



PCA

PROGRESSIVE
CONTRACTORS
ASSOCIATION
OF CANADA

Written Submission for the Pre-Budget Consultations in Advance of Budget 2026



Progressive Contractors
Association of Canada



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ABOUT PCA

The Progressive Contractors Association of Canada is a national construction association representing more than 150 contractors that employ over 40,000 unionized skilled workers who have chosen to organize with recognized independent unions.

PCA advocates for a progressive unionized construction model that supports worker choice, fair wages, competitive procurement, labour-management collaboration, and the ability of qualified contractors to build and maintain Canada's critical infrastructure.

PCA supports unionized construction and the right of workers to choose their representation. Our concern is with government policy that favours one union model over another, restricts competition, or prevents otherwise qualified contractors and workers from participating in publicly supported projects.



LIST OF RECOMMENDATIONS:

- 1.** That the federal government amend the Clean Economy Investment Tax Credit labour requirements so that eligibility is not solely tied to Building Trades Union agreements and instead recognizes diverse recognized labour models with existing collective agreements that provide for fair wages, pensions, and benefits.
- 2.** That the federal government include language in future funding agreements with provincial and municipal governments, as well as private sector recipients, requiring that construction work associated with federally funded projects be tendered openly and without labour-affiliation restrictions.
- 3.** That the federal government ensure that projects designated as “in the national interest” are procured in a labour-model-neutral fashion, absent prevailing wage systems tied to specific collective agreements or prioritization of “unionized labour.”

INTRODUCTION

Canada needs to build faster, more affordably, and at greater scale. Meeting the country's housing, clean economy, energy, transportation, defence, and public infrastructure needs will require the full participation of Canada's construction workforce.

Federal tax policy and infrastructure funding should therefore be designed to maximize competition, protect worker choice, support fair compensation, and ensure the best value for taxpayers.

POLICY RECOMMENDATIONS

Recommendation 1: That the federal government amend the Clean Economy Investment Tax Credit labour requirements so that eligibility is not solely tied to Building Trades Union agreements and instead recognizes diverse recognized labour models with existing collective agreements that provide for fair wages, pensions, and benefits.

PCA supports the federal government's objective of accelerating infrastructure investment in the clean economy and ensuring that workers are compensated fairly. However, the current prevailing wage rules under the Clean Economy Investment Tax Credit regime privileges one labour model over other recognized and legitimate models.

Under the current approach, a project can qualify for the full credit only if workers are paid at or above the wages and benefits set out in an "eligible collective agreement." Outside Quebec, Building Trades Union agreements are the sole benchmark for eligibility.

This approach undermines competitiveness across the construction sector by focusing on the cost to employers rather than the benefits to workers. PCA members are not signatories to the Building Trades Unions collective agreements, but provide strong wages, pensions, and benefits to their workers.

Some benefits packages are itemized differently on a paystub or have different costs to the employer for substantively equivalent or even better coverage for workers. Pension models also vary across the sector. Defined benefit plans commonly used by Building Trades Unions carry different cost structures than defined contribution pension plans utilized by most PCA members. Federal policy should recognize total compensation and worker outcomes rather than requiring all employers to replicate one specific agreement structure.

In addition, employers outside the Building Trades Union system may be required to absorb overhead costs embedded in Building Trades agreements in order to meet eligibility thresholds. These can include contributions to funds or programs unrelated to core compensation such as wages, pensions, or health benefits. Applying these costs universally imposes the financial structure of one segment of the industry on all others.

The existing definition of “prevailing wage” can also act as a practical barrier to interprovincial labour mobility. Construction is, by necessity, a mobile industry. Contractors and their workers regularly cross provincial and municipal boundaries, work on a project for its duration, and return home. In practice, setting prevailing wages geographically can advantage firms already operating under recognized regional agreements and make it harder for out-of-province contractors to compete.

Of the approximately 1.3¹ million people working in construction in Canada, available workforce and union-density data suggest Building Trades Unions represent roughly 190,000 to 230,000 workers — about 15 to 18 percent of the total construction workforce.² The majority of workers are employed in Quebec’s distinct system, represented by independent unions such as CLAC, working in the open-shop sector, or operating as independent contractors.

¹ BuildForce Canada. National Overview – An Assessment of Construction Labour Markets from 2025-2034

² Estimated through analysis of data from BuildForce Canada workforce data, Statistics Canada union density data, Quebec’s Commission de la construction du Quebec (CCQ) representativeness statistics, and the Building Trades Unions membership claims

Canada cannot meet its infrastructure and clean economy goals if federal policy disadvantages the employers of the majority of construction workers. A more neutral approach would protect fair wages while recognizing fair compensation across different union and non-union labour models.

Federal industrial policy should support Canadian workers, contractors, and project delivery capacity without privileging one union structure over another. Many Building Trades Unions operate through international union structures headquartered outside Canada.³ While they represent many Canadian workers, federal tax policy should not make their agreements the practical benchmark for access to public incentives. A neutral approach would recognize fair compensation and worker protections across all Canadian labour models.

PCA recommends that the federal government amend the Clean Economy ITC labour requirements to ensure that eligibility is not tied exclusively or practically to Building Trades Union agreements.

Recommendation 2: That the federal government include language in future funding agreements with provincial and municipal governments, as well as private sector recipients, requiring that construction work associated with federally funded projects be tendered openly and without labour-affiliation restrictions.

