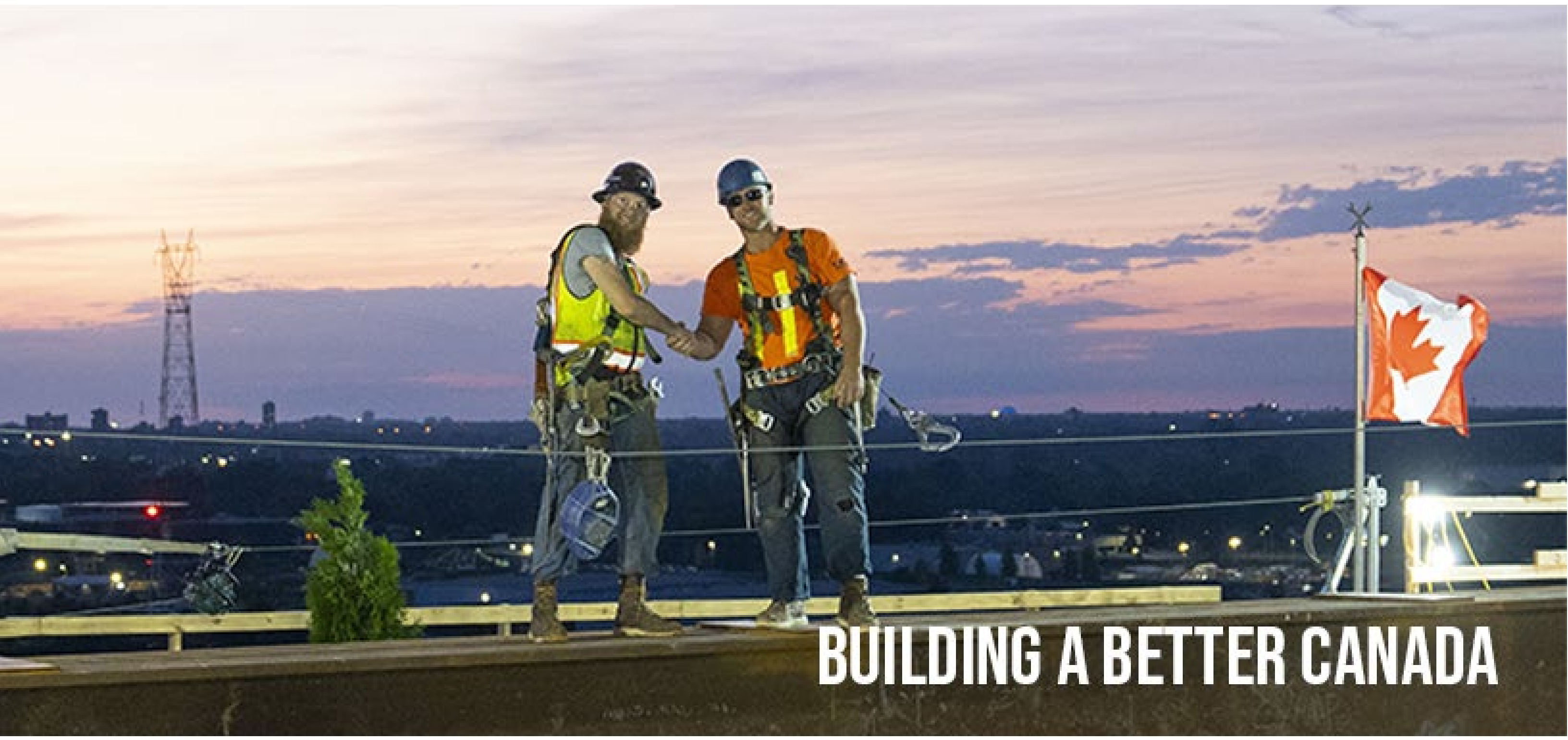
CANADA'S BUILDING TRADES UNIONS RECOMMENDATIONS ON PRIORITIES FOR A NEW PARLIAMENT IN 2025



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LES SYNDICATS DES MÉTIERS DE LA CONSTRUCTION DU CANADA
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A Message from Canada's Building Trades Unions

Canada's Building Trades Unions (CBTU) is 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 seven per cent of this country's GDP. Each year our industry – through union members and our contractor partners – invests over $300 million to fund and operate over 200 apprenticeship training and education facilities across Canada.

