

Wage Subsidies

	Canada	United Kingdom	Denmark	France	U.S.
Eligible employers	<p>Eligible employers include:</p> <ul style="list-style-type: none">• Individuals, including unincorporated businesses but excluding trusts;• Canadian-controlled private corporations (including cooperative corporations) with less than \$15 million in taxable capital in the preceding taxation year;• Non-profit organizations;• Registered charities; and• Partnerships, all members of which are individuals (excluding trusts), eligible CCPCs, and registered charities.	<p>All employers</p>	<p>Private corporations; must commit to no permanent lay-offs</p>	<p>All employers; employers must apply and must pay employees an allowance equal to 70% of their hourly remuneration</p>	<p>Eligible employers are businesses and tax-exempt organizations with fewer than 500 employees that are required to provide emergency paid sick leave and emergency paid family and medical leave under the Families First Coronavirus Response Act</p> <p><i>Note: There are still negotiations in the US ongoing. Further measures could be announced.</i></p>
Credit base	<p>All remuneration paid by eligible employers</p>	<p>Remuneration of people who are not working but are furloughed and kept on payroll</p>	<p>Remuneration of people who are not working but are furloughed and kept on payroll</p>	<p>In compensation for each hour of unemployment, the employer must pay employees a minimum salary equal to 70% of their hourly remuneration.</p>	<p>Amounts paid to employees who go out on emergency paid sick leave or public health emergency leave</p>

Maximum benefits	\$1,375 per employee for 3-month period \$25,000 per employer for 3-month period	80% of remuneration, with maximum of £2,500 a month for each employee (about CAD 4,150)	75% of the salaries of employees paid on a monthly basis up to about CAD 4,500 per month, or 90% of salaries of employees paid on hourly basis up to about CAD 5,400 per month.	70% of the employee's gross remuneration, up to approximately CAD 50/hour.	<p>Paid Sick Leave Credit For Tier 1 absences (for those caring for someone in isolation, or caring for a child), credits are limited to \$200 per employee per day and \$2,000 total per employee (i.e., up to ten days). For "Tier 2" absences (quarantined by order of government, or experiencing symptoms of COVID-19 and seeking a medical diagnosis), these amounts are \$511 per day and \$5,110 total (i.e., up to ten days).</p> <p>Child Care Leave Credit Credit is capped at \$200 per day or \$10,000 total (up to 10 weeks).</p>
Duration	Remuneration paid between March 18, 2020 and June 19, 2020	Backdated to March 1, with an initial period of three months	Three months, until June 9	This scheme can be implemented by an employer for a period of up to six months (potentially renewable).	March 18, 2020 - December 31, 2020
Timeliness/Delivery mechanism	Immediate, via reduction of remittances	Grants via tax administration; building of new system required, which may take 4 weeks or longer	Grants; application process not clear	This "partial activity" scheme is an existing program. Recent announcements make the application process easier, applications will be processed faster, and increased compensation of employers.	The credits apply against the employers' share of quarterly Social Security and Medicare taxes. The employer may receive a refund if the credits exceed the employer's Social Security and Medicare tax obligations for the quarter.

General Cash Benefits for Households

Canada	U.K.	Denmark	France	U.S.
GST Credit top-up payment	Increase in Universal Credit standard allowance (boost of £1,000 for 2020-21 benefit year)	n/a	n/a	Talk of significant cash benefits for households, but magnitude/design still under discussion between Administration, Senate and House
CCB top-up	Increase in Working Tax Credit basic element (boost of £1,000 for 2020-21 benefit year)			

What happens under a straight 75% wage subsidy (without applying it on pre-crisis income)?
Employer still better off by \$250 even if it increases wage up to pre-crisis level.

	Employment income pre- crisis	Current employment income	Amount paid by employer	Amount paid by government
Before subsidy	\$ 1,000	\$ 500	\$ 500	\$ -
After 75% subsidy - employer decide to pay pre-crisis income level		\$ 1,000	\$ 250	\$ 750
		Employee better off by \$500	Employer better off by \$250	Government pays \$750

Budget/Off-Cycle Proposal
Annex 2: GBA+ Departmental Summary

For detailed instructions on each section, please refer to the User Instructions document.

1. GENERAL INFORMATION		
Proposal Title		
Sponsoring Department	Department of Finance - FIN	Other Departments: Click here to enter text.
Type of measure (Check all that apply)	Program Policy Legislation or regulation <input checked="" type="radio"/> New	Revenue Other: <u><specify></u> <input type="radio"/> Existing - Modified (scope, scale) <input type="radio"/> Existing - Renewal (no changes)
Timing of conduct of GBA+ (Check all that apply)	<input type="checkbox"/> Early in idea development phase (when options / proposals are being developed) <input checked="" type="checkbox"/> Mid-point (when options and proposals are being finalized) <input type="checkbox"/> Later stage (after proposals are finalized, prior to submission of proposal) Comment:	

2. BRIEF DESCRIPTION OF PROPOSAL (650 characters maximum)
<p>Problem Statement:</p> <p>The economic impacts of the COVID-19 pandemic are expected to be negative. A range of fiscal measures will need to be considered to ensure a quick recovery from the economic downturn.</p> <p>Approach:</p>

3. TARGET GROUP (POLICY INTENT)

What is the primary target client group for this proposal? In particular, this proposal is primarily designed to provide ultimate benefits to:

- ☒ All Canadians (i.e. rather than specific sub-groups).

☐ This is a tax integrity proposal.
- ☐ Specific regions and/or sectors of the economy, namely

☐ Specific regions (e.g. remote, rural, urban).☐ Specific industries or sectors of the economy (e.g. oil industry, auto industry).
- ☐ A particular demographic group (*do not select more than three*).

☐ Women*☐ Men☐ LGBTQ2+☐ Indigenous Peoples☐ Ethnic, linguistic, cultural, or religious minorities☐ Persons with disabilities or health issues or their caregivers☐ Children or Youth

☐ Students☐ Seniors☐ Veterans☐ Newcomers☐ Individuals of particular socio-economic status☐ Individuals of particular educational level☐ Individuals of particular familial characteristics (e.g. marital status, family status)

Please explain (1-2 sentences):

The wage subsidy would be available to most private sector employers, including not-for-profit and charitable organisations. The wage subsidy would not target any particular sector, size of employer or type of employee. Extending eligibility to Indigenous-government-owned corporations that are carrying on a business and are tax exempt, as well as partnerships where the members are Indigenous governments and eligible employers, allows these employers to be eligible for the subsidy even if they are exempt from income tax or are owned in whole or in part by an Indigenous government (provided they meet the other eligibility criteria).

Note: *exceptionally, if none of the options above can adequately reflect the intended client group of the proposal, please use the explanatory box to specify the target group and provide further details.*

**Select for initiatives aimed at helping women specifically and/or advancing gender equality more broadly.*

4. EXPECTED OUTCOMES

The proposal should be assessed in relation to the direct, indirect and unintended/hidden impacts on different demographic groups. For further information and examples, please consult the **User Instructions**.

a) **Direct Benefits:** which gender and demographic groups are expected to directly benefit from the proposal?

The benefiting group(s) has the following **demographic characteristics** that are predominant relative to the Canadian population at large. Please select at least one option in the Gender Identity box and select all other characteristics that apply.

