PRE-BUDGET SUBMISSION









CBTU SMCC

CANADA'S BUILDING TRADES UNIONS
LES SYNDICATS DES MÉTIERS DE LA CONSTRUCTION DU CANADA
Value on Display. Every Day. Valeur sûre à tous les jours.

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

Recommendation 1: Implement Bill C-5, with labour requirements on federally funded projects.

Recommendation 2: Increase the Labour Mobility Tax Deduction and index it to inflation.

Recommendation 3: Fund collection of sophisticated construction labour market demand data to help ensure projects in the national interest have adequate labour supply.

Recommendation 4: Support the next generation of skilled tradespeople by reinstating Canadian Apprenticeship Services, the Apprenticeship Incentive Grant, and the Apprenticeship Completion Grant.

Recommendation 5: Complete the implementation of the Clean Economy Investment Tax Credits.

Recommendation 6: Enhance Union Training and Innovation Program with 'Brick and Mortar' funding to scale training opportunities for Canadians.

Recommendation 7: 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.

72 Chamberlain Avenue, Ottawa, ON K1S 1V9 ☎ 613-236-0653 613-230-5138
www.buildingtrades.ca

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 LNG Canada – our dedicated tradespeople 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 Clean Economy Investment Tax Credits, 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. With Canada at a strategic turning point with respect to the global trade conflict, investments in building projects of the national interest will require a strong, high-skilled, highly mobile construction workforce. Further investments in the Canadian Apprenticeship Strategy and Union Innovation and Training Program will help ensure that Canada's Building Trades Unions and our members are ready and able to meet the unprecedented challenges ahead to build the kinds of projects that will secure our economy, diversify our trade, and ensure our economic sovereignty.

However, in the near-term, thanks to job-killing tariffs and significant economic headwinds due to the trade conflict with the United States, our members face challenges. Our members will need key supports from the government to secure the livelihoods of our workers and ensure Canada can successfully build major nation-building projects while creating good-paying, unionized jobs at the same time.

In our submission, we outline measures and recommendations that our affiliates believe will address this challenge over the next decade, and help Canada meet its major projects, 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 seven 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 economic, housing, and climate goals in the decade to come.

RECOMMENDATION 1: IMPLEMENT BILL C-5, WITH MANDATORY LABOUR AND APPRENTICESHIP REQUIREMENTS FOR FEDERALLY FUNDED PROJECTS

Canada's Building Trades Unions commend the historic inclusion of language in the preamble of Bill C-5, explicitly recognizing that major national projects must prioritize the creation of good-paying, unionized jobs. This milestone represents a significant achievement for the unionized skilled trades and marks a profound moment for Canada's Parliament. It reinforces a unified commitment to advancing critical infrastructure and energy projects across the country. These projects will strengthen our economy, safeguard our sovereignty, and enhance our security, and will be achieved by promoting good-paying, unionized jobs.

We recommend that all projects under the purview of the Major Projects Office and **either partially or fully funded** through federal tax dollars, must include labour requirements to **pay prevailing wages** and support the next generation of Canada's skilled tradespeople by including **apprenticeship requirements**.

CBTU recommends replicating the Prevailing Wage Requirements from Bill C-59, the Fall Economic Statement Implementation Act 2023's provisions for Clean Economy Investment Tax Credits (ITCs). This would stipulate that the prevailing wage requirements for Bill C-5 be met by paying "covered workers" either in accordance with the terms of an "eligible collective agreement" or at a level at least equivalent to the value of compensation (including benefits) provided to similar workers under such an agreement. To meet the recommended apprenticeship requirements, project owners must ensure that at least **10%** of the labour performed by workers in a Red Seal trade is performed by registered apprentices.

By using the most recently negotiated multi-employer collective bargaining agreement for the applicable trade, and in the particular region, as the baseline for the prevailing wage requirement, the government will be ensuring that when federal dollars are allocated towards projects, that Canadians are paid competitively. These collective bargaining agreements are freely negotiated by employer associations and trade unions, which means that they are a reflection of the market value of the applicable work. This requirement promotes stability within the sector and prevents potential incentive claimants from underbidding their competitors solely by planning to pay workers less, thereby maintaining fair wages for those who secure federally funded projects.

RECOMMENDATION #2: INCREASE THE LABOUR MOBILITY TAX DEDUCTION FOR TRADESPEOPLE, AND INDEX IT TO INFLATION.

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.

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 did 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.

Canada's Building Trades Unions recommends that the 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 #3: FUND COLLECTION OF SOPHISTICATED CONSTRUCTION LABOUR MARKET DEMAND DATA TO HELP ENSURE PROJECTS IN THE NATIONAL INTEREST HAVE ADEQUATE LABOUR SUPPLY.

The recent passage of Bill C-5 marks a significant shift in Canada's approach to building critical infrastructure by streamlining regulatory processes and fast-tracking the approval and delivery of major industrial projects in the national interest. As the federal government moves to accelerate the construction of energy facilities, transportation corridors, and manufacturing hubs, it must also address a key operational challenge: labour mobility. Without a modern, data-driven understanding of construction workforce availability, Canada risks running into acute, temporary skilled labour shortages that could delay or derail these nation-building efforts.

