ICBA® ALBERTA

POLICY BRIEF

Building Alberta’s Open-Shop Workforce: The Case for an Alberta Employer Training Tax Credit

Independent Contractors and Businesses Association Alberta

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EXECUTIVE SUMMARY

Alberta is Canada's construction powerhouse, yet it is one of the only major construction jurisdictions without a provincial employer training incentive. Alberta employers train the vast majority of the province's apprentices and future tradespeople, but unlike competitors in Ontario, British Columbia, Manitoba, and Nova Scotia, they receive little or no provincial support for that investment.

- **Problem:** Alberta has record apprenticeship demand and mounting labour pressure, but no provincial employer training credit.
- **Comparator Gap:** Ontario, BC, Manitoba and Nova Scotia all provide employer-side training incentives; Alberta does not.
- **Core Ask:** A refundable 25% Employer Training Tax Credit, capped at $5,000 per apprentice annually and available across Years 1–4.
- **Pre-Apprenticeship Ask:** A second-tier Employer Industry Training Credit tied to formally designated programs, not open-ended worker status.
- **Fiscal Range:** Estimated annual fiscal cost of approximately $47M–$93M for a Years 1–2 design, with a broader Years 1–4 design estimated at $104M-$142M.

ICBA Alberta recommends that the Government of Alberta:

1. **Introduce an Alberta Employer Training Tax Credit (ETTC)**
   - Refundable provincial tax credit
   - 25% of eligible apprentice wages
   - Maximum benefit of $5,000 per apprentice annually
   - Available for apprenticeship Years 1–4, beginning with Years 1–2 and expanding on a scheduled review
   - Applicable to all employers participating in Alberta's apprenticeship system
2. **Create an Employer Industry Training Credit**
   - Available to employers participating in approved pre-apprenticeship and industry training programs
   - Designed for programs delivered in partnership with schools, post-secondary institutions, or recognized industry organizations
   - Supports structured pathways into apprenticeship and trades careers
   - Position Alberta as a Workforce Development Leader

Rather than continuing to trail peer jurisdictions, Alberta can establish a modern employer-focused workforce development model that rewards companies for training the next generation of skilled tradespeople.

How It works

1. **Employer participates in a registered apprenticeship or designated industry training program.**
2. **Apprentice or student completes structured work-based learning.**
3. **Employer claims capped refundable credit.**
4. **Alberta gains more trained workers, stronger housing delivery and major-project capacity.**

1. THE PROBLEM: DOING WHAT WE'VE ALWAYS DONE WON'T SOLVE THE CRUNCH WE'RE FACING

Alberta is Canada's construction engine. The province faces some of the highest infrastructure and housing demand on the continent, with BuildForce Canada projecting that Alberta will need to recruit 59,000 additional construction workers by 2034 – including replacing more than 43,000 retiring workers. Alberta's apprenticeship system has reached a record high of 72,748 registered individuals, yet Alberta and Saskatchewan remain the only major provinces in Canada that offer no employer training incentive for apprenticeship.

This is not a minor administrative gap. It is a structural disadvantage that makes Alberta employers, who train the 88% of the province's construction workers who work outside the traditional union system, less competitive than their counterparts in other major provinces when investing in the next generation of tradespeople.

88% of Alberta's construction workforce works for open-shop employers. They receive no provincial training incentive whatsoever.

