



December 29, 2015

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

Dear Sir:

Re: Adjustment of Vehicle and Travel Allowances

On December 24th, 2014, Finance Canada posted “Government Announces 2016 Automobile Deduction Limits and Expense Benefit Rates for Business” (see <http://www.fin.gc.ca/n15/15-090-eng.asp>). The relevant provisions of that release are below:

Government Announces the 2016 Automobile Deduction Limits and Expense Benefit Rates for Business

December 24, 2015 – Ottawa, Ontario – Department of Finance

Finance Minister Bill Morneau today announced the income tax deduction limits and expense benefit rates that will apply in 2016 when using an automobile for business purposes.

Although most of the limits and rates that applied in 2015 will continue to apply in 2016, there are two changes taking effect as of 2016.

The first is that the limit on the deduction of tax-exempt allowances that are paid by employers to employees who use their personal vehicle for business purposes will be reduced by 1 cent to 54 cents per kilometre for the first 5,000 kilometres driven, and to 48 cents per kilometre for each additional kilometre.

...

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An example of the standard language respecting the adjustment of vehicle allowances is 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.

Accordingly, the vehicle allowance will be 51 cents per kilometre, effective the first pay period following May 1, 2016, pursuant to the methodology we have been using. This will be a -1.92% change.

Adjustments to industrial travel allowances will be based on the above adjustment, for those collective agreements that adopted the provisions agreed at Framework Bargaining for 2011 and 2015:

... In the event that there is an adjustment in the vehicle allowance, pursuant to Clause **10.06(c)(iii)**, the 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 2016, the vehicle allowance is increased by four percent (4%), the allowance shall be increased by four percent (4%), rounded to the nearest dollar, and effective on the first pay period following the 1st of May, 2016. ...

With the adjustment in the vehicle allowance from 52 to 51 cents (-1.92%), the travel allowances will be adjusted by the same percentage, rounded to the nearest dollar:

Initial and Return Allowances:

- (i) up to 200 kilometres - change from **\$88.00** each way to **\$86.00** each way;

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- (ii) 200 kilometres to 300 kilometres - change from **\$124.00** each way to **\$122** each way;
- (iii) 300 kilometres to 375 kilometres - change from **\$150.00** each way to **\$147** each way;
- (iv) over 375 kilometres to 475 kilometres - change from **\$224.00** each way to **\$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 (changed from **\$344.00** 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 **\$171.00** (changed from **\$174.00**) 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.
- (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 **\$306.00** (changed from **\$312.00**) where

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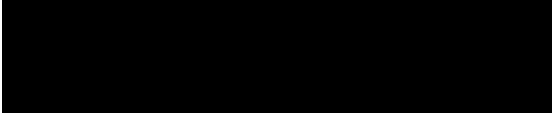
airline service is not available, after thirty-five (35) calendar days of employment on the job and thereafter for each subsequent thirty-five (35) calendar days of employment on the job.

For Special Project Needs Agreements based on Template A, the \$150 allowance section 11.01 applicable when bus transportation is provided because air transportation is not practical, there will be no adjustment in 2016. We agreed in Framework Bargaining that the adjustments would be made in 2017 and 2018 based on the percentage change in vehicle allowances.

Please consider this with your BTA colleagues as soon as you are able, and confirm your concurrence in writing, on behalf of the affiliates bound by the Memorandum of Conditions for Joint Bargaining. 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 –
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R. Neil Tidsbury, President, and
Secretary to the Coordinating Committee of Registered Employers' Organizations

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