Since 1908, our members have built the roads, bridges, factories, hospitals, schools, and energy projects that benefit communities and Canadians from coast to coast. We continue to adapt our skills and training to address new industries, ever-changing technologies and the challenges our country faces. Our members are highly trained skilled tradespeople who are the backbone of the middle class: dedicated workers who rise before the sun does, travel to sites both near and far from home, and build the bridges, subways, dams, factories, and homes that Canadians need.

For our workers, the last few years have been challenging: rising inflation has eroded paychecks, higher interest rates have slowed construction activity, all while international workers displace Canadians from key work opportunities, and the ability for unscrupulous employers to exploit vulnerable undocumented workers and evade taxes goes unchecked.

Canada's Building Trades Unions is calling for policies to support our members in three key areas:

1. **Continued Support for Better Wages and Apprenticeship Opportunities** – by supporting the Investment Tax Credits, investments in the clean economy, restoring the *Fair Wages and Hours of Work Act,* and ensuring that taxpayer-funded or incentivized projects have strong labour conditions and Canadian worker hiring requirements.

2. **Supporting the Next Generation of Skilled Trades Workers** by restoring Apprenticeship supports, investing in union training centres by extending UTIP to cover 'brick and mortar' training infrastructure, and improving working conditions on federally regulated job sites.

3. **Tax Relief for Skilled Trades Workers and Employers** by refining the Income Tax Act to improve the new *Labour Mobility Deduction* and indexing it to inflation and amending the Tradesperson Tool Deduction in the *Income Tax Act* to make it independent of grants.

We are ready to support the next government and build a better Canada. Let's get to work.

Sean Strickland
Executive Director,
Canada's Building Trades Unions

Robert Kucheran
Chair of the Canadian Executive Board,
Canada's Building Trades Unions

1. SUPPORTING BETTER WAGES AND APPRENTICESHIP OPPORTUNITIES

RECOMMENDATION #1: MAINTAINING THE INVESTMENT TAX CREDITS AND THEIR LABOUR CONDITIONS

Description

Canada's Building Trades Unions are already seeing the benefits of the labour conditions attached to the Investment Tax Credits. Across the country, major projects taking advantage of these generous tax incentives to build the clean economy of the future are getting underway. From Carbon Capture, Utilization, and Storage (CCUS) projects in the west to new hydrogen and ammonia export projects in the Maritimes, alongside wind, solar, hydroelectric and nuclear projects large and small everywhere in between, the Clean Economy Investment Tax Credits and the labour conditions attached to them – a requirement to pay the prevailing wage, and to hire apprentices – are starting to benefit all construction workers.

Background

The new Clean Economy Investment Tax Credits are a refundable tax credit applied to significant investments in the low-carbon economy. The introduction of these tax credits coincides with the tax measures introduced by the Biden administration's *Inflation Reduction Act* and are modelled along the same lines: generous tax forbearance on investments, with the maximum benefit tied to strong labour requirements. These requirements include paying the prevailing wage for construction workers based on the most-recently negotiated multi-employer collective bargaining agreement that our private sector unions have negotiated, and a requirement to assign at least 10% of the work hours on the projects to apprentices, helping to grow the skilled trades workforce.

Canada's Building Trades Unions is already seeing the significant benefits associated with this legislation, which was passed in June 2024, not only with billions of dollars in new projects being announced and breaking ground, but also changes in compensation for all construction workers. Employers across the construction industry are updating their labour agreements to reflect the new prevailing wage, resulting in bigger paychecks and better benefits for workers on these clean economy projects.

Recommendation

Canada's Building Trades Unions recommends that the next government continue to support the Clean Economy Investment Tax Credits and ensure that these measures continue to be attached to the strong labour conditions ('labour conditionality') to achieve the maximum benefit. Canada's Building Trades Unions believes that when Canadian taxpayers make investments, they should always be attached to strong labour conditions on wages, apprenticeship, working conditions, and the use of Canadian domestic workers. This includes maintaining the current definition of prevailing wage found in the *Income Tax Act*.

RECOMMENDATION #2: RESTORING THE FAIR WAGES AND HOURS OF LABOUR ACT

Description

The *Fair Wages and Hours of Labour Act* originally introduced in 1935 mandated strong labour conditions on federal government construction projects, and those it helped fund. This legislation required contractors to pay a form of the *prevailing wage* to workers on government projects, ensuring that companies and their subcontractors bidding on government work were paying workers a fair wage, and not suppressing wages or using 'independent contractor' arrangements to undercut other bidders based on labour cost alone. This measure ensured fair competition in the construction industry, as bidders were evaluated not based on how much they could squeeze workers or evade taxes, but based on their competitiveness on approach, productivity, technology, and project management. This legislation was unfortunately repealed in 2012.