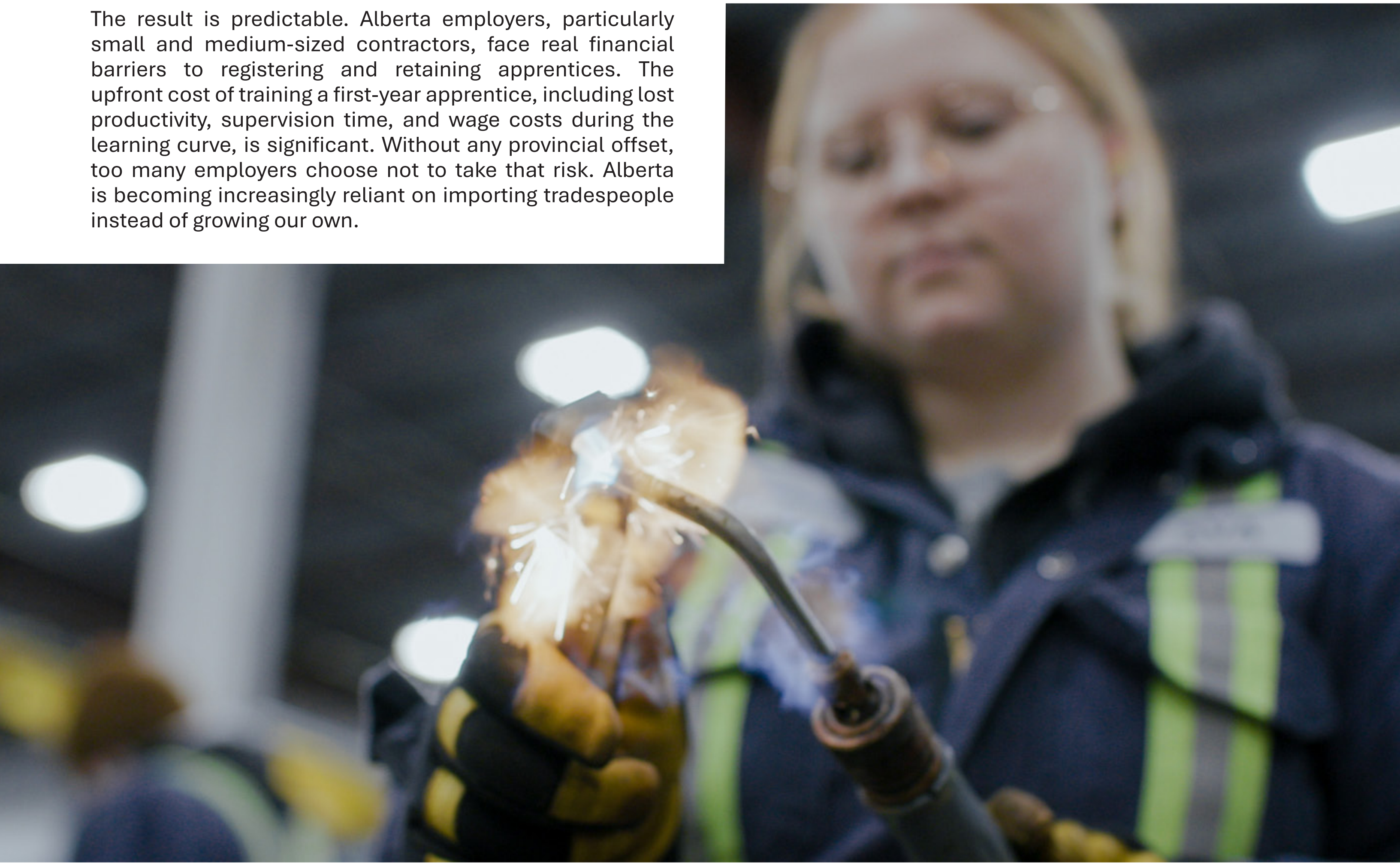
The result is predictable. Alberta employers, particularly small and medium-sized contractors, face real financial barriers to registering and retaining apprentices. The upfront cost of training a first-year apprentice, including lost productivity, supervision time, and wage costs during the learning curve, is significant. Without any provincial offset, too many employers choose not to take that risk. Alberta is becoming increasingly reliant on importing tradespeople instead of growing our own.

1.1 Three Simultaneous Failures

Alberta's construction workforce challenge is not a single problem. It operates across three simultaneous failure points:

- The domestic training pipeline channels disproportionate public funding toward programs affiliated with a minority of the workforce, leaving the open-shop majority at a structural disadvantage.
- Interprovincial labour mobility is volatile and cannot be relied upon: net inflows collapsed between 2015 and 2021 before rebounding under "Alberta is Calling." Migration waves recede whenever other provinces boom – they are not a workforce strategy.
- Canada's immigration system undervalues skilled tradespeople and even more so individuals who are willing to work in construction. Only about 2% of new immigrants work in construction, according to CIBC Economics.

An Alberta Employer Training Tax Credit directly addresses the domestic pipeline failure while creating conditions that make the other two failures less acute over time.



2. WHAT OTHER PROVINCES DO – AND WHY ALBERTA FALLS BEHIND

Alberta does not exist in a vacuum. Employers, apprentices, and tradespeople make choices about where to work and train based on the full package of supports available to them. When competing provinces offer meaningful financial incentives to train apprentices and Alberta offers nothing, the competitive disadvantage is real.