Gender identity and sexual orientation	Ethnicity	Socio-economic, cultural and familial characteristics
<input type="checkbox"/> Predominantly Women (≥80%) <input type="checkbox"/> Women (60%-79%) <input checked="" type="checkbox"/> Gender balanced <input type="checkbox"/> Men (60%-79%) <input type="checkbox"/> Predominantly Men (≥80%)	<input type="checkbox"/> Indigenous Peoples <input type="checkbox"/> First Nations <input type="checkbox"/> Inuit <input type="checkbox"/> Métis <input type="checkbox"/> Members of visible minority communities: <u><specify></u> <input type="checkbox"/> Caucasian	<input type="checkbox"/> Lower-educated individuals <input type="checkbox"/> Highly-educated individuals <input type="checkbox"/> Lower income <input checked="" type="checkbox"/> Middle income <input checked="" type="checkbox"/> Higher income
<input type="checkbox"/> LGBTQ2+ <u><specify></u>		<input type="checkbox"/> English or French-language learners <input type="checkbox"/> Newcomers <input type="checkbox"/> Individuals in particular occupations or sectors: <u><specify></u>
Health characteristics	Geographic characteristics	
<input type="checkbox"/> Persons with disabilities <input type="checkbox"/> Persons with physical or mental health issues (or their caregivers)	<input type="checkbox"/> Urban populations <input type="checkbox"/> Rural or remote populations <input type="checkbox"/> Individuals in particular regions: <u><specify></u> <input type="checkbox"/> Individuals in other countries	<input type="checkbox"/> Single person households <input type="checkbox"/> Two person households <input type="checkbox"/> Parents <input type="checkbox"/> Lone parent households <input type="checkbox"/> Two parent households <input type="checkbox"/> Other household type: <u><specify></u>
Age and life stage		
<input type="checkbox"/> Individuals under the age of 18 <input checked="" type="checkbox"/> Individuals between 18-29 <input checked="" type="checkbox"/> Individuals between 30-60 <input type="checkbox"/> Individuals over the age of 60		
<input type="checkbox"/> Students <input checked="" type="checkbox"/> Workers		

Please select, as applicable:

☒ These traits describe multiple groups, rather than one distinct group with intersecting characteristics. Please explain below.

☐ The benefitting group has no notable characteristics beyond those of the Canadian population overall.

Please provide details on these impacts and on the gender and diversity context related to this initiative, with specific breakdowns and data where feasible. Include an explanation on whether this proposal benefits multiple groups or one specific group. Sources and data gaps are to be noted in section 4f.

Although the wage subsidy is paid to employers, the direct beneficiaries are the employees whose remuneration is preserved as a result of the proposal. The specific characteristics of employees that would benefit from the proposal can't be assessed since it is not known which employers will meet the drop-in-revenue test. The following analysis was conducted under the hypothesis that actual eligible employers will be distributed evenly across potential eligible employers.

Subject to the caveat described above, the direct beneficiaries of the measure can be expected to be gender balanced. It is estimated that about 81% of the male workforce and about 76% of the female workforce are employed by entities that could benefit from the subsidy.

Available data suggest that the employees of eligible entities may display a different income profile than the general taxfiling population. Further, the data suggest that the difference is dependent on gender:

- Men could be about 18% less likely to report taxable income under \$30,000 while women could be about 6% less likely to do so.
- Men could be similarly likely to report income of at least \$30,000 but under \$50,000 while women could be about 9% more likely to do so.
- Men could be about 14% more likely to report income of at least \$50,000 but under \$80,000 while women could be about 1.5% more likely to do so.
- Men could be about 15% more likely to report income of at least \$80,000 but under \$ 100,000 while women could be about 7% less likely to do so.
- Men could be about 23% more likely to report an income of \$100,000 or more while women could be about 14% more likely to do so.

4. EXPECTED OUTCOMES

The wage subsidy can be expected to disproportionately benefit the core working age population (18 to 60 years old) since individuals in these age groups are more likely to be employed. While about 54% of the Canadian population is between 20 and 60 years old, close to 83% of the employees that could potentially benefit from the proposal are expected to be within the same age group. That being said, available data suggest that employees of eligible entities may display a different age profile than the general employed population. In contrast to the differences in income profile, however, differences in age profile are not significantly different between genders. Employees of potentially eligible employers, relative to all employees, are:

- about 26% more likely to be under 20 years old and about 16% more likely to be between 20 and 29 years old;
- about 6% to 9% less likely to be 30 to 59 years old; and
- about 4% more likely to be over 60 years old.

Long-term benefits: if the long term benefits of the proposal differ from the benefits specified above, please describe the long-term benefits and the affected group(s) in the box below.

[Click here to enter text.](#)

b) **Indirect Benefits:** which gender and demographic groups are expected to benefit indirectly from the proposal?

- ☐ There is insufficient information to adequately assess the indirect benefits.
- ☒ The benefiting group(s) has the following **demographic characteristics** that are predominant relative to the Canadian population at large. Please select at least one option in the Gender Identity box and select all other characteristics that apply.

Gender identity and sexual orientation	Ethnicity	Socio-economic, cultural and familial characteristics
<div><input type="checkbox"/> Predominantly Women (≥80%)</div> <div><input type="checkbox"/> Women (60%-79%)</div> <div><input type="checkbox"/> Gender balanced</div> <div><input checked="" type="checkbox"/> Men (60%-79%)</div> <div><input type="checkbox"/> Predominantly Men (≥80%)</div> <div><input type="checkbox"/> LGBTQ2+ <u><specify></u></div>	<div><input type="checkbox"/> Indigenous Peoples</div> <div><input type="checkbox"/> First Nations</div> <div><input type="checkbox"/> Inuit</div> <div><input type="checkbox"/> Métis</div> <div><input type="checkbox"/> Members of visible minority communities: <u><specify></u></div> <div><input type="checkbox"/> Caucasian</div>	<div><input type="checkbox"/> Lower-educated individuals</div> <div><input type="checkbox"/> Highly-educated individuals</div> <div><input type="checkbox"/> Lower income</div> <div><input type="checkbox"/> Middle income</div> <div><input checked="" type="checkbox"/> Higher income</div> <div><input type="checkbox"/> English or French-language learners</div> <div><input type="checkbox"/> Newcomers</div> <div><input type="checkbox"/> Individuals in particular occupations or sectors: <u><specify></u></div> <div><input type="checkbox"/> Single person households</div> <div><input type="checkbox"/> Two person households</div> <div><input type="checkbox"/> Parents</div> <div><input type="checkbox"/> Lone parent households</div> <div><input type="checkbox"/> Two parent households</div> <div><input type="checkbox"/> Other household type: <u><specify></u></div>
Health characteristics	Geographic characteristics	
<div><input type="checkbox"/> Persons with disabilities</div> <div><input type="checkbox"/> Persons with physical or mental health issues (or their caregivers)</div>	<div><input type="checkbox"/> Urban populations</div> <div><input type="checkbox"/> Rural or remote populations</div> <div><input type="checkbox"/> Individuals in particular regions: <u><specify></u></div> <div><input type="checkbox"/> Individuals in other countries</div>	
Age or life stage		
<div><input type="checkbox"/> Individuals under the age of 18</div> <div><input type="checkbox"/> Individuals between 18-29</div> <div><input type="checkbox"/> Individuals between 30-60</div> <div><input type="checkbox"/> Individuals over the age of 60</div> <div><input type="checkbox"/> Students</div> <div><input type="checkbox"/> Workers</div>		

Please select, as applicable:

☐ These traits describe multiple groups, rather than one distinct group with intersecting characteristics. Please explain below.

