributions and be administered as part of the larger Employment Insurance benefits regime, as a direct aide to skilled trades workers who are displaced in the transition to the net-zero economy.

RECOMMENDATION #5: EXEMPT REGISTERED PENSION FUNDS INVESTED IN PUBLIC-PRIVATE PARTNERSHIPS FROM EXCESSIVE INTEREST AND FINANCING EXPENSES LIMITATION (EIFEL) RULES IN THE INCOME TAX ACT.

Bill C-59, the 2023 *Fall Economic Statement Implementation Act* introduced new tax rules to combat base rate erosion and tax shifting and avoidance strategies employed by multi-national corporations. However, the new EIFEL provisions have captured Canadian union pension funds who have made significant investments in Canadian P3 projects, impacting the returns those pension funds can expect through investments in Canadian projects. While a P3 exception exists in the legislation, union pension funds and their investments are not covered by this exemption.

Canada's Building Trades Unions recommends that the Government of Canada revisit the P3 exemption language associated with EIFEL rules to protect Canadian registered pension funds from being captured under these new rules.