Province	Program / Credit	Max Employer Benefit
British Columbia	Training Tax Credit – 20% of eligible wages, refundable; basic credit applies to non-Red Seal programs; sunsets end of 2027	Up to $4,000/apprentice/yr
	Completion credits – 15% of wages at Levels 3 and 4 (Red Seal and non-Red Seal); enhanced amounts for First Nations individuals and persons with disabilities	Up to $2,500 (Level 3) + $3,000 (Level 4)
Manitoba	Paid Work Experience Tax Credit – refundable; 25% of wages for high school apprentices, 15% for early- and advanced-level apprentices and newly certified journeypersons	Up to $5,000/participant/yr
Ontario	Achievement Incentive – milestone payments at registration, each in-class level completed, and certification (replaced GAGE in 2020)	Up to $17,000/apprentice
Nova Scotia	Apprenticeship START Program – wage incentive over apprenticeship duration	Up to $25,000–$30,000/apprentice
Saskatchewan	No provincial employer training credit or grant	$0
ALBERTA	**No provincial employer training credit or grant**	**$0**

2.1 The Western Canadian Labour Pool Problem

British Columbia and Manitoba are important comparators because they compete directly with Alberta for skilled trades workers. And Alberta companies have a long history of recruiting from Atlantic Canada, so Nova Scotia's program is worth considering. Their policies demonstrate that provincial governments can successfully support employer-led training through targeted tax measures.

However, Alberta policymakers may find Ontario particularly instructive. In 2020, Ontario's Progressive Conservative government replaced the previous government's Graduated Apprenticeship Grant for Employers with its own **Achievement Incentive**, which pays employers up to $17,000 per apprentice through milestone payments at registration, each in-class level completed, and certification. This demonstrates that employer training incentives are not a partisan proposition; they are increasingly viewed as economic development and workforce development tools by pro-business governments.

Saskatchewan remains in a position similar to Alberta, **relying primarily on federal supports**. Rather than validating inaction, Saskatchewan highlights an opportunity for Alberta to lead Western Canada in employer-based workforce development.

Notably, BC's Training Tax Credit **currently sunsets at the end of 2027** and excludes Red Seal apprentices from its basic credit. A permanent Alberta credit covering all designated trades would not merely match BC – it would leapfrog it.

Ontario has demonstrated that employer training incentives are compatible with fiscally conservative, pro-business governance. Alberta has an opportunity not simply to catch up – but to lead.

Nova Scotia, a province of fewer than one million people, provides employers **up to $25,000 per apprentice** (up to $30,000 for apprentices from equity-deserving groups) through its START Program. Alberta, the capital of Canadian construction, provides zero.

3. THE ASK: A MADE-IN-ALBERTA EMPLOYER TRAINING CREDIT

ICBA Alberta calls on the Government of Alberta to introduce a provincial Employer Training Tax Credit (ETTC) for employers who hire and train apprentices and registered industry trainees in Alberta's construction and trades sectors.

3.1 Proposed Design

- A refundable provincial tax credit of 25% of eligible apprentice wages
- Capped at $5,000 per apprentice per year
- Available to any employer registered with Alberta's apprenticeship system, open-shop and union alike
- Applicable to Years 1 through 4 of an apprenticeship, not Years 1–2 only as the **federal AJCTC** restricts
- A completion top-up at Levels 3 and 4 – modelled on **BC's completion credits** and **Ontario's certification milestone** – rewarding employers who carry apprentices through to journeyperson certification, where the risk of losing a trained worker is highest
- Refundable so small employers with minimal tax payable receive the full benefit as a cash credit, not a deferred carry-forward

A refundable credit ensures small open-shop contractors, who train the majority of Alberta's apprentices, receive the same benefit as large corporations. Non-refundable credits systematically disadvantage smaller employers.

3.2 Extend Eligibility to Employer-Led Industry Training Programs

The formal apprenticeship system is not the only place where Alberta's future tradespeople are being developed. Across the province, innovative employers are investing in pre-trades and industry training programs that introduce young people, including high school students, to construction careers through structured, on-site, employer-led learning.

