



Canadian Construction
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June 5, 2020

Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5

RE: CCA submission on the Canada Emergency Wage Subsidy

On behalf of the Canadian Construction Association (CCA), I want to thank the Government of Canada for the collaborative approach it has taken in responding to the COVID-19 crisis. CCA commends the government's ability to rapidly develop and deploy the Canada Emergency Wage Subsidy (CEWS) as well as the Canada Emergency Response Benefit (CERB) for our members and Canadians nationwide. These programs, fully and properly implemented, are essential in allowing our member firms to retain their capacity and expertise through the current crisis and ability to contribute to the recovery of the Canadian economy.

CCA has heard from members regarding issues and barriers regarding the CEWS program and appreciates the opportunity to provide feedback on the following questions:

- **Are there specific challenges associated with the CEWS program? For example, are there challenges with respect to its accessibility, its incentive impacts, or any other aspect?**

Given the cyclical billing cycles of the construction industry where billing and full payment can fluctuate on 60 to 90 day cycles, a business or firm may become unviable before the qualification threshold of a 30 per cent reduction in revenue is met.

The practice of many professional service firms is to invoice for billable hours in the preceding month. For example, March 2020 invoices would reflect work performed in February 2020 or earlier. Consequently, the impact of COVID-19 on revenue in March may not be realized until May (or possibly even June or July depending on payment terms). Similarly, the impact on revenue may not be realized until after the expiry of the program. Some firms may therefore only be able to avail themselves of the current program for only two months or less.

While some regional operations within a firm may experience revenue decreases that exceed 30 per cent, nationally that same firm may experience revenue decreases of less than 30 per cent rendering it ineligible for CEWS. Consequently, regional operations may have to cease, intensifying the economic impact of the pandemic on local economies and small or remote communities. This could create more pressure for corporate consolidation at the expense of these communities.



- **What adjustments to the CEWS would you propose to provide the right level of support to those most affected by the pandemic while supporting the economic recovery?**

CCA appreciates that the Department of Finance has now extended the program's runtime to August 29, 2020. We recommend that Finance keep the option of further extension on the table as various sectors and economies across the country re-open at different paces depending on the extent of the outbreak of COVID-19 within their region. Construction, like many industries, faces a skilled labour shortage. The use of the CEWS to keep workers from leaving the industry is crucial to the construction sector's ability to ramp up activities and immediately contribute to getting the Canadian economy back up and running.

Allowing firms to calculate their losses by accrual as an alternative to cash accounting is helpful, however it would be simpler if the CEWS eligibility period was a set time from the first application. This would allow firms not seeing a loss of revenue until several months after the work would be performed to take advantage of CEWS without changing their accounting processes. This would be especially applicable to professional services and contracting – especially firms that are subconsultants or subcontractors, or firms further along the supply chain of construction and manufacturing.

We also recommend allowing firms to apply and be eligible for CEWS on a regional basis so that they can retain employees and continue operating in local economies and small or remote communities.

Would adding complexity to the CEWS program be acceptable in order to expand access to this support, or better target support to those who need it?

CCA supports expansion and extension of the program as well as the provision of the widest possible criterion for application in order to best serve our membership sector-wide. In doing so however, CCA would also strongly urge more timely and robust communication tools such as FAQs, firm and clear communication of the program changes and live/phone operated services (i.e. the Business Resilience Hotline) to assist those seeking clarification on the application process. An issue CCA encountered early in the rollout of programs such as the CEWS, CERB and Rent Supplement program was that programs would be announced with details trailing, making it difficult to provide timely answers to our membership about who would be eligible.



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- **To what extent are employers using the CEWS to provide support to furloughed employees as compared to using it as a means to pay active employees? Do employers value maintaining ties with furloughed employees by keeping them on the payroll? Should the level of support for furloughed employees be the same as for active employees?**

As alluded to above, CCA's membership is using the CEWS for the express purpose of maintaining their workforce during the lockdown caused by COVID-19 in order to avoid the pitfalls of a labour shortage as the national and provincial economies re-open. Relationships with these employees are immensely important to our members and companies.

- **What are the key barriers to rehiring workers recently laid off due to the pandemic?**

Many construction projects throughout Canada have been delayed or cancelled due to a number of factors, including a lack of public funding by provincial and municipal governments. CCA urges the federal government to consider the importance of the construction industry in supporting economic recovery post COVID-19. As such, CCA advocates for increased infrastructure investment, which would promote job growth throughout the country, amongst other benefits.

- **If you are a seasonal business, are there any unique challenges you are facing in relation to the CEWS?**

Companies continuously experience ebbs and flows in revenues, and revenues are dependent on many factors such as seasonality, the sector in which they operate, their role in the chain and the economy (for example, paving roads versus building office towers, general contractor versus sub-trade). Consequently, many construction companies are unable to demonstrate the 30 per cent reduction in revenue requirement in order to qualify for the current CEWS program.

- **How do you foresee the CEWS interacting with the Canada Emergency Response Benefit (CERB) over this extended period? Do you have any additional comments about the CERB?**

Thank you for considering our concerns and recommendations. Having created an expansive assistance program that applies to all businesses in a very short period of time, CCA appreciates and understands there were invariably challenges applying measures to specific businesses in specific circumstances. We are confident that the government will continue to adapt and refine these programs to ensure they are applicable to as many business sectors as possible.



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Across Canada, CCA represents more than 20,000 member firms drawn from 63 local and provincial integrated partner associations. CCA gives voice to the public policy, legal and standards development goals of contractors, suppliers and allied business professionals working in, or with, Canada's institutional, commercial and industrial (ICI) construction industry.

The construction sector is one of Canada's largest employers and a major contributor to the country's economic success. The industry, 70 per cent of which is made up of small and medium enterprises, employs more than 1.5 million Canadians and contributes 7 per cent towards Canada's Gross Domestic Product (GDP).

Thank you for your time and consideration.

Best regards,

A handwritten signature in black ink, appearing to read 'mvanburen'.

Mary Van Buren
President, Canadian Construction Association