Background

The repeal of the *Fair Wages and Hours of Labour Act* in 2012 has not borne out the promised fiscal savings, or cost competitiveness for Canadian taxpayers. In fact, government construction costs continue to rise, unabated, while the use of both temporary foreign workers and undocumented workers has exploded across the country on job sites - government funded or otherwise. Without prevailing wage legislation in place, unscrupulous construction contractors have been incentivized to maximize their use of temporary foreign workers, undocumented workers, and employ a variety of tax-evasive and illegal 'independent contractor' schemes to undercut workers bargaining power and drive down wages.

Instead of money flowing through to workers, it has instead flowed to other beneficiaries in the project pipeline, all while construction spending continues to climb. To be clear, labour costs aren't the primary source of the cost problem: the lack of regulatory efficiency, PSPC procurement models, a lack of process and productivity improvements in the broader sector, alongside rising inflation, have all contributed to rising costs to taxpayers. Restoring a level playing field with respect to wages will not only benefit workers but place the focus back on competitiveness on fronts where it is deeply needed to increase productivity and value for taxpayers: government procurement process, project management, innovation in design and materials, streamlined regulations, and new technologies.

Recommendation

Canada's Building Trades Unions believes that a restored *Fair Wages and Hours of Labour* act, modelled after the prevailing wage and apprenticeship requirements under the *Investment Tax Credits* found in the *Income Tax Act*, will significantly benefit construction workers and their families across the country. Making the award of taxpayer-funded projects conditional on apprenticeship, strong wages, and the requirement to hire domestic workers will put the onus back on the construction sector to improve productivity, ensure their contractors hire domestic workers legally, and deliver real benefits to workers and communities when they win projects from coast to coast to coast.

2. SUPPORTING THE NEXT GENERATION OF SKILLED TRADES WORKERS

RECOMMENDATION #3: RESTORING APPRENTICESHIP SUPPORTS

Description

The Apprenticeship Incentive Grant (AIG) and the Apprenticeship Completion Grant (ACG) are taxable grants paid Red Seal apprentices $1,000 in their first year of apprenticeship, and $2,000 on completion of their apprenticeship respectively, providing valuable financial support for individuals starting out in their careers in the skilled trades. As a result of funding changes in Budget 2024, these grants were sunset.

Background

The result of this change is a significant decline in federal support for the apprenticeship system: both for employers, and apprentices. As of March 31, 2025 the federal government will only provide a limited tax incentive for employers in the form of the *Apprenticeship Job Creation Tax Credit*. Plans for the reprofiled expenditures have not been announced.

The end of these longstanding and valued grants, which have been in place for more than a decade, and which have awarded grants to more than 800,000 apprentices over the duration of the program, was a shock. This decision was made without consultation with Canada's Building Trades Unions or our affiliates.

These grants provide direct and substantial assistance to apprentices at key stages of their career, and removing these grants will have a substantial and negative impact on apprenticeship completion rates among workers who come from financially disadvantaged backgrounds, as well as increase reliance on other supports, such as Employment Insurance and loans, at a time when skilled trade demand is growing.

Financial barriers and hardships one of the most-cited reasons for apprentices who leave the skilled trades before completing their apprenticeship program, and measures that provide direct, individual relief like these grants, help substantially improve outcomes for marginalized and economically challenged groups.

Recommendation

Canada's Building Trades Unions recommends that the funding of the Apprenticeship Incentive Grant and Apprenticeship Completion Grant, which provides direct financial benefit to apprentices in the skilled trades be restored, and amounts enhanced to reflect higher costs due to inflation.

RECOMMENDATION #4: EXPANDING UTIP TO COVER 'BRICK AND MORTAR' EDUCATION INFRASTRUCTURE PROJECTS

Description

Launched in 2017, the Union Training and Innovation Program (UTIP) is designed to strengthen union-based apprenticeship training in the skilled trades. This program has been a significant success, awarding more than $200M nationally to union-led, and union-partnered organizations across the country, to achieve meaningful results for Canadians, delivering new career opportunities in the skilled trades to tens of thousands of Canadians.

