

April 7, 2020

Honourable Bill Morneau
Minister
Department of Finance Canada
90 Elgin Street
Ottawa ON K1A 0G5

Dear Minister:

Re: Canada Emergency Wage Subsidy Program (CEWS) Program Design Challenges

We would like to thank your government for the considerable efforts taken to date to respond to the unprecedented challenges facing individuals and businesses throughout Canada as we all cope with the COVID-19 epidemic.

Your recent announcement of the CEWS program which is intended to provide qualifying businesses with a 75% wage subsidy is very welcome. Properly designed, this temporary wage subsidy program will help many firms remain resilient in the face of the current crisis, provide temporary income support for cash-strapped workers, and contribute to workforce continuity as construction firms weather COVID-19 business impacts.

We understand the acute challenges your government faces in designing complex new income support programs in mere “days and weeks” rather than “months and years” which would normally be the case. Unfortunately, despite your government’s efforts, the CEWS program has created significant uncertainty and confusion within the construction sector and, it seems, the broader business community. A recent Canadian Federation of Independent Business (CFIB) survey has found that 37 percent of employers don’t think the CEWS program will help them, while 21 percent were uncertain.

Our member companies are expressing similar levels of concern about the CEWS program. The main issue is that the revenue loss threshold and the reference period for determining eligibility – i.e. a 30 percent drop in 2020 revenues versus the same monthly period last year -- does not account for the substantial variations in business models within the construction sector and the cyclical nature of work flows throughout a regular calendar year. In other words, the current design of the CEWS program assumes more consistent or regular cash-flow patterns than is usually the case in the construction sector.

We encourage your government to eliminate or substantially reduce the 30 percent revenue loss test for all employers, and to create a different test to ensure that new or rapidly growing businesses can access CEWS support as well. The government may also wish to consider making businesses attest to losses in sales, revenues and/or contracts which would be reconciled with actual losses incurred when tax filings are submitted for 2020.

We understand and fully support the need for appropriate checks and balances when dispersing public funds through the new CEWS program. As much as possible, we encourage your government to balance this program design imperative with the need to get funds flowing as expeditiously as possible, while accommodating the varied business models within the construction sector across the country.

Thank you again for your government's efforts to provide timely assistance to individuals and business during these extraordinary times. We are pleased to discuss this matter further with you or your officials should you have any questions.

Sincerely,



A handwritten signature in black ink, appearing to read 'Chris Gardner', written over a horizontal line.

Chris Gardner
President,
Independent Contractors
and Businesses Association



A handwritten signature in black ink, appearing to read 'Paul Dube', written over a horizontal line.

Paul Dube
President,
Merit Nova Scotia



A handwritten signature in black ink, appearing to read 'Karen Low', written over a horizontal line.

Karen Low
President,
Merit Saskatchewan



A handwritten signature in blue ink, appearing to read 'Y. Milner', written over a horizontal line.

Yvette Milner
President,
Merit Manitoba



A handwritten signature in black ink, appearing to read 'Michael Gallardo', written over a horizontal line.

Michael Gallardo
Executive Director,
Merit Ontario



A handwritten signature in black ink, appearing to read 'W. Pamic', written over a horizontal line.

Walter Pamic
Chair, Merit Canada
Board of Directors