- ☐ The benefitting group has no notable characteristics beyond those of the Canadian population overall.

Please provide details on these impacts and on the gender and diversity context related to this initiative, with specific breakdowns and data where feasible. Include an explanation on whether this proposal benefits multiple groups or one specific group. Sources and data gaps are to be noted in section 4f.

Owners of eligible entities could benefit from the wage subsidy via an improvement in their bottom line. While no information is available on the shareholders and owners of entities affected by the proposal, since it has broad application, aggregate data based on the overall shareholder population was used as a proxy. Tax data from 2017 shows that men received 60% of the value of dividends in 2017. Additionally, taxpayers in the top income tax bracket make up only 1% of all tax filers, but receive about 39% of the value of dividends. Therefore, to the extent that the proposal benefits shareholders, men and high income individuals are expected to benefit somewhat more from the measure. In the case of Indigenous-government-owned businesses, the Indigenous governments and communities in question could also benefit from the CEWS to the extent that these businesses experience an improvement in their bottom line and pass this on to the Indigenous governments or communities.

Long-term benefits: if the long term benefits of the proposal differ from the benefits specified above, please describe the long-term benefits and the affected group(s) in the box below.

Click here to enter text.

c) Negative Impacts: which gender and demographic groups are expected to be negatively affected by the proposal?

☐ The proposal carries negative impacts.

The group negatively affected has the following **demographic characteristics** that are predominant relative to the Canadian population at large. *(Select all that apply)*

Gender identity and sexual orientation	Ethnicity	Socio-economic, cultural and familial characteristics
<input type="checkbox"/> Predominantly Women (≥80%) <input type="checkbox"/> Women (60%-79%) <input type="checkbox"/> Gender balanced <input type="checkbox"/> Men (60%-79%) <input type="checkbox"/> Predominantly Men (≥80%) <input type="checkbox"/> LGBTQ2+ <u><specify></u>	<input type="checkbox"/> Indigenous Peoples <input type="checkbox"/> First Nations <input type="checkbox"/> Inuit <input type="checkbox"/> Métis <input type="checkbox"/> Members of visible minority communities: <u><specify></u> <input type="checkbox"/> Caucasian	<input type="checkbox"/> Lower-educated individuals <input type="checkbox"/> Highly-educated individuals <input type="checkbox"/> Lower income <input type="checkbox"/> Middle income <input type="checkbox"/> Higher income <input type="checkbox"/> English or French-language learners <input type="checkbox"/> Newcomers <input type="checkbox"/> Individuals in particular occupations or sectors: <u><specify></u>
Health characteristics	Geographic characteristics	<input type="checkbox"/> Single person households <input type="checkbox"/> Two person households <input type="checkbox"/> Parents <input type="checkbox"/> Lone parent households <input type="checkbox"/> Two parent households <input type="checkbox"/> Other household type: <u><specify></u>
<input type="checkbox"/> Persons with disabilities <input type="checkbox"/> Persons with physical or mental health issues (or their caregivers)	<input type="checkbox"/> Urban populations <input type="checkbox"/> Rural or remote populations <input type="checkbox"/> Individuals in particular regions: <u><specify></u> <input type="checkbox"/> Individuals in other countries	
Age or life stage		
<input type="checkbox"/> Individuals under the age of 18 <input type="checkbox"/> Individuals between 18-29 <input type="checkbox"/> Individuals between 30-60 <input type="checkbox"/> Individuals over the age of 60 <input type="checkbox"/> Students <input type="checkbox"/> Workers		

Please provide details on these impacts and on the gender and diversity context related to this initiative, with specific breakdowns and data where feasible. Include an explanation on whether this proposal affects multiple groups or one specific group. Sources and data gaps are to be noted in section 4f:

Long-term impacts: if the long term impacts of the proposal differ from the effects specified above, please describe the long-term impacts and the affected group(s) in the box below.

Note: For proposals identifying negative impacts, question 5: GBA+ Responsive Approach must be filled out.

d) Income Distributional Impacts: what are the overall expected impacts of this proposal from an income distributional perspective?

☐ Strongly benefits high income individuals (strongly regressive)
☒ Somewhat benefits high income individuals (somewhat regressive)
☐ No significant distributional impacts
☐ Somewhat benefits low income individuals (somewhat progressive)
☐ Strongly benefits low income individuals (strongly progressive)

Please explain:

As indicated above, the wage subsidy proposal is expected to primarily benefit employees of eligible entities by reducing loss of employment. Available data suggest that these employees tend to report higher taxable income than the general taxfiling population. This may be especially the case for men.

e) Generational Impacts: identify the generation that is expected to benefit most from the proposal.

- ☐ Primarily benefits youth, children, or future generations
- ☒ No significant generational impacts
- ☐ Primarily benefits the baby boom generation or seniors

Please explain:

While the wage subsidy proposal is expected to benefit individuals of all age groups, it is expected to primarily benefit individuals within the core working age population (20 to 60 years old). Within the working population, however, the proposal is expected to somewhat disproportionately benefit individuals under 30 years of age. On balance, the distribution of the impact of the proposal across age groups is expected to be sufficiently diffuse to conclude that it is unlikely to have significant generational impacts.

f) Data Sources: what data sources were used to inform the expected outcomes for questions 4a-4e? Were there any notable data gaps? *(Select all that apply)*

<input checked="" type="checkbox"/> Internal administrative data	Personal and corporate tax data
<input checked="" type="checkbox"/> Statistics Canada	TABLE 14-10-0018-01 and 17-10-0005-01
<input type="checkbox"/> International Organizations (e.g. OECD, UN, etc.)	<specify>
<input type="checkbox"/> Other external data sources	<specify>
<input type="checkbox"/> Data Gaps	<specify>

5. GBA+ RESPONSIVE APPROACH

Identify specific program design or implementation elements that seek to reduce barriers to participation or to mitigate potential negative impacts of the proposal itself.

a) For those answering yes to question 4c - Negative Impacts:

- ☐ The proposal includes responsive or mitigation measures.

Please describe the measures and to what extent they are expected to reduce barriers to participation or mitigate potential negative impacts:

Click here to enter text.

- ☒ The proposal does not include mitigation measures.
 - ☐ Further work is required to develop mitigation measures to ensure that the proposal does not create gender or diversity inequalities, or maintain/exacerbate existing ones.
 - ☐ No plans are underway to develop mitigation measures at this time (cost prohibitive, unfeasible, etc.).
 - ☐ The proposal targets a specific client base; no mitigation measures are proposed to address the differential impact on groups outside of the target client base.

b) For all proposals (if applicable):

- ☐ This proposal takes proactive steps to reduce potential barriers and promote access (i.e. beyond those flagged above)

Please specify:

[Click here to enter text.](#)

6. GENDER RESULTS FRAMEWORK

☐ This proposal is expected to advance the gender equality goals for Canada as outlined in [Canada’s Gender Results Framework](#).

If so, which pillars and goals would be advanced? *Please use the drop down menus as needed.*

- Education and Skills Development: Choose an item.
- Economic Participation and Prosperity: Choose an item.
- Leadership and Democratic Participation: Choose an item.
- Gender-based Violence and Access to Justice: Choose an item.
- Poverty Reduction, Health and Well-being: Choose an item.
- Gender Equality Around the World: Choose an item.

