



December 30, 2013

Mr. Warren Fraleigh
Executive Director
BUILDING TRADES OF ALBERTA
11635 – 160 Street
EDMONTON, Alberta
T5M 3Z3

Dear Sir:

Re: Adjustment of Vehicle Allowance

Standard provisions in most collective agreements respecting the adjustment of vehicle allowance amounts are akin to Article 10.06(c)(iii) from the Operating Engineers' agreement:

- (iii) The Coordinating Committee and the Alberta Building Trades Council shall examine, during January of each year of the Collective Agreement, the information published by Canada Revenue Agency respecting the vehicle allowance amounts that will not be treated as taxable income, and that will be permitted as business expenses for employers. Such information normally establishes a maximum rate for the first 5,000 km, and a lower rate for additional kilometres. The Coordinating Committee and the Council shall determine a rate that is midway between those two rates. The above vehicle allowance rate shall be adjusted, effective on the first pay period following May 1 of each year, to the rate so determined by the Coordinating Committee and the Council.

The foregoing shall affect each section of this Collective Agreement that prescribes a vehicle allowance.

Earlier today, Finance Canada posted "Government Announces 2014 Automobile Deduction Limits and Expense Benefit Rates for Business" (see <http://www.fin.gc.ca/n13/13-170-eng.asp>). The relevant provisions of that release are below:

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Ottawa, December 30, 2013

2013-170

GOVERNMENT ANNOUNCES 2014 AUTOMOBILE DEDUCTION LIMITS AND EXPENSE BENEFIT RATES FOR BUSINESS

The Honourable Jim Flaherty, Minister of Finance, today announced that the automobile expense deduction limits and the prescribed rates for the automobile operating expense benefit will remain unchanged for 2014. Specifically:

- ...
- The limit on the deduction of tax-exempt allowances paid by employers to employees using their personal vehicle for business purposes for 2014 will remain at 54 cents per kilometre for the first 5,000 kilometres driven and 48 cents for each additional kilometre. For Yukon, the Northwest Territories and Nunavut, the tax-exempt allowance will remain at 58 cents for the first 5,000 kilometres driven and 52 cents for each additional kilometre. The allowance amounts reflect the key cost components of owning and operating an automobile, such as depreciation, financing, insurance, maintenance and fuel costs.

Accordingly, the vehicle allowance will remain at 51 cents per kilometre pursuant to the formula through the May, 2014– April, 2015 period.

This will also be the second year for which adjustments to travel allowances will be based on the above adjustment, for those collective agreements that adopted the provisions agreed at Framework Bargaining for 2011:

Tab 7 re Adjustment of Travel Allowances

 The Initial and Return Transportation Allowances and the Rotational Leave Allowances [applicable to Industrial work] set out herein shall be subject to review in January 2013 and January 2014. In the event that there is an adjustment in the vehicle allowance, pursuant to article () for 2013 and / or 2014, each allowance amount shall be adjusted by the same percentage adjustment as the vehicle allowance adjustment, effective the first pay period following May 1st of the respective year. For example, if for 2013, the vehicle allowance is increased

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by 4%, each allowance shall be increased by 4%, rounded to the nearest dollar, and effective on the first pay period following the 1st of May, 2013.

Accordingly, because the vehicle allowance will remain unchanged, the travel allowances will remain as set earlier in 2013 (again using the language in the Operating Engineers' agreement as the examples):

Initial and Return Allowances:

- (i) up to 200 kilometres - **\$86.00** each way;
- (ii) 200 kilometres to 300 kilometres - **\$122.00** each way;
- (iii) 300 kilometres to 375 kilometres - **\$147.00** each way;
- (iv) over 375 kilometres to 475 kilometres - **\$220.00** each way, or actual airfare if suitable proof of air transport is provided to the Employer.
- (v) over 475 kilometres - as mutually agreed between the parties to this Agreement to a maximum of **\$337.00** each way or air fare inclusive of taxes in the event this is the most practical method of accessing the project/jobsite.

Rotational Leave Allowances:

- (a) On jobs located beyond a three hundred (300) kilometre radius to a maximum of four hundred and seventy-five (475) kilometres from the centre of Edmonton or Calgary or other hiring hall location, the Employer shall:
 - (i) Pay an allowance of **one hundred seventy-one dollars (\$171.00)** after thirty-five (35) calendar days of employment on the job and thereafter for each subsequent thirty-five (35) calendar days of employment on the job.

Where the employee accepts Employer supplied transportation he shall not be entitled to the above allowance.

- (ii) Allow employees five (5) working days leave after each thirty-five (35) calendar days of employment on the job.

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- (b) On jobs located beyond a four hundred and seventy-five (475) kilometre radius from the centre of Edmonton or Calgary or other hiring hall location, the Employer shall:
- (i) Provide a negotiated transportation allowance, not to exceed scheduled air line air fare where scheduled air service is available, or pay an allowance of **three hundred and six dollars (\$306.00)** where airline service is not available, after thirty-five (35) calendar days of employment on the job and thereafter for each subsequent thirty-five (35) calendar days of employment on the job.

Please consider this with your BTA colleagues as soon as you are able, and confirm your concurrence in writing, on behalf of the affiliates affected by the “standard provisions” in collective agreements respecting vehicle, travel and rotational leave allowances. It would be our intention to notify affected contractors of these changes no later than the end of January. Please call with any questions or concerns.

Sincerely,
Construction Labour Relations –
An Alberta Association



R. Neil Tidsbury, President, and
Secretary to the Coordinating Committee of Registered Employers' Organizations

cc Coordinating Committee of Registered Employers' Organizations
Mr. John Tackaberry, President, BTA
Mr. Lyle Kanee, Framework Bargaining Facilitator