Background

Launched in 2017, Union Training and Innovation Program Streams 1 and 2 support union-based apprenticeship training, innovation and enhanced partnerships in the Red Seal trades. The Investments in Training Equipment Stream (Stream 1) provided unions with up to 50% of the cost of new, up-to-date equipment and materials that meet industry standards or investment in technology in the Red Seal trades; and the Innovation in Apprenticeship Stream (Stream 2) provides support for innovative approaches and enhanced partnerships to address longstanding challenges limiting apprenticeship outcomes such as barriers to participation for women, indigenous people, and other minority groups.

According to a 2022 program review by ESDC, the program exceeded its original program targets, recruiting more than 24,300 individuals into the skilled trades, exceeding program targets by 24%. Of these, ¼ were from the target groups (women, indigenous, minority, newcomer). Nearly all participants in Stream 1 and half of all participants in Stream 2 became permanently employed in the skilled trades.

Building on this success, CBTU engaged with our affiliates and union training centres to identify their largest barriers to expanding and scaling this successful program to meet the long-term labour force needs for the construction sector. Our partners were clear: without new physical training infrastructure such as classroom buildings, training labs, or physical equipment to support additional intakes, it would be difficult to continue scaling programming beyond current levels.

While Canada's Building Trades Unions' affiliates invest more than $300 million annually in private sector money into our training centres, without additional infrastructure support, growing our training capacity will be difficult without federal funding accessible for infrastructure.

Recommendation

Canada's Building Trades Unions recommends that the Government of Canada introduce a dedicated Union Training Infrastructure Fund. 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 at the time. We recommend the government develop both a 70/30 funding model, alongside a 50/50 partnership funding model, for investments in training infrastructure that recognizes the diversity of union infrastructure needs across all of Canada's provinces and regions.

RECOMMENDATION #5: IMPROVE SANITARY WORKING CONDITIONS FOR WORKERS ON FEDERAL JOBSITES

Description

Improving basic working conditions for our members is a core priority for our unions. Unfortunately, one of the most basic of working conditions, access to proper flush toilets and handwashing facilities, remains elusive for workers in the construction industry. On construction sites across the country, the 'port-o-potty' remains ubiquitous – despite almost universal recognition that they are less than sanitary, and for most reasonable Canadians, an indignity to be suffered only in urgent circumstances and at large outdoor events where the alternative is even more undignified. Yet, for construction workers across the country, this is their 'every day' facility at their workplace. Federal regulations can be changed to significantly improve the lives of our workers.

Background

Across the country, provincial governments have recognized that there is a need for regulatory changes to enforce standards on contractors to ensure that they provide adequate washroom facilities. Quebec, Ontario, and now British Columbia have all recently made moves to impose new standards on construction worksites to afford workers more dignity in their every day lives.

In 2015, Quebec passed an amendment to the Construction Code, addressing the requirement for flushed toilets for construction sites where there are or will be more that 25 workers. The Code also includes specifications covering the following: one toilet for every 30 workers, portable washrooms will only be used where flushing toilets cannot be connected to a water or sewer system, they must be within 500 feet of the worksite and have specific levels of maintenance, lighting, location, temperature, ventilation, supplies and general cleanliness. In practice, contractors use toilet trailers or single units where connection to the sewer system is not possible. Both options allow users to activate a flushing system with a foot pedal that removes the waste. They also provide for hand washing stations in the unit and overhead lighting. Many include heating as well. Various models are readily available.

Since Quebec's 2015 reforms, Ontario has followed with its own regulatory intervention, going further to require at least one woman's only washroom, and doubling the number of required washrooms. In 2024, the British Columbia government brought in their own regulations.

As Canada's Building Trades Unions works to recruit more Canadians into the construction industry, improving sanitation will significantly grow our ability to attract, recruit, and retain women, who are disproportionately impacted by the lack of adequate sanitation on jobsites across the country.

Recommendation

Canada's Building Trades Unions recommends that the Government of Canada amend the *Canada Labour Code* to require flush toilets and handwashing facilities on jobsites with more than 25 workers, and a mandatory women's washroom requirement. We believe these regulations should be modelled after British Columbia's recent example, and that the federal government ought to make it a requirement in federally-procured, or federally-funded projects.