Please elaborate, where applicable.

Click here to enter text.

For reference: <https://cfc-swc.qc.ca/grf-crrq/index-en.html>

7. United Nations Sustainable Development Goals (SDGs) (If applicable)

Please identify one or more SDGs that your proposal is expected to advance (if applicable):

<input type="checkbox"/> (1) No Poverty	<input type="checkbox"/> (10) Reduced Inequalities
<input type="checkbox"/> (2) Zero Hunger	<input type="checkbox"/> (11) Sustainable Cities and Communities
<input type="checkbox"/> (3) Good Health and Well-Being	<input type="checkbox"/> (12) Responsible Consumption and Production
<input type="checkbox"/> (4) Quality Education	<input type="checkbox"/> (13) Climate Action
<input type="checkbox"/> (5) Gender Equality	<input type="checkbox"/> (14) Life Below Water
<input type="checkbox"/> (6) Clean Water and Sanitation	<input type="checkbox"/> (15) Life on Land
<input type="checkbox"/> (7) Affordable and Clean Energy	<input type="checkbox"/> (16) Peace, Justice and Strong Institutions
<input checked="" type="checkbox"/> (8) Decent Work and Economic Growth	<input type="checkbox"/> (17) Partnerships for the Goals
<input type="checkbox"/> (9) Industry, Innovation, and Infrastructure	<input type="checkbox"/> None

See the [UN Sustainable Development Goals link for definitions of each goal and associated targets](#).

Please provide details on how the proposal applies to the selected goals, including associated targets.

The proposal could help limit employment loss associated with the economic downturn caused by the COVID-19 pandemic. Lower employment losses could help limit a short to medium term increase in poverty.

8. PUBLIC AND STAKEHOLDER ENGAGEMENT

a) Was this proposal informed by public and/or stakeholder consultations?

☒ Yes ☐ No

If yes, were gender and diversity considerations integrated from consultations related to this proposal?

☐ Yes ☒ No

Please explain or provide details (please include timing of consultations):

After the announcement of the 10% Temporary Wage Subsidy, a large number of stakeholders requested that the subsidy be made more generous and extended to all employers. Following the announcement of the CEWS, stakeholders asked for more flexible eligibility rules. This feedback was taken into account when developing the CEWS,

b) Have any public or stakeholder concerns been expressed about possible consequences relevant to the proposal on different groups of people?

☐ Yes ☒ No

If yes, please provide a summary of the concerns expressed and explain how it has informed the development of the proposal:

Click here to enter text.

9. MONITORING AND EVALUATION
a) Will this proposal be delivered through a third party or government department?
Canada Revenue Agency (CRA)
b) When implemented, how will the impacts of the proposal on different groups be monitored and evaluated?
Given the universality and short-term nature of the proposal, no systematic monitoring is proposed.
c) Please describe the proposed approach for the collection of disaggregated administrative data and the reporting practices associated with this proposal. If no plans are in place, please explain why.
The CRA would collect data on the take-up of the measure at the individual/corporate level. This information would be recorded in tax administration records.

10. PARTIAL FUNDING
<input type="checkbox"/> The impacts on different groups as described in this summary would change in the event that the proposal were only partially funded or certain components of the proposal were not funded.
If so, please explain.

11. SUMMARY GBA+ STATEMENT FOR PUBLICATION (500 words maximum)

12. CONTACT INFORMATION FOR GBA+	
Name, Title, Phone number, Email address	Date
Samuel Paré, Analyst, 613-369-3679, samuel.pare@canada.ca	2020-04-16
Maude Lavoie, General Director, 613-369-3805, maude.lavoie@canada.ca	2020-07-29
Miodrag Jovanovic, Associate ADM, 613-369-3738, miodrag.jovanovic@canada.ca	2020-07-29

13. For Department of Finance Use Only
ID number: Click here to enter text.
Version number: Click here to enter text.
Signature: Click here to enter text.

s.18(d)	s.69(1)(g) re: (d)
s.21(1)(a)	s.69(1)(g) re: (e)
s.21(1)(b)	

Strategic Environmental Assessment (SEA) for Policy, Plan and Program Proposals Initiated by the Department of Finance

☒ Preliminary Scan Only☐ Full Assessment

Do not fill out – will be done automatically when completed

A Strategic Environmental Assessment (SEA) is required, by Cabinet directive, when a proposal is submitted to a Minister or Cabinet for approval and implementation of the proposal may result in important environmental effects, either positive or negative. A preliminary scan of the proposal must be completed to determine if the proposal may or may not result in important environmental effects. Based on the results of this scan, a full SEA may also be required. The Ministerial briefing should include a statement that environmental effects have been considered in the development of the proposal, and a summary of the conclusions of the analysis.

The [SEA Toolkit](#) provides guidance for Finance officials and other useful information, and may help in answering these questions.

Instructions

1. Complete the preliminary scan (questions 1-4). Based on your summary/conclusion you may be required to complete a full SEA.

2. If the outcome of the summary/conclusion indicates that a full SEA is NOT required, simply complete the remaining sections of the preliminary scan, print out this document, and obtain the required approvals and signatures.

3. If the outcome of this preliminary scan indicates that a full SEA is required, you will be automatically provided with questions 5-9 when you click 'Yes' in the summary/conclusion section. Once the full SEA is completed, print out this document and obtain the required approvals and signatures.

4. Set out the conclusions of the preliminary scan or full SEA in the Ministerial briefing for the measure.

5. Upon approval and signature of the document (preliminary scan or full SEA), notify the Economic Development and Corporate Finance (EDCF) branch by sending an email to SEA-EES@fin.gc.ca. Include the document originator's name, branch, division and, if possible, the title of the proposal. You do not need to indicate whether a preliminary scan or full SEA has been conducted, or the findings of the analysis.

6. Forward a signed copy of the completed document (either the preliminary scan or the full SEA) to EDCF according to procedures in your branch. If the proposal is of a sensitive nature (e.g., Budget measures), branches can choose to forward a copy at a later date (e.g., once a decision has been taken or announced).

Title of Proposal:

Branch: Tax Policy Branch

Division: Business Income Tax

Contact information

Name of Originator: Jimmy Vu
Phone: 613-369-3602

1. Type of proposal(s):

Types of proposals include: MCs, Regulation/Legislation, TB Submission, Order in Council, Treaty/Agreement.
Note: An SEA should be conducted early in the proposal development process. Thus proposals that will ultimately result in an MC or Regulation/Legislation should be assessed well before they reach that stage.

2. Proposal description:

Is this a new proposal or an extension/expansion of an existing policy, plan or program proposal?

☒ New ☐ Extension/expansion

Provide a brief description of the proposed policy, plan or program:

If preliminary scans or full SEA have already been conducted for components of this proposal, please indicate the titles and dates of these assessments. If this proposal is expected to result in multiple assessments (e.g., multi-phased measures) please make note of it here.

3. **Exemptions:** There may be policy, plan or program proposals for which no assessment is required. A list of special cases for which exemptions are applicable is shown below. If the proposal satisfies one of the listed exemptions, please mark the appropriate case below and provide a brief explanation in the space provided. When an exemption is applicable, **no further assessment is required**; please leave the remaining questions unanswered. Proceed directly to the summary/conclusion, select “NO”, obtain approvals and complete Steps 5 and 6 according to the Instructions on page 1 of this document.