The **Building Futures program**, developed by McKee Homes in Airdrie in partnership with **Rocky View Schools**, is a flagship example. Over 13 years, it has given **more than 330 Grade 10 students** a full school year of on-the-job construction experience – building homes from the ground up – while completing their regular high school coursework. The program has expanded to Cochrane, and **similar employer-school programs** now operate in the Edmonton area through Parkland School Division and partner builders. Premier Smith has publicly praised it as a model for trades workforce development.

To support great programs like Building Futures, and to create similar successes, eligibility for this proposed funding must be tied to designated programs rather than individual worker status. This distinction is critical. Government cannot provide a tax credit for every young worker employed on a job site, nor should it. The credit would apply only to employers participating in formally designated training programs that meet established educational, training, safety, and reporting requirements.

This approach creates a clear, defensible boundary around eligibility while ensuring public resources are directed toward genuine workforce development activities.

Programs like Building Futures represent exactly the kind of employer-led workforce investment the Alberta government says it wants to see more of. The tax credit system should reward them – not exclude them.

Under current federal and provincial rules, these programs generate no employer training credit because the students are not formally registered apprentices. An employer who invests thousands of dollars building a classroom in a job site trailer, coordinating with school divisions, and mentoring high school students receives no recognition from the tax system.

ICBA Alberta proposes that the Alberta ETTC include a second tier, an Employer Industry Training Credit, applicable to:

- Structured employer-led training programs delivered in partnership with an Alberta school division, post-secondary institution, or recognized industry body
- Programs that provide documented, on-site, trade-related learning with a minimum of 125 hours per student per year
- Programs that produce hours creditable toward a future formal apprenticeship registration
- Programs that meet basic health and safety requirements, such as ACSA certification

This tier would be set at a lower credit rate, perhaps 15% of eligible wage and training costs, to reflect the pre-apprenticeship nature of the activity, while still providing a meaningful incentive for employers to invest in the pipeline.

Formalizing these programs as credit-eligible would also create a natural pathway: students who complete an industry training program could receive priority or streamlined access to formal apprenticeship registration, with their accumulated hours recognized – eliminating the current administrative cliff that discourages both employers and young workers from taking the next step.

4. THE FEDERAL GAP: WHY THE AJCTC IS NOT ENOUGH

The federal Apprenticeship Job Creation Tax Credit (AJCTC) is often cited as evidence that training incentives already exist. It is an inadequate answer to Alberta's workforce gap. Understanding why requires understanding what the AJCTC actually does — and what it does not.

