



Canadian  
Construction  
Association



## BUDGET SUMMARY

On April 21 the Harper government released its last budget before the October 19, 2015 federal election. The following is a summary of the measures of greatest interest to the construction sector.

### The Deficit

- The government will produce a budget surplus in 2015 – 2016 of \$1.4 billion.
- Federal debt-to-GDP is expected to fall to 25.5 per cent by 2019 – 2020.

### Small Business Measures

- The small business tax rate will fall to 9 per cent by 2019.
- Over the next four years, the current 11 per cent rate will be reduced as follows:
  - o January 1, 2016: 10.5 per cent;
  - o January 1, 2017: 10 per cent;
  - o January 1, 2018: 9.5 per cent; and
  - o January 1, 2019: 9 per cent.
- The reduction in the small business rate will be pro-rated for corporations with taxation years that do not coincide with the calendar year.

### Manufacturing Support through Enhanced Depreciation

- The accelerated capital cost allowance (ACCA) rate introduced to promote investments by the manufacturing sector in new equipment and machinery will be extended until 2026 but at a 50 per cent rate **declining** balance, rather than the previous method of **straight-line depreciation**.
- The ACCA will continue to apply ONLY to fixed machinery and equipment (Class 29) and not mobile construction assets.
- Covered assets would otherwise be included in Class 43 and qualify for a CCA rate of 30 per cent calculated on a declining-balance basis.

### LNG Support

- As announced by the prime minister on February 19, 2015, an accelerated capital cost allowance will also be introduced to promote investment in Canada's LNG industry.
- The rate for equipment used for natural gas liquefaction will increase from 8 per cent to 30 per cent declining balance.
- The rate for non-residential buildings that produce liquefied natural gas will increase from the current 6 per cent to 10 per cent declining balance.

### Skills and Labour Force Development

#### *Harmonization of Provincial and Territorial Apprenticeship Training*

- Further support will be extended to the provinces and territories to facilitate the harmonization of apprenticeship training and certification requirements in targeted Red Seal trades.

#### *Promoting Blue Seal Certification*

- The government will provide \$1 million over five years to Employment and Social Development Canada's Red Seal Secretariat to promote the adoption of the Blue Seal Certification program<sup>1</sup> across Canada.

### ***Fostering Training That Responds to Employer Needs***

- The government will provide a one-time investment of \$65 million over four years, starting in 2016 – 2017, to business and industry associations to allow them to work with willing post-secondary institutions to better align curricula with the needs of employers.

### ***Expanding Eligibility for Canada Student Grants***

- The government will provide \$184 million over four years, starting in 2016 – 2017, to expand eligibility for Canada Student Grants to students in short-duration programs.
- In addition, \$119 million will be provided over four years, starting in 2016 – 2017, to reduce the expected parental contribution under the Canada Student Loans Program.
- A further \$116 million will be provided over four years, starting in 2016 – 2017, to eliminate in-study student income from the Canada Student Loans Program needs assessment process.

### ***Investing in Aboriginal Labour Market Programming***

- The government will provide \$215 million over five years beginning in 2015 – 2016 and \$50 million per year thereafter to the Skills and Partnership Fund, which provides skills development and training for Aboriginal peoples, in partnership with businesses and other levels of government.
- In addition, a further \$33.5 million will be provided over the next five years beginning in 2015 – 2016 for administrative support for Aboriginal labour market programs and to launch a pilot labour force survey on reserve in order to improve available labour market information.

### ***Removing Disincentives to Work***

- The government will provide up to \$53.8 million over two years, starting in 2015 – 2016, to extend the current Employment Insurance Working While on Claim<sup>2</sup> pilot project to August 2016.

### ***Enhancing Labour Market Information***

- The government will enhance Labour Market Information by reallocating \$4 million over two years, starting in 2015 – 2016, to support the launch of a new one-stop national labour market information portal.
- In addition, Economic Action Plan 2015 proposes to reallocate \$7 million over two years, starting in 2015 – 2016, to support improved labour mobility.

### ***Removing Financial Barriers to Foreign Credential Recognition***

- The government will reallocate up to \$35 million over five years, starting in 2015 – 2016, to make the Foreign Credential Recognition Loans pilot project permanent to support internationally trained workers in their pursuit of foreign credential recognition.



<sup>1</sup> The Blue Seal Certification program is designed to encourage journeypersons in skilled trades to improve their business skills after they have achieved journeyperson status. Under the program, journeypersons can obtain a Blue Seal by completing 150 hours of study in one or more of 18 business-related subject areas offered by an approved training provider. Currently, the Blue Seal Certificate is only awarded in Alberta and Saskatchewan, with a similar certificate offered in the Atlantic Provinces through the new Atlantic Trades Business Seal Program.