- ☒ No exemption applicable
- ☐ Exemption applicable for one of the following reasons:

☐ Response to a clear and immediate emergency (ministers are responsible for determining the existence of an emergency).

☐ Matter of urgency; senior decision making processes have been shortened.

☐ Proposal has been assessed previously for environmental effects.

Examples of previously assessed proposals include: a proposal that is a subset of or identical to a policy, plan or program that was previously assessed, or is a regulation implementing a proposal already assessed as a Budget announcement.

☐ The environmental assessment is being conducted using the Framework for Conducting Environmental Assessments of Trade Negotiations.

Comments (optional):

4. **Environmental Effects:** The following questions will help to determine if there are important positive or negative environmental effects associated with the proposal. These questions should be answered to the best of your knowledge. If necessary or possible, you may wish to consult experts in other branches or departments.

The [information sheet](#) on completing the SEA provides [information on environmental effects, sources and definitions](#), as well as [linkages](#) between environmental effects and the Federal Sustainable Development Strategy’s goals and targets, and may help in answering these questions.

a) Are the likely direct or indirect outcomes of this proposal expected to have an important effect on the quality or quantity of one or more [natural resources](#)¹? (For comparison, also see [environment](#)²).

☐ YES

☒ NO

Comments:

¹ Natural resources means mines, minerals and other non-renewable resources, energy, including energy developed from water and forest resources. See the information sheet on completing SEA for more [definitions](#).

b) Are the likely direct or indirect outcomes of this proposal expected to result in important positive or negative environmental effects³? (e.g., impacts on the terrestrial, aquatic, and atmospheric environments; physical features or conditions, and living things)

☐ YES ☒ NO

Comments:

c) Does the proposal involve a new process, technology or delivery arrangement that could result in important environmental effects or that has a high level of uncertainty or risk?

☐ YES ☒ NO

Comments: The measure does not involve any new process, technology or delivery arrangement.

d) Could the scale, timing or location of this proposal result in important environmental effects?

☐ YES ☒ NO

Comments:

² Environment means the components of the Earth, including: (1) land, water, air, including all layers of the atmosphere, (2) all organic and inorganic matter and living organisms, and (3) the interacting natural systems that include components referred to in paragraphs (1) and (2). See the information sheet on completing SEA for more [definitions](#).
³ Environmental effect means (1) any change that the policy, plan or program may cause in the environment, including any effect of any such change on health and socio-economic conditions, on physical and cultural heritage, on the current use of lands and resources for traditional purposes by Aboriginal persons, or on any structure, site or thing that is of historical, archaeological, paleontological or architectural significance, and (2) any change to the policy, plan, or program that may be caused by the environment, whether any such change occurs within or outside Canada. See the information sheet on completing SEA for more [definitions](#).

e) Are the outcomes of the proposal likely to affect the achievement of any goals and targets under the Federal Sustainable Development Strategy (e.g., take effective action on climate change, improve climate resilience, etc.)? (See the information sheet on completing SEA for linkages between environmental effects and the Federal Sustainable Development Strategy’s goals and targets.)

☐ YES ☒ NO

Comments: Given that the proposal is limited in time, it is not expected to affect the achievement of any goals and targets under the Federal Sustainable Development Strategy.

f) Have any strong public or stakeholder concerns been expressed about the possible environmental effects of the proposal (e.g., pre-budget submissions)? If yes, please provide a brief summary.

☐ YES ☒ NO

Comments:

Summary / Conclusion: Given your answers above, is it likely that the proposal will have important (positive or negative) environmental effects, or is there a high level of uncertainty or risk associated with the outcomes of the proposal?

☐ YES ☒ NO

Comments:

Ministerial Briefing: Please provide a statement summarizing the environmental effects of the proposed policy, plan or program. This statement may be used for the “Environmental Considerations” section of the briefing documents (e.g., memo to Minister, MC, Budget 2-pager, TB submission, or Regulatory Impact Analysis Statement).

Comments:

Other: Please identify any special considerations associated with the assessment of this proposal (e.g., the need for follow-up) and attach further information if you feel it is relevant.

Comments:

Approval for Preliminary Scan/Full SEA
Title of Proposal:

Branch: Tax Policy Branch
Division: Business Income Tax
Associate Assistant Deputy Minister:
Miodrag Jovanovic, (613)-369-3738, miodrag.jovanovic@canada.ca
Date: July 29, 2020

s.69(1)(g) re: (d)

s.69(1)(g) re: (e)

Canada Emergency Wage Subsidy

PROPOSED MEASURE

COST DESCRIPTION

Data

T4 – Statement of Remuneration Paid

T2 – Corporate Income Tax Returns

T1 – Personal Income Tax Returns

T2125 – Salary and wages

T3010 – Registered Charity Information Return

s.69(1)(g) re: (d)

s.69(1)(g) re: (e)

T1044 – Non-Profit Organization Information Return

Fiscal Policy Division's projection Average weekly earnings (SEPH) including overtime, seasonally adjusted, for all employees

Methodology

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Key assumptions

s.69(1)(g) re: (e)

s.69(1)(g) re: (d)

s.69(1)(g) re: (e)

**Pages 24 to / à 45
are withheld pursuant to sections
sont retenues en vertu des articles**

69(1)(d), 69(1)(e)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

**Pages 46 to / à 49
are withheld pursuant to section
sont retenues en vertu de l'article**

69(1)(e)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

**Pages 50 to / à 142
are withheld pursuant to sections
sont retenues en vertu des articles**

69(1)(d), 69(1)(e)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

Page 143

**is withheld pursuant to section
est retenue en vertu de l'article**

69(1)(e)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

Page 144

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est retenue en vertu des articles**

69(1)(d), 69(1)(e)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

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COVID-19:

- Some stakeholders and media, including the Canadian Federation of Independent Businesses, are reporting that Canada's subsidy rate of 10% is too low, drawing comparisons to programs in other countries that are announcing higher rates of support. However, programs in other countries have in general focused fiscal relief through income replacement programs for employees that lose their jobs or see their work hours reduced. These programs are more comparable to the Canadian Emergency Care Benefit, Emergency Support Benefit and the Employment Insurance Work Sharing Benefit.
 - For example, the Government of Denmark will cover 75% of the salaries of employees paid on a monthly basis (up to about CAD 4,500), or 90% of wages for employees paid on an hourly basis, for employees that a business must send home, on the condition the business commits to no permanent lay-offs.
 - The Danish measure is targeted only to employees that are not working, while the Canadian measure supports businesses that still require employees. For example, Tim Hortons has praised the measure, saying it will help franchisees protect shifts and jobs as they eliminate in-store dining.
 - The UK announced this week the Coronavirus Job Retention Scheme. Similar to the Danish program, under this scheme, employers will be able to apply for a grant to cover 80% of the wages of people who are not working but are furloughed and kept on payroll, rather than being laid off, up to a total of £2,500 a month for each employee (about CAD 4,150). The program is backdated to March 1, with an initial period of three months.
 - Canada is providing support to businesses whose employees are still working, including those working remotely, or on a reduced schedule. This measure encourages businesses to keep employees working during the current economic turmoil, since the value of the benefit is proportional to remuneration paid. This encourages continued economic activity and could speed the recovery.
 - That said,

employers may also use the additional cash flow to invest in alternative business streams or remote working capabilities, which could simultaneously mitigate the spread of COVID-19 and support economic activity. The net impact on public health is difficult to determine at this point.
 - The Canadian measure is also broad based, although limited to smaller businesses. In many other countries, programs are limited to those businesses that can prove they have been affected by COVID-19.
 - By design, the benefit of the Canadian wage subsidy is available to a broader range of businesses, to support wages of more employees, which limits the ability to match the subsidy rates of other countries.

