



July 14, 2020

Hon. Bill Morneau
Minister of Finance
bill.morneau@parl.gc.ca

SUBJECT: Amendment Considerations to CEWS

Dear Minister Morneau:

On behalf of the Canadian Institute of Plumbing & Heating (CIPH) and the Mechanical Contractors Association of Canada (MCAC) we applaud your government on the actions taken to support businesses during the COVID-19 pandemic.

Our industry manufactures and supplies essential products such as water supply pipe, valves and fittings; waste water pipe, kitchen, lavatory, bath & shower supply and waste fittings; toilets, lavatories, kitchen sinks and other plumbing fixtures; furnaces; water heaters; boilers; and their mechanical systems. These products directly support Canada's water and waste water systems in hospitals, seniors' homes, emergency services, commercial, residential and other essential businesses.

Jobs in the plumbing and mechanical industry are tied to construction starts which originate with building permits. The latest information from Statistics Canada shows that building permits in April 2020 are 39% below April 2019 levels overall and down 49% for non-residential projects. This steep decline, coupled with the length of time it takes to evolve to actual construction starts will impact our industry for several quarters thereby requiring an extension of the CEWS to year end.

It is for this reason that we also ask for a change in the lost revenue threshold of the CEWS. By requiring businesses to show losses of 20% year-over-year, rather than the current 30%, your government will help maintain our industry workforce.

We are also hearing from many members that companies with a national footprint may be disproportionately harmed by the rule that a reporting entity must meet a 30% decline in year-over-year revenue. For instance, a company operating in Quebec where almost all operations were shut down at the outset of COVID-19 pandemic did not have difficulty demonstrating a 30% loss of business. However, a national company with operations in that province may not be able to show the same loss of business across the board as the reporting entity may not see a drop of 30% of business.

We ask that you consider fairness in this process to recognize that businesses across Canada are seeing declines in business regardless of their structure. We are concerned that this disparity will lead to companies laying off major segments of their workforce in some provinces while retaining their workforces in others. In addition, businesses with a national footprint sometimes have subsidiaries that operate on a more localized basis. We believe the best way to help workers and affected businesses maintain these ties is to ensure there is more flexibility in CEWS to reflect these realities.

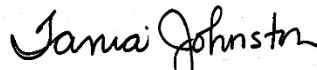
The products and services we offer enables contractors and tradespeople to maintain & service major segments of Canada's built environment. Importantly, space heating for Canadian's personal and building safety, as well as potable domestic hot water for personal and societal hygiene in general are core competencies of our industry. Every stage of the supply chain from suppliers and manufacturers to distributors, transporters and contractors is critical for ensuring that these products and services are available.

We respectfully ask that you consider these amendments to CEWS.

Sincerely,



Ralph Suppa, CAE
President & General Manager
Canadian Institute of Plumbing & Heating



Tania Johnston
Chief Executive Officer
Mechanical Contractors Association of Canada



Founded in Montreal in 1933, the CIPH is a not-for-profit trade association that is committed to providing members with the tools for success in today's competitive environment. More than 283 companies are members of this influential Canadian industry association. They are the manufacturers, wholesaler distributors, master distributors, manufacturers' agents, and allied companies who manufacture and distribute plumbing, heating, hydronic, industrial PVF, and waterworks, and other mechanical products. CIPH wholesalers operate more than 700 warehouses and showrooms across Canada. Total industry sales exceed \$7 billion annually and CIPH members have more than 20,000 employees from coast to coast.



The Mechanical Contractors Association of Canada (MCAC) is a national, non-profit federation of autonomous provincial associations working for the betterment and advancement of the trade and mechanical contracting industry in Canada. Established in 1895, MCAC is a vibrant and diverse national association serving the needs of mechanical contractors of all sizes engaged in such disciplines as plumbing, heating, ventilation, air conditioning, controls systems, medical gases, welding, and fire suppression primarily within the industrial, commercial and institutional sectors.

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