<sup>2</sup> The Working While on Claim pilot project helps individuals stay connected to the labour market by changing the way earnings are deducted from Employment Insurance benefits in order to ensure that claimants always benefit from accepting work. Under the current pilot, claimants can keep 50 cents of their Employment Insurance benefits for every dollar they earn, up to a maximum of 90 per cent of the weekly insurable earnings used to calculate their Employment Insurance benefit amount.

## Reducing Barriers to Internal Trade

- The government will create an Internal Trade Promotion Office within Industry Canada to support federal-provincial-territorial negotiations to strengthen the domestic economy by comprehensively renewing the Agreement on Internal Trade.

## Lowering the EI Premium Rate in 2017

- The government reaffirms its commitment to implement in 2017 the seven-year break-even EI premium rate-setting mechanism, which will ensure that EI premiums are no higher than needed to pay for the EI program over time.
- Any cumulative surplus recorded in the EI Operating Account will be returned to employers and employees through lower EI premium rates once the new mechanism takes effect.
- This is expected to result in a substantial reduction in the EI premium rate, from \$1.88 in 2016 to an estimated \$1.49 in 2017, a reduction of 21 per cent.

## Infrastructure

- The government commits to providing \$5.35 billion per year on average for provincial, territorial and municipal infrastructure under the New Building Canada Plan.
- The borrowing limit for the government of the Northwest Territories will increase to \$1.3 billion and \$650 million for the government of Nunavut.
- The government will review the usefulness of current rules that restricts federal pension funds from holding more than 30 per cent of the voting shares of a company.

### *New Public Transit Fund*

- Building on the Building Canada Plan, the government will introduce a new fund to promote public transit infrastructure.
- The new fund will provide PPP Canada Inc. with new funding of \$750 million over two years, starting in 2017 – 2018, and \$1 billion per year ongoing thereafter for a new Public Transit Fund.<sup>3</sup>

### *Canada 150 Communities Infrastructure Program*

- The government will create a new dedicated infrastructure fund to support the renovation, expansion and improvement of existing community infrastructure in all regions of the country.
- These new investments, which will be cost-shared with municipalities, county organizations and not-for-profit entities, will support projects that celebrate our shared heritage, create jobs and improve the quality



<sup>3</sup> The new Public Transit Fund will allocate funds based on merit and through alternative financing and funding mechanisms, including P3s. As part of this fund, the government will explore innovative financing and funding mechanisms, and flexible payment arrangements, to help promote public transit development which could involve payment scheduled over a 20 – 30-year period rather than upfront contributions. Provinces, territories, municipalities or other partners would be able to borrow against this predictable payment stream.



of life of Canadians from coast to coast to coast. The government will announce further details on the Canada 150 Community Infrastructure Program over the coming months.

### ***Renewing Federal Infrastructure across the Country***

- The government announced in November of 2014 a \$5.8 billion cash-based allocation over the next six years, starting in 2014 – 2015, to build and renew infrastructure assets and on-reserve schools across the country.

Investments include:

- \$2.8 billion to support infrastructure improvements to heritage, tourism, waterway and highway assets located within national historic sites, national parks and national marine conservation areas across Canada.
- \$500 million for the repair and construction of on-reserve schools.
- \$452 million to repair and upgrade Canadian Armed Forces facilities.
- \$440 million to expedite the replacement of border infrastructure.
- Approximately \$400 million to maintain, upgrade and construct federally-owned buildings and other assets across Canada.
- \$380 million for major repairs and upgrading of federal laboratories and research facilities.
- \$288 million for repair and maintenance of small craft harbours.
- \$204 million to support enhancements to federally-owned and operated airports as well as improvements to VIA Rail Canada Inc.'s rail infrastructure.
- \$191 million to undertake renewal and repairs of heritage and museum sites.
- \$183 million for the repair and procurement of vessels and small craft for the Canadian Coast Guard and Fisheries and Oceans Canada to support activities including search and rescue, science and conservation.

### **Major Projects Management Office Initiative**

- The government will provide \$135 million over five years, starting in 2015 – 2016, to the Major Projects Management Office Initiative.
- The office will continue to provide a single window into the federal regulatory process and improve accountability to support the effective approval of major resource projects.

### **Innovation**

- The government will provide an additional \$1.33 billion over six years, starting in 2017 – 2018, to the Canada Foundation for Innovation to support advanced research infrastructure at universities, colleges and research hospitals.

### **Cleaning up Federal Contaminated Sites**

- The government will provide \$99.6 million over four years (\$1.35 billion on a cash basis), starting in 2016 – 2017, to renew support for the Federal Contaminated Sites Action Plan.

### **Improving the Integrity of Federal Procurement**

- The government will introduce a new government-wide integrity regime for its procurement and real property transactions to ensure that it does business with ethical suppliers in Canada and abroad.

### **Efforts to Combat the Underground Economy**

- The government will provide \$118.2 million over five years to the Canada Revenue Agency to expand its Underground Economy Specialist Teams.