s.18(d)

s.21(1)(a)

s.21(1)(b)

- The subsidy is effectively claimed by reducing remittances of personal income tax (PIT) source deductions. This provides immediate relief for employers, but it also creates a natural ceiling on the level of support that can be delivered in a given timeframe.

s.18(d)

s.21(1)(a)

s.21(1)(b)

Page 148

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est retenue en vertu des articles**

14, 18(d), 21(1)(a), 21(1)(b)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

Historic of the CEWS Cost Estimates

- First published on April 1, estimates for Period 1 to Period 3:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
CEWS – Period 1 to 3		71,000	0	0	0	0	71,000

- Updated following announcements on April 8, estimates for Period 1 to Period 3:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
CEWS – Period 1 to 3		73,000	0	0	0	0	73,000

- Revised estimates published on May 28, estimates for Period 1 to Period 3:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
CEWS – Period 1 to 3		45,000	0	0	0	0	45,000

- Set-aside amount calculated for the July Economic Snapshot:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
CEWS – Period 1 to 9		82,325	(1,260)	(1,260)	(1,260)	(1,260)	77,285

- Updated for the CEWS extension announcement on July 17:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
CEWS – Period 1 to 9		83,575	(1,280)	(1,280)	(1,280)	(1,280)	78,455

- Updated for the CEWS extension announcement on October 9:

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
CEWS – Period 1 to 10	68,490	(1,045)	(1,045)	(1,045)	(1,045)	(785)	63,525

CEWS Consultations

List of Associations Met to Date

Business Council of Canada
Canadian Chamber of Commerce
Canadian Manufacturers and Exporters
Canadian Federation of Independent Business
Canadian Labour Congress
Retail Council of Canada
Canadian Tax Foundation
CPA Canada

Key comments from Stakeholders

- Many stakeholders recommend that the design of the CEWS be modified, such that there be a gradual reduction in the benefits as a business recovers, rather than the all-or-nothing approach feature of the current design;
- There is broad consent to accepting more complexity, if it means a better designed program (including a gradual decline in the subsidy);
- Many stakeholders are positing that the current 12-week extension will not be enough, and that the CEWS should be in place so long as businesses have not returned to their pre-crisis level of revenues;
- Businesses support a different level of support for furloughed employees, although many do not see a strict divide between active and furloughed employees (if support is provided to furloughed employees, employers would tend to ask them to come back to work for a few hours, pursue training, and so on, rather than keeping the employee completely idle);
- The revenue test is criticized by some as not encompassing enough the profit dimension, in a context where costs are rising;
- The CEWS is seen as somewhat helpful in mitigating issues created by the CERB around being able to attract low-wage workers;
- On the issue of why there is a lower-than-expected take-up, the following is being raised:
 - It takes time to go through the calculations necessary to apply for the program (revenue calculation, per-employee caps, etc), and many are still working their way through the rules; in the same vein, accounting firms report to be having an important backlog of applications to prepare for their clients;
 - Fear of penalties if one makes a mistake would be making businesses very cautious;
 - Uncertainty around what is required of employers (25% wage top-up being frequently an example);
 - Many businesses in certain hard-hit sectors had already laid off people by the time the CEWS was up and running – the decision in these cases was frequently to leave people on CERB;

- The importance of being able to cover other costs, in particular rent, is seen as essential to bring back employees on the payroll.
- There are perceptions among unions that the CEWS has altered the balance in bargaining power, and that the program should require employers to top-up salaries by 25% and not lay off employees;
- There were some requests to extend the CEWS to Government-owned entities.

Statistics on Canada Emergency Wage Subsidy program

Table 1-a: Share of businesses with revenue drop

Drop in Revenue	Source: Statistics Canada	Source: CFIB
	(Jan-Mar 2020)	(Late May 2020)
1-15%	12.89%	6.12%
15%-30%	17.15%	11.22%
30%-40%	10.60%	11.22%
40%-80%	22.38%	28.57%
80%-100%	11.19%	31.63%
Total	74.22%	88.78%

Table 1-b: Number of businesses with revenue drop

Drop in Revenue	Source: Statistics Canada	Source: CFIB
	(Jan-Mar 2020)	(Late May 2020)
1-15%	151,795	72,100
15%-30%	201,985	132,185
30%-40%	124,865	132,185
40%-80%	263,600	336,465
80%-100%	131,800	372,515
Total	874,045	1,045,450

Table 2: Business revenue from January 1 to March 31, 2019, compared with January 1 to March 31, 2020, by number of employees

	Revenue Drop					Total
	1-15%	15%-30%	30%-40%	40%-80%	80%-100%	
0 employees	8.71%	11.00%	7.95%	29.48%	14.74%	71.90%
1 to 4 employees	10.06%	16.11%	11.57%	26.14%	13.07%	76.96%
5 to 19 employees	13.86%	18.69%	12.01%	21.70%	10.85%	77.10%
20 to 99 employees	16.51%	20.88%	11.18%	15.51%	7.76%	71.85%
100 to 249 employees	21.14%	20.94%	7.87%	10.76%	5.38%	66.09%
250 to 499 employees	21.73%	20.40%	8.69%	11.04%	5.52%	67.38%
500 or more employees	22.64%	21.29%	5.40%	9.62%	4.81%	63.76%

Source: Statistics Canada

Table 3: Business revenue from January 1 to March 31, 2019, compared with January 1 to March 31, 2020, by sector

	Revenue Drop					Total
	1-15%	15%-30%	30%-40%	40%-80%	80%-100%	
Accommodation & Food Services	9.68%	18.53%	11.58%	34.67%	17.33%	91.79%
Arts, Entertainment & Recreation	10.70%	14.90%	12.17%	32.46%	16.23%	86.46%
Retail Trade	13.12%	18.67%	13.89%	23.46%	11.73%	80.86%
Health Care & Social Assistance	13.06%	17.10%	9.95%	26.67%	13.33%	80.10%
Transportation & Warehousing	14.48%	21.29%	10.57%	20.53%	10.26%	77.13%
Other Services, except Public Administration	10.45%	17.24%	10.14%	25.77%	12.89%	76.49%
Education Services	12.42%	13.36%	6.81%	28.30%	14.15%	75.05%
Management of Companies & Enterprises	11.84%	12.67%	16.06%	22.59%	11.30%	74.45%
Public Administration	25.03%	21.15%	7.64%	12.85%	6.42%	73.09%
Real Estate & Rental & Leasing	17.99%	16.75%	10.38%	18.02%	9.01%	72.15%
Mining & Oil & Gas Extractions	8.34%	15.18%	10.47%	25.15%	12.57%	71.71%
Wholesale Trade	16.31%	18.77%	11.59%	15.45%	7.73%	69.85%
Construction	10.20%	14.49%	11.40%	22.38%	11.19%	69.67%
Manufacturing	15.30%	18.78%	11.77%	15.76%	7.88%	69.50%
Professional, Scientific & Technical Services	12.99%	17.69%	9.92%	17.72%	8.86%	67.18%
Administrative Support, Waste Management & Remediation Services	19.58%	15.70%	7.87%	15.68%	7.84%	66.67%
Information & Cultural Industries	13.79%	17.79%	10.74%	15.65%	7.82%	65.79%
Finance & Insurance	21.48%	23.02%	8.22%	8.02%	4.01%	64.75%
Utilities	23.26%	10.82%	7.99%	11.39%	5.70%	59.15%
Agriculture, Forestry, Fishing & Hunting	15.10%	14.67%	6.47%	12.30%	6.15%	54.69%