3. TAX RELIEF FOR SKILLED TRADES WORKERS & THEIR EMPLOYERS

RECOMMENDATION #6: REFINING THE INCOME TAX ACT'S LABOUR MOBILITY DEDUCTION FOR TRADESPEOPLE

Description

For decades, Canada's Building Trades Unions has been fighting to achieve tax fairness for skilled trades workers who must travel to distant jobsites to earn an income. Business executives, sales professionals, and a variety of others have benefited for years from tax deductions allowing them to deduct the cost of travel, lodging, and meals when they work away from home. In Budget 2022, the Government of Canada introduced the *Labour Mobility Deduction for Tradespeople*. This measure allowed up to $4,000 in deductions annually for skilled trades workers travelling more than 150 kilometers from home to perform work. A similar measure, introduced as a Private Members Bill, C-241, was introduced in proximity to this measure, and while it has passed through the House of Commons, it has yet to receive Third Reading in the Senate.

Background

Canada's Building Trades Unions is supportive of all tax measures that provide relief for skilled trades workers' unique contributions to the Canadian economy and enhance labour mobility. Labour mobility is essential to the construction sector: unlike other sectors, our workforce is always mobile, moving from jobsite to jobsite as projects are started and completed. Financial barriers to workforce mobility, such as travel costs, lodging, and meals disincentivize skilled trades workers from travelling further to find work. The Labour Mobility Deduction is an essential tax relief and fairness measure, and both the current version found in the Income Tax Act and the proposed legislation ought to be aligned to ensure tax fairness for construction workers.

In the current legislation, the upper limit for deductions is $4,000 – an amount that is fixed and not indexed to inflation and is subject to a 150-kilometer limit, while C-241 does not propose a limit, and is subject to a 120-kilometre distance. The current $4,000 cap in the Income Tax Act is currently not indexed to the Consumer Price Index, and thus it's nominal value to taxpayers will erode over time, particularly due to the high inflation rates seen in the economy over the last few years.

Recommendation

Canada's Building Trades Unions recommends that the next government adjust the Income Tax Act to increase the limit to $10,000 and index the cap amount to the rate of inflation measured by the Consumer Price Index for each tax installment year beyond 2025. We also recommend the lower, 120-kilometer limit be adopted in the income tax act. Refining these tax measures will ensure that skilled trades workers are able to better access the benefit, ensure the value of the deduction is not eroded over time through inflation and keeps pace with real travel costs, and raises the limit to reflect the higher costs associated with travel since the original introduction of the legislation in 2022.

RECOMMENDATION #7: DECOUPLING THE TRADESPERSON TOOL DEDUCTION FROM GOVERNMENT GRANTS

Description

Tools are how tradespeople make their living – and are a requirement for any skilled trades worker walking onto a jobsite. The requirement to purchase tools as a condition of employment, or to maintain these tools, is recognized in the tax code as a deductible expense related to employment. The amount of the deduction was raised to $1,000 in Budget 2023. However, this amount is subject to claw-back tied to the Canadian Employment Credit and the Apprenticeship Incentive Grant, and Apprenticeship Completion Grant.

Background

Unionized skilled trades workers and apprentices are required to acquire a basic set of tools and safety equipment under various collective agreements and maintain this equipment on each jobsite. While unionized employers are required to provide more advanced tools (subject to business deductions), in the non-unionized construction sector, employees are frequently required to procure these tools themselves. Like the Labour Mobility Deduction, the expenditure by construction workers to acquire the means of earning employment income should be recognized in the Income Tax Act and provide stronger tax relief.

Additionally, the tradesperson *tool* deduction is applicable only to tools – while essentials like personal protective equipment (PPE) – are not included, despite being a considerable employment expense for tradespeople and particularly so for apprentices, who receive only part of the full wage package available to qualified journeyworkers. Women in particular face higher expenses, as PPE is frequently a poor fit for women leading to lower safety performance, is uncomfortable to wear as it is designed for men, and the selection of available and appropriate PPE for women is inadequate. According to a 2022 study by the Canadian Standards Association, women surveyed reported that they use PPE that is the wrong size at least some of the time (58%), they don't wear all the required PPE at work because of issues with fit (28%); and they use a workaround to make their PPE fit (38%).

Further, the amount in the Income Tax Act for the deduction is tied to a calculation based on the Canadian Employment Credit, and the now sunset Apprenticeship Incentive and Completion Grants, which reduces the amount of tax refund tradespeople receive substantially.

Recommendation

Canada's Building Trades Unions recommends that the Tradesperson Tool Deduction be extended to include Personal Protective Equipment (PPE), decoupled in the *Income Tax Act* from the Canada Employment Credit and grant claw backs, and the amount doubled to $2,000 for women to address appreciably higher costs unique to their gender for PPE. This measure would significantly benefit nearly all tradespeople in Canada, enhance the effective support to apprentices, and further encourage more women to join the skilled trades.

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