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Government and Regulatory Affairs

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Special Budget Analysis Edition Election less likely over the Budget

2008 Federal Budget

2008 is not a high point in high finance in Ottawa, On. The Budget delivered to Canada February 26th by the Minister of Finance was, as expected, thin on substance.

Of note to our industry are the changes to Employment Insurance, specifically with the creation of a new crown corporation called the Canadian Employment Insurance Financing Board (CEIFB).

The CEIFB will be responsible for EI rate setting and apparently will operate on a "break even" basis. It is noted that any surpluses run by the EI fund will remain with EI and not be allocated to general revenue by the government.

The CEIFB will start with a \$2 billion purse and manage revenues from there. It is noted that there was no mention of how the fund will address regional differences in rates and qualification hours. **The Building Trades needs to ensure construction industry representation is present on the CEIFB board of directors as this group will have a large impact on how the program is operated.**

In addition, Canadians will now be able to open a Tax Free Savings Account (TFSA) and contribute up to \$5,000/year. Any interest or capital gains realized from this account will be "tax free" and not included in your income year to year. Given current interest rates, \$5,000 in a one year GIC pays approximately \$200.00.

Mr. Flaherty also hinted at some changes to the way capital markets will work in the future – currently the Provinces regulate their own Securities regulators (i.e. the Ontario Securities Commission). A common securities regulator for Canada would make sense – in construction we face challenges with multi-employer pension plans which are regulated by the province in which they are registered. **A common securities regulator could alleviate challenges dealing with multiple jurisdictions for our pension plans.**

The work the Building Trades did pre-budget paid off and support for the manufacturing sector was acknowledged in the Budget by Mr. Flaherty. Changes to the capital cost allowance tax treatment for are being extended. However, there was little direct support for struggling companies – only high level tweaks to tax legislation.

BUDGET HIGHLIGHTS AND LOWLIGHTS For Construction :

- A Tax free Savings Account was created which our members could take advantage of for future savings needs
- Apprenticeship Incentive Grant was reaffirmed by the Department of Finance
- Employment Insurance will be managed by a new Crown Corporation called the **Canadian Employment Insurance Financing Board (CEIFB)**
- Extension of the Capital Cost Allowance (CCA) will assist large companies with the acquisition of equipment. This could assist our clients in the Oil Sands.

A more extensive analysis will be forthcoming shortly!