Source: Statistics Canada

Table 4: Employment by sector, 2019

	Employment (thousand)
Health Care & Social Assistance	2,489.70
Retail Trade	2,203.70
Manufacturing	1,733.10
Professional, Scientific & Technical Services	1,555.70
Construction	1,463.10
Education Services	1,370.40
Accommodation & Food Services	1,215.70
Transportation & Warehousing	1,037.90
Public Administration	1,012.80
Finance & Insurance	847.60
Other Services, except Public Administration	817.40
Business, building and other support services	776.30
Arts, Entertainment & , Information & Cultural Industries Recreation	774.00
Wholesale Trade	638.10
Real Estate & Rental & Leasing	360.80
Agriculture, Forestry, Fishing & Hunting	351.70
Mining & Oil & Gas Extractions	268.40
Utilities	139.10
Total	19,055.50

Source: Statistics Canada

Table 6: Proportion of businesses, according to their COGS and labour intensities

COGS as a % of total expenses	Salaries as a % of total expenses					
	0-20%	20-40%	40-60%	60-80%	80-100%	
0-20%	8%	10%	3%	1%	0.4%	23%
20-40%	10%	10%	3%	0.3%		23%
40-60%	15%	7%	1%			23%
60-80%	17%	1%				18%
80-100%	12%					12%
Total	62%	29%	7%	2%	0.4%	100%

Table 6: Applications approved, number of employees and CEWS amount, by claim period and by sector

Industry	Claim Period					
	March 15 to April 11			April 12 to May 9		
	Applications Approved	Number of Employees	CEWS Amount (\$ thousand)	Applications Approved	Number of Employees	CEWS Amount (\$ thousand)
Manufacturing	11,830	359,180	\$906,263	12,560	367,160	\$958,333
Retail Trade	16,910	307,690	\$512,167	14,610	190,060	\$394,507
Professional, Scientific & Technical Services	21,080	200,180	\$488,888	21,140	190,320	\$478,566
Construction	18,210	198,680	\$471,183	18,010	190,470	\$486,151
Wholesale Trade	10,030	188,040	\$453,077	10,200	190,590	\$505,046
Accommodation & Food Services	20,070	365,070	\$394,369	16,020	230,740	\$302,843
Transportation & Warehousing	5,190	110,110	\$266,038	4,900	85,740	\$220,676
Administrative Support, Waste Management...	7,280	139,930	\$262,955	6,790	111,010	\$219,858
Health Care & Social Assistance	19,520	136,770	\$253,569	16,840	96,030	\$207,933
Other Services, except Public Administration	15,010	116,270	\$228,147	12,770	90,000	\$202,393
Mining & Oil & Gas Extractions	1,220	63,000	\$193,775	1,110	44,440	\$139,360
Information & Cultural Industries	2,690	64,540	\$146,279	2,550	48,360	\$131,869
Arts, Entertainment & Recreation	4,510	69,870	\$116,235	4,050	45,880	\$89,698
Real Estate & Rental & Leasing	4,000	39,890	\$84,656	3,620	30,850	\$75,707
Education Services	3,160	37,420	\$68,208	2,760	28,270	\$58,370
Finance & Insurance	2,430	24,920	\$62,360	2,100	18,160	\$48,125
Management of Companies & Enterprises	640	22,760	\$61,707	590	15,800	\$43,392
Agriculture, Forestry, Fishing & Hunting	1,710	21,060	\$44,629	1,590	20,500	\$44,825
Public Administration	50	1,380	\$2,978	50	810	\$1,840
Utilities	50	560	\$1,483	50	730	\$2,108
Not Assigned	7,770	46,940	\$88,666	6,650	36,300	\$79,250
Total	173,360	2,514,260	\$5,107,632	158,960	2,032,220	\$4,690,850

Source: Canada Revenue Agency

Table 7: Share of applications approved, share of number of employees and share of CEWS amount, by claim period and by sector

Industry (Statistics Canada NAICS)	Claim Period					
	March 15 to April 11			April 12 to May 9		
	Applications Approved	Number of Employees	CEWS Amount (\$ thousand)	Applications Approved	Number of Employees	CEWS Amount (\$ thousand)
Manufacturing	6.82%	14.29%	17.74%	7.90%	18.07%	20.43%
Retail Trade	9.75%	12.24%	10.03%	9.19%	9.35%	8.41%
Professional, Scientific & Technical Services	12.16%	7.96%	9.57%	13.30%	9.37%	10.20%
Construction	10.50%	7.90%	9.23%	11.33%	9.37%	10.36%
Wholesale Trade	5.79%	7.48%	8.87%	6.42%	9.38%	10.77%
Accommodation & Food Services	11.58%	14.52%	7.72%	10.08%	11.35%	6.46%
Transportation & Warehousing	2.99%	4.38%	5.21%	3.08%	4.22%	4.70%
Administrative Support, Waste Management & Remediation Services	4.20%	5.57%	5.15%	4.27%	5.46%	4.69%
Health Care & Social Assistance	11.26%	5.44%	4.96%	10.59%	4.73%	4.43%
Other Services, except Public Administration	8.66%	4.62%	4.47%	8.03%	4.43%	4.31%
Mining & Oil & Gas Extractions	0.70%	2.51%	3.79%	0.70%	2.19%	2.97%
Information & Cultural Industries	1.55%	2.57%	2.86%	1.60%	2.38%	2.81%
Arts, Entertainment & Recreation	2.60%	2.78%	2.28%	2.55%	2.26%	1.91%
Real Estate & Rental & Leasing	2.31%	1.59%	1.66%	2.28%	1.52%	1.61%
Education Services	1.82%	1.49%	1.34%	1.74%	1.39%	1.24%
Finance & Insurance	1.40%	0.99%	1.22%	1.32%	0.89%	1.03%
Management of Companies & Enterprises	0.37%	0.91%	1.21%	0.37%	0.78%	0.93%
Agriculture, Forestry, Fishing & Hunting	0.99%	0.84%	0.87%	1.00%	1.01%	0.96%
Public Administration	0.03%	0.05%	0.06%	0.03%	0.04%	0.04%
Utilities	0.03%	0.02%	0.03%	0.03%	0.04%	0.04%
Not Assigned	4.48%	1.87%	1.74%	4.18%	1.79%	1.69%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Canada Revenue Agency

Design Considerations Related to the Extension of the Canada Emergency Wage Subsidy

PROPOSED MEASURE

s.69(1)(g) re: (d)

s.69(1)(g) re: (e)

s.69(1)(g) re: (d)

s.69(1)(g) re: (e)

COST DESCRIPTION*Data*

T4 – Statement of Remuneration Paid

T2 – Corporate Income Tax Returns

T1 – Personal Income Tax Returns

T2125 – Salary and wages

T3010 – Registered Charity Information Return

T5013 – Statement of Partnership Income

T1044 – Non-Profit Organization Information Return

Fiscal Policy Division's projection Average weekly earnings (SEPH) including overtime, seasonally adjusted, for all employees

Business revenue from January 1 to March 31, 2019, compared with January 1 to March 31, 2020, by business characteristics - Canadian Survey on Business Conditions – April 29, 2020 - Statistics Canada

CEWS data - Canada Revenue Agency

Methodology

s.69(1)(g) re: (d)

s.69(1)(g) re: (e)

Costing Methodology – CEWS Extension

Methodology

Key assumptions

Data

T4 – Statement of Remuneration Paid

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T1 – Personal Income Tax Returns

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PROTECTED B

CEWS data - Canada Revenue Agency

s.69(1)(g) re: (d)

s.69(1)(g) re: (e)

Budget/Off-Cycle Proposal
Annex 2: GBA+ Departmental Summary

For detailed instructions on each section, please refer to the User Instructions document.