4.1 AJCTC: What It Is

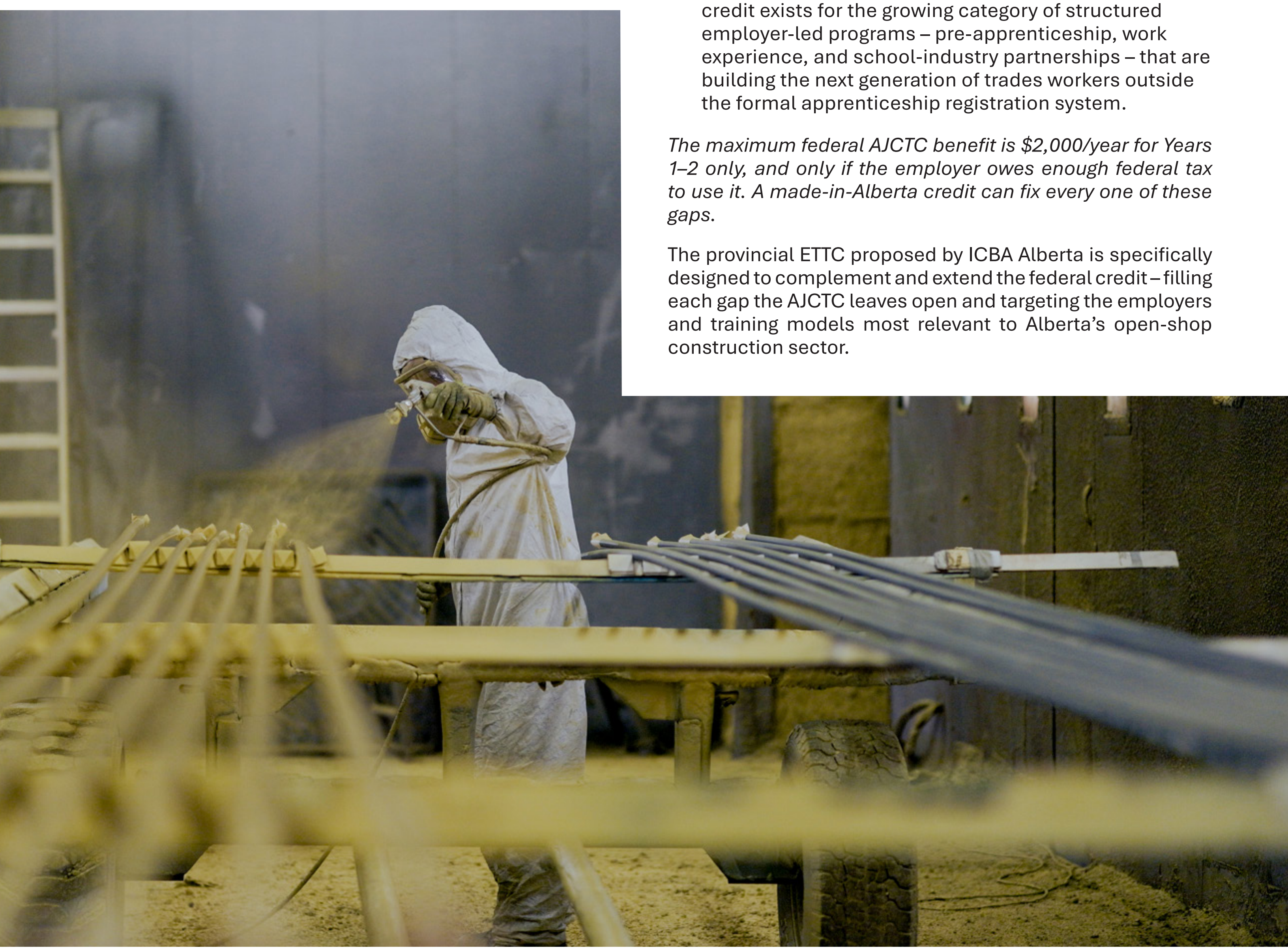
The **AJCTC** provides a non-refundable federal investment tax credit equal to 10% of eligible apprentice wages, to a maximum of $2,000 per apprentice per year. It is available to employers in Canada's **54 designated Red Seal trades**, for apprentices in the first two years of a registered apprenticeship contract.

4.2 The Four Structural Gaps

- **Red Seal trades only.** Alberta recognizes **more than 50 designated trades**. Many construction and industrial trades that are not Red Seal, and the employers who train in them, receive no federal credit at all.
- **Years 1 and 2 only.** The AJCTC provides no incentive to retain or advance an apprentice past the 24-month mark, precisely when the training investment begins to pay off and the risk of losing a trained worker to a competitor is highest.
- **Non-refundable.** A credit that reduces tax payable only benefits employers with sufficient taxable income. Small contractors may carry unused credits forward for up to 20 years, but receive no immediate cash benefit.
- **Excludes employer-led industry training.** No federal credit exists for the growing category of structured employer-led programs – pre-apprenticeship, work experience, and school-industry partnerships – that are building the next generation of trades workers outside the formal apprenticeship registration system.

The maximum federal AJCTC benefit is $2,000/year for Years 1–2 only, and only if the employer owes enough federal tax to use it. A made-in-Alberta credit can fix every one of these gaps.

The provincial ETTC proposed by ICBA Alberta is specifically designed to complement and extend the federal credit – filling each gap the AJCTC leaves open and targeting the employers and training models most relevant to Alberta's open-shop construction sector.



5. THE FISCAL CASE: MODEST COST, HIGH LEVERAGE

A well-designed employer training tax credit is among the most fiscally efficient workforce interventions available to government. Unlike direct training grants or institutional subsidies, the credit only flows when training actually happens – employers who do not hire apprentices receive nothing.

5.1 Cost Estimate

According to the **2024–25 AIT Registrar's Report**, Alberta has reached a record high of 72,748 registered apprentices — with 76,697 total active registrations when individuals registered in more than one trade are counted. Approximately 71% of registrations are in construction and industrial trades directly relevant to ICBA Alberta's membership, representing roughly 51,800 active construction apprentices in the system today – a deliberately conservative basis, given that construction and industrial trades account for roughly four out of every five registered apprentices in the report's program tables. At a credit cap of $5,000 per apprentice per year and a conservative 40–55% employer take-up in the program's first years, the annual fiscal cost to the province would be approximately:

~$47M–$93M/year estimated annual cost – Years 1–2 design at 40–55% employer take-up

On a per-apprentice basis, this ask is squarely in line with what other provinces already pay: the proposed $5,000 per year over up to four years is comparable to **Ontario's Achievement Incentive** (up to $17,000 over an apprenticeship) and well below **Nova Scotia's START Program** (up to $25,000–$30,000 per apprentice).

