



December 30, 2014  
(Corrected January 11, 2015)

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

Dear Sir:

**Re: Adjustment of Vehicle Allowance**

It is our understanding from Framework Bargaining that we intended to use the formula set out in the standard provisions in most of the collective agreements, to determine the vehicle and travel allowances that will take effect in the first year of our 2015-19 collective agreements. An example of the standard language 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.

On December 23<sup>rd</sup>, 2014, Finance Canada posted "Government Announces 2015 Automobile Deduction Limits and Expense Benefit Rates for Business" (see <http://www.fin.gc.ca/n14/14-183-eng.asp>). The relevant provisions of that release are below:

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**December 23, 2014 – Ottawa, Ontario – Department of Finance**

Finance Minister Joe Oliver today announced the automobile expense deduction limits and the prescribed rates for the automobile operating expense benefit for income tax purposes that will apply in 2015.

The only change for 2015 is an increase to the limit on the deduction of tax-exempt allowances paid by employers to employees that use their personal vehicle for business purposes. All other limits and rates will remain the same as in 2014.

 **Quick Facts**

**New for 2015:**

- The limit on the deduction of tax-exempt allowances paid by employers to employees that use their personal vehicle for business purposes for 2015 will be increased by 1 cent to 55 cents per kilometre for the first 5,000 kilometres driven and to 49 cents for each additional kilometre. For the Northwest Territories, Nunavut and Yukon, the tax-exempt allowance is set 4 cents higher, and will also increase by 1 cent to 59 cents for the first 5,000 kilometres driven and to 53 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 increase to 52 cents per kilometre pursuant to the methodology we have been using.

Adjustments to industrial travel allowances for 2013 and 2014 were 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 1<sup>st</sup> of

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the respective year. For example, if for 2013, the vehicle allowance is increased by 4%, each allowance shall be increased by 4%, rounded to the nearest dollar, and effective on the first pay period following the 1<sup>st</sup> of May, 2013.

With the increase in the vehicle allowance from 51 to 52 cents (0.0196%), the travel allowances will increase by the same percentage, rounded to the nearest dollar (again using the language in the Operating Engineers' agreement as the examples):

Initial and Return Allowances:

- (i) up to 200 kilometres - increase from **\$86.00** each way to **\$88.00** each way;
- (ii) 200 kilometres to 300 kilometres - increase from **\$122.00** each way to **\$124** each way;
- (iii) 300 kilometres to 375 kilometres - increase from **\$147.00** each way to **\$150** each way;
- (iv) over 375 kilometres to 475 kilometres - increase from **\$220.00** each way to **\$224.00** 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 **\$344.00** each way (increased from **\$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-four dollars (\$174.00)** (increased from **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.

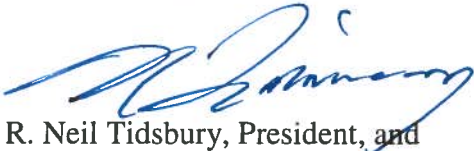
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Where the employee accepts Employer supplied transportation he shall not be entitled to the above allowance.

- (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 **three hundred and twelve dollars (\$312.00)** (increased from **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 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 –**  
**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. Doug Worobetz, President, BTA  
Mr. Lyle Kanee, Framework Bargaining Facilitator