The federal government invests more than \$30 billion annually in infrastructure.⁴ A significant share of that funding flows through transfer payments to provincial and municipal governments for infrastructure projects.

³ Referenced in Supreme Court of Nova Scotia case, Construction and Allied Union (CLAC), Local 154 v. Nova Scotia (Labour Relations Board), 2002 NSSC 2

⁴ Office of the Parliamentary Budget Officer, "Federal Infrastructure Spending, 2016-17 to 2026-27," 2022, <https://www.pbo-dpb.ca/en/additional-analyses--analyses-complementaires/BLOG-2122-008--federal-infrastructure-spending-2016-17-2026-27--depensesfederales-infrastructure-2016-2017-2026-2027>

Taxpayers expect governments to maximize the value of public infrastructure investments. However, some provincial and municipal governments impose restrictive tendering conditions that make infrastructure more expensive by limiting competition to contractors affiliated with a particular set of favoured labour unions.

Restrictive tendering reduces the number of qualified companies able to compete for publicly funded work. Less competition means higher costs for taxpayers. One study found that restrictive tendering can increase construction costs by an average of 14 percent.⁵ An analysis by the City of Hamilton found potential savings as high as 21 percent from moving from restrictive tendering to fair and open competition.⁶

All workers have the right to organize and join the union of their choice. Restrictive tendering practices unfairly penalize workers who choose to organize outside traditional Building Trades Union structures. Freedom of association is a constitutional right, and governments should remain neutral rather than favour one form of worker representation over another.

Federal funds can become subject to restrictive tendering when the federal government transfers money to a province or municipality for an infrastructure project that is then delivered under restrictive procurement rules. This can occur through direct transfers to municipalities, transfers through provincial governments for individual infrastructure projects, or transfers to provinces for projects subject to restrictive labour arrangements, such as those covered by the B.C. Community Benefits Agreement.

Federal contribution agreements should require that recipients not impose labour-affiliation conditions that restrict otherwise qualified contractors from bidding on federally funded construction work.

⁵ B. Dijkema, "Bouncing Back Through Diversity: The Effects of Bill 66 on Construction Competition in the Region of Waterloo," Cardus, 2021, <https://www.cardus.ca/research/work-economics/reports/bouncing-back-through-diversity-the-effects-of-bill-66-on-construction-competition-in-the-region-of-waterloo/>

⁶ City of Hamilton, "General Issues Committee Revised: Agenda Package," June 19, 2019, 101–2, <https://pub-hamilton.escribemeetings.com/FileStream.ashx?DocumentId=196165>

This would not prevent governments from requiring strong labour standards, safety standards, apprenticeship opportunities, local employment, Indigenous participation, or fair wages. Those outcomes can and should be achieved without excluding qualified contractors or workers based on union affiliation.

More competitive tendering on infrastructure projects funded in whole or in part by the federal government offers a significant opportunity to save public money while ensuring that committed infrastructure builds still proceed.

PCA recommends that future federal infrastructure and project funding agreements include language requiring that:

1. all construction work supported by federal funding be tendered openly;
2. qualified contractors not be excluded based on union affiliation or labour model;
3. recipients not impose restrictive project labour agreements or equivalent labour-affiliation requirements as a condition of bidding; and
4. governments remain free to set outcome-based requirements for safety, wages, apprenticeship, local participation, Indigenous participation, and project delivery.

Recommendation 3: That the federal government ensure that projects designated as “in the national interest” for referral to the Major Projects Office are procured in a labour-model-neutral fashion, absent prevailing wage systems tied to specific collective agreements or a specified prioritization of “unionized labour.”

The Major Projects Office referrals process is critical to building a stronger, more united Canada. Delivering nation-building projects at speeds not seen in generations will require the full participation of Canada’s construction workforce. Federal procurement policy should therefore encourage competition and maximize labour capacity, not restrict participation through labour-model preferences.

PCA supports the federal government’s objective of accelerating nationally significant projects. However, those goals will be harder to achieve if qualified contractors and skilled workers are excluded because they operate under a different, but legitimate labour–relations model.

Deliberate prioritization of “unionized labour” or prevailing wage systems tied to specific collective agreements create practical barriers for most contractors and workers. In practice, independently–unionized contractors may be shut out despite offering strong wages, pensions, benefits, apprenticeship opportunities, and strong safety records.

At a time of skilled labour shortages and rising construction costs, Canada cannot afford to limit competition on major projects. The priority should be getting the best qualified contractors and workers on the job, regardless of union affiliation. Restrictive procurement reduces bidder participation, limits available labour capacity, and can lead to increased project costs and delays.

Governments can still require strong standards for wages, safety, apprenticeship training, Indigenous participation, and local economic benefits. Those objectives can be achieved through clear, outcome–based requirements that apply equally to all qualified bidders. A labour–model–neutral approach to major projects will help Canada build faster, more competitively, and more cost–effectively, while respecting worker choice and maintaining strong labour standards across the industry.

CONCLUSION

Canada’s ability to deliver the critical infrastructure it needs will require the full capacity of the construction industry. Federal policy should support fair wages, worker choice, apprenticeship, safety, and timely project delivery, while preserving open competition and neutrality between labour models.

PCA urges the federal government to adopt labour–model–neutral policies for tax credits, infrastructure funding, and major project procurement. Fair and open competition and inclusive procurement will help ensure that Canadian infrastructure is truly built for all.



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