1. GENERAL INFORMATION		
Proposal Title		
Sponsoring Department	Department of Finance - FIN	Other Departments: Click here to enter text.
Type of measure (Check all that apply)	Program Policy Legislation or regulation	Revenue Other: <u><specify></u>
	<input type="radio"/> New	<input checked="" type="radio"/> Existing - Modified (scope, scale) <input type="radio"/> Existing - Renewal (no changes)
Timing of conduct of GBA+ (Check all that apply)	<input type="checkbox"/> Early in idea development phase (when options / proposals are being developed) <input type="checkbox"/> Mid-point (when options and proposals are being finalized) <input type="checkbox"/> Later stage (after proposals are finalized, prior to submission of proposal) The analysis and wording is largely the same as the original GBA+.	

2. BRIEF DESCRIPTION OF PROPOSAL (650 characters maximum)	
<p>Problem Statement:</p> <p>The economic impacts of the COVID-19 pandemic are expected to be negative. A range of fiscal measures have been enacted to ensure a quick recovery from the economic downturn. One of these measure is the Canada Emergency Wage Subsidy (CEWS). The haste under which the measure was put in place and its intended temporary nature means that consideration must be given to the parameters under which the measure should continue to apply and how it should ultimately be phased-out.</p> <p>Approach:</p> <p>A previous GBA+ analysis has been undertaken as part of the developpement process of the CEWS.</p>	

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s.69(1)(g) re: (d)

s.69(1)(g) re: (e)

3. TARGET GROUP (POLICY INTENT)

What is the primary target client group for this proposal? In particular, this proposal is primarily designed to provide ultimate benefits to:

- ☒ All Canadians (i.e. rather than specific sub-groups).

☐ This is a tax integrity proposal.
- ☐ Specific regions and/or sectors of the economy, namely

☐ Specific regions (e.g. remote, rural, urban).☐ Specific industries or sectors of the economy (e.g. oil industry, auto industry).
- ☐ A particular demographic group (*do not select more than three*).

☐ Women*☐ Men☐ LGBTQ2+☐ Indigenous Peoples☐ Ethnic, linguistic, cultural, or religious minorities☐ Persons with disabilities or health issues or their caregivers☐ Children or Youth

☐ Students☐ Seniors☐ Veterans☐ Newcomers☐ Individuals of particular socio-economic status☐ Individuals of particular educational level☐ Individuals of particular familial characteristics (e.g. marital status, family status)

Please explain (1-2 sentences):

The wage subsidy would be available to most private sector employers, including not-for-profit and charitable organisations. The wage subsidy would not target any particular sector, size of employer or type of employee.

Note: *exceptionally, if none of the options above can adequately reflect the intended client group of the proposal, please use the explanatory box to specify the target group and provide further details.*

**Select for initiatives aimed at helping women specifically and/or advancing gender equality more broadly.*

4. EXPECTED OUTCOMES

The proposal should be assessed in relation to the direct, indirect and unintended/hidden impacts on different demographic groups. For further information and examples, please consult the **User Instructions**.

a) **Direct Benefits:** which gender and demographic groups are expected to directly benefit from the proposal?

The benefiting group(s) has the following **demographic characteristics** that are predominant relative to the Canadian population at large. Please select at least one option in the Gender Identity box and select all other characteristics that apply.

Gender identity and sexual orientation	Ethnicity	Socio-economic, cultural and familial characteristics
<input type="checkbox"/> Predominantly Women (≥80%) <input type="checkbox"/> Women (60%-79%) <input checked="" type="checkbox"/> Gender balanced <input type="checkbox"/> Men (60%-79%) <input type="checkbox"/> Predominantly Men (≥80%) <input type="checkbox"/> LGBTQ2+ <u><specify></u>	<input type="checkbox"/> Indigenous Peoples <input type="checkbox"/> First Nations <input type="checkbox"/> Inuit <input type="checkbox"/> Métis <input type="checkbox"/> Members of visible minority communities: <u><specify></u> <input type="checkbox"/> Caucasian	<input type="checkbox"/> Lower-educated individuals <input type="checkbox"/> Highly-educated individuals <input type="checkbox"/> Lower income <input checked="" type="checkbox"/> Middle income <input checked="" type="checkbox"/> Higher income <input type="checkbox"/> English or French-language learners <input type="checkbox"/> Newcomers <input type="checkbox"/> Individuals in particular occupations or sectors: <u><specify></u> <input type="checkbox"/> Single person households <input type="checkbox"/> Two person households <input type="checkbox"/> Parents <input type="checkbox"/> Lone parent households <input type="checkbox"/> Two parent households <input type="checkbox"/> Other household type: <u><specify></u>
Health characteristics	Geographic characteristics	
<input type="checkbox"/> Persons with disabilities <input type="checkbox"/> Persons with physical or mental health issues (or their caregivers)	<input type="checkbox"/> Urban populations <input type="checkbox"/> Rural or remote populations <input type="checkbox"/> Individuals in particular regions: <u><specify></u> <input type="checkbox"/> Individuals in other countries	
Age and life stage		
<input type="checkbox"/> Individuals under the age of 18 <input checked="" type="checkbox"/> Individuals between 18-29 <input checked="" type="checkbox"/> Individuals between 30-60 <input type="checkbox"/> Individuals over the age of 60 <input type="checkbox"/> Students <input checked="" type="checkbox"/> Workers		

Please select, as applicable:

☒ These traits describe multiple groups, rather than one distinct group with intersecting characteristics. Please explain below.

☐ The benefitting group has no notable characteristics beyond those of the Canadian population overall.

Please provide details on these impacts and on the gender and diversity context related to this initiative, with specific breakdowns and data where feasible. Include an explanation on whether this proposal benefits multiple groups or one specific group. Sources and data gaps are to be noted in section 4f.

Although the wage subsidy is paid to employers, the direct beneficiaries are the employees whose remuneration is preserved as a result of the proposal. The specific characteristics of employees that would benefit from the proposal can't be assessed since it is not known which employers will meet the drop-in-revenue test. The following analysis was conducted under the hypothesis that actual eligible employers will be distributed evenly across potential eligible employers.

Subject to the caveat described above, the direct beneficiaries of the measure can be expected to be gender balanced. It is estimated that about 81% of the male workforce and about 76% of the female workforce are employed by entities that could benefit from the subsidy.

Available data suggest that the employees of eligible entities may display a different income profile than the general taxfiling population. Further, the data suggest that the difference is dependent on gender:

- Men could be about 18% less likely to report taxable income under \$30