Construction Labour Relations
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January 30th, 2013

Re: Notice of Adjustment of Vehicle and Travel Allowances
Applicable to Industrial Work

Effective on the Commencement of the First Pay Period following May 1st, 2013:

- **Vehicle Allowance will be increased to 51¢.**
- **Initial and Return Travel Allowances will be increased to:**
  - **Up to 200 km:** **$86.00 each way**
  - **200 – 300 km:** **$122.00 each way**
  - **300-375 km:** **$147.00 each way**
  - **375 – 475 km:** **$220.00 each way** (or airfare)
  - **Over 475 km:** **$337.00 each way** (or airfare)
- **Rotational Leave Allowances will be increased to:**
  - **300 – 475 km:** **$171.00**
  - **Over 475 km:** **$306.00**

Background and Calculations

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.

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On December 28th, 2012, Finance Canada posted "Government Announces 2013 Automobile Deduction Limits and Expense Benefit Rates for Business" (see http://www.fin.gc.ca/n12/12-178-eng.asp). The relevant provisions of that release are below:

Ottawa, December 28, 2012
2012-178

GOVERNMENT ANNOUNCES 2013 AUTOMOBILE DEDUCTION LIMITS AND EXPENSE BENEFIT RATES FOR BUSINESS

The Honourable Jim Flaherty, Minister of Finance, today announced the automobile expense deduction limits and the prescribed rates for the automobile operating expense benefit that will apply in 2013. Specifically:

...

- The limit on the deduction of tax-exempt allowances paid by employers to employees using their personal vehicle for business purposes for 2013 will be increased by 1 cent, to 54 cents per kilometre for the first 5,000 kilometres driven and to 48 cents for each additional kilometre. For Yukon, the Northwest Territories and Nunavut, the tax-exempt allowance is set 4 cents higher, and will also increase by 1 cent, to 58 cents for the first 5,000 kilometres driven and to 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 increase to 51 cents per kilometre pursuant to the formula through the May, 2013– April, 2014 period.

This will also be the first 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

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> 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 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, given the 2% adjustment to the vehicle allowance, travel allowances will be adjusted by 2% effective the first pay period following May 1st, 2013 (again using excerpts from the Operating Engineers' agreement):

Initial and Return Allowances:

(i) up to 200 kilometres - [$84.00 x 1.02 = 85.68] **$86.00** each way;

(ii) 200 kilometres to 300 kilometres - [$120.00 x 1.02 = $122.40] **$122.00** each way;

(iii) 300 kilometres to 375 kilometres - [$144.00 x 1.02 = $146.88] **$147.00** each way;

(iv) over 375 kilometres to 475 kilometres [$216.00 x 1.02 = $220.32] **$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 [$330.00 x 1.02 = $336.60] **$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 [$168.00 x 1.02 = $171.36] **one hundred seventy-one dollars ($171.00)** after thirty-five (35) calendar days

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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 [$300.00 x 1.02 = $306.00] **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 call either CLR office with any questions or concerns.

Sincerely,
Construction Labour Relations –
An Alberta Association

R. Neil Tidsbury
President