What differs is scale: Alberta's record apprentice intake means the aggregate cost reflects the size of the training challenge, not unusual generosity. The estimate above deliberately assumes strong employer take-up to present a ceiling, not a floor – actual first-year costs would likely come in below it, as they have in comparator programs. A Years 1–4 extension, the full ICBA ask, would cost $104M–$142M at similar take-up rates, reflecting Alberta's record-high apprentice intake and the additional two years of eligibility.

5.2 Why Fiscal Exposure Remains Manageable

Unlike broad wage subsidies or open-ended grant programs, the proposed credit contains several natural controls:

- Training activity must occur before a claim can be made.
- Credits are capped on a per-participant basis.
- Participation is limited to designated apprenticeship or industry training programs.
- Government retains authority to define and approve eligible programs.

As a result, fiscal exposure is both measurable and controllable. The province can forecast participation levels, monitor uptake, and adjust program parameters over time without jeopardizing budget certainty.

Some economists argue that training credits partly subsidize hiring that would have happened anyway. Three design features blunt that concern: the credit flows only while a registered apprentice is employed and progressing; per-participant caps limit windfalls to any single employer; and the completion top-up shifts the incentive toward retention and certification – the margin where employer behaviour is most price-sensitive and where Alberta's system currently leaks the most trained workers.

This is the practical answer to the policy-design challenge identified during review of the proposal: the incentive rewards genuine training activity while avoiding an open-ended entitlement structure.

5.3 The Cost of Inaction

BuildForce Canada projects Alberta will need to recruit 59,000 additional construction workers by 2034, with more than 43,000 retirements over the same period. At current domestic training rates, that gap cannot be filled. The cost of the resulting labour shortage – project delays, cost overruns, lost productivity, and deferred infrastructure – dwarfs the cost of a well-designed training credit.

Alberta already invests heavily in attracting workers from other provinces and countries. Growing our own tradespeople is both more sustainable and less expensive over a 10-year horizon.

5.4 A Practical Starting Point

Government does not need to commit to the full program on day one. A phased design, launching with Years 1–2 at an estimated $47M-$93M, with a legislated review and scheduled expansion to Years 1–4, gives Treasury Board a concrete, affordable "yes" while preserving the full ambition of the ask. Every comparator program above started smaller than it is today.

SUMMARY OF RECOMMENDATIONS

- **Recommendation 1:** Establish a refundable Alberta Employer Training Tax Credit valued at 25% of eligible apprentice wages, up to $5,000 annually per apprentice, with a completion top-up at Levels 3 and 4 – launching with Years 1–2 and expanding to Years 1–4 on a scheduled review.
- **Recommendation 2:** Extend eligibility through a second-tier Employer Industry Training Credit for approved pre-apprenticeship and industry training programs.
- **Recommendation 3**: Create a provincial designation framework for approved employer-led training programs, modelled on Alberta's existing **RAP designation process**.
- **Recommendation 4:** Recognize hours accumulated through approved industry training programs as creditable toward future apprenticeship registration wherever appropriate.
- **Recommendation 5:** Work with federal partners to modernize the **Apprenticeship Job Creation Tax Credit** by expanding eligibility, increasing support levels, and making the credit refundable.

Alberta has the workforce need, the fiscal capacity, and the political moment to lead on this. The question is not whether Alberta can afford this – it is whether Alberta can afford not to.

About ICBA

Based in Calgary, Independent Contractors and Businesses Association Alberta (ICBA Alberta) is a chapter of **Canada's largest construction association**, representing more than 6,000 members and clients. ICBA provides training, wellness, apprenticeship support, events and advocacy. More than 300,000 people are supported by ICBA group health benefits plans.

ICBA advocates for merit-based, open-shop construction – ensuring Alberta's construction sector remains competitive, productive, and accessible to the **88% of the industry who are open-shop**.

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