A primary concern accompanying the fast-tracking of projects is the risk of project stacking—when multiple large-scale construction initiatives move forward at the same time, often in overlapping regions, creating strain on skilled trades construction labour. This can lead to project delays, and cost overruns. To prevent this, the federal government should invest in collecting and maintaining sophisticated construction labour market data that provides insight into regional labour capacity, workforce flows, and training output.

Accurate and thoughtful Labour demand requirements must be submitted and reviewed by the National Projects review team prior to approval of any project. The government would be wise to consider a stakeholder advisory committee as part of the review process.

Improved labour mobility depends on clear and timely information. Workers and employers alike require reliable data to plan effectively and to shift resources to where they are most needed. A coordinated national labour market information system would enable policymakers to anticipate labour demand, mitigate bottlenecks, and avoid pitting one project against another in a scramble for the same skilled workforce. This foresight is essential as C-5 accelerates timelines and increases the volume of simultaneous construction activity across provinces.

With advanced labour market analytics, Canada can align workforce development programs, certification standards, and interprovincial labour mobility policies to ensure workers can move efficiently between regions. This is especially critical in the skilled trades, where demand often exceeds supply in remote or rapidly developing areas. Having accurate data on training pipelines, retirements, and regional availability allows governments and industry to better plan for and manage labour deployment over the life cycle of multiple projects.

Canada's Building Trades Unions recommends that the government make significant investments in the collection and mobilization of sophisticated labour market data to help project owners, unions, governments, and other stakeholders make informed decisions on advancing projects and key investments in training and apprenticeship to align with projected labour demand curves.

RECOMMENDATION #4: SUPPORT THE NEXT GENERATION OF SKILLED TRADESPEOPLE BY REINSTATING CANADIAN APPRENTICESHIP SERVICES, AND APPRENTICESHIP GRANTS

Canada's Building Trades Unions strongly urge the federal government to promptly reinstate the Canadian Apprenticeship Service, the Apprenticeship Incentive Grant, and the Apprenticeship Completion Grant, as these remain critical components of Canada's skilled trades infrastructure. These commitments were clearly articulated during the recent election campaign and reflect a shared promise to support apprenticeship pathways and grow the skilled workforce.

CBTU has long called on the government to reconsider these misguided cuts and to reinstate a robust, accessible, and well-funded apprenticeship support framework. For tradespeople and the broader construction sector, this issue transcends administrative details; it directly impacts our ability to attract, train, and retain the skilled workforce necessary to meet Canada's increasing infrastructure and energy needs.

Restoring these programs involves re-establishing the Canadian Apprenticeship Service with targeted cash grants to employers for hiring apprentices, along with increased incentives for hiring from diverse populations.

Since their inception in 2006, these grants have provided over 800,000 apprentices with essential financial support, ranging from $1,000 to $2,000, helping them cover living costs while completing their training. This funding has played a pivotal role in facilitating the entry of nearly 1,000,000 apprentices into the skilled trades.

The government's recent announcement in July 2024 to phase out these indispensable grants by March 2025, a decision made without prior consultation with key stakeholders, raises serious concerns. Such a decision risks destabilizing the apprenticeship system, undermining the support that current and future apprentices rely on, and jeopardizes achieving the robust set of goals laid out by this government. Fulfilling campaign promises to strengthen support for skilled trades apprentices is crucial for Canada's infrastructure goals. A thriving apprenticeship ecosystem is essential to developing the skilled workforce needed for national progress.

RECOMMENDATION #5: COMPLETE THE DELIVERY OF INVESTMENT TAX CREDITS TO CREATE MORE OPPORTUNITIES IN THE CLEAN ECONOMY

Canada's Building Trades Unions commends the government on the first round of implementation of the long-awaited Investment Tax Credits in Bill C-59, the 2023 *Fall Economic Statement Implementation Act*. These measures, which tie investments in the clean economy to ensuring workers are paid the prevailing wage and employers invest in apprenticeships, are already delivering game-changing results for workers, project owners, and the clean economy.
We are seeing construction wages rising, more demand for apprenticeships helping create the next generation of skilled trades workers, and many new project proponents engaging with our unions to ensure that projects move forward, faster, with well-paid unionized jobs.

However, the *Investment Tax Credits* project is not yet complete. The proposed Clean Electricity Investment Tax Credits, and proposed expansion of the existing Clean Economy Investment Tax Credits – to include expanded eligibility for large scale nuclear, the inclusion of waste biomass, and the expanded eligibility of the critical minerals provisions – are all measures that the government should see through to completion.

Finalizing these game-changing tax measures will mean getting more shovels in the ground faster, and with more certainty. With streamlined project approvals for projects designated in the national interest – Canada is at the cusp of delivering significant, climate friendly projects that will strengthen our national economy.

As we have previously advocated for – these Investment Tax Credits must come with strong labour conditions: prevailing wages, apprenticeship opportunities, and guarantees on Canadian jobs.

RECOMMENDATION #6: 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 word-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.

Funding 'Brick and Mortar' in this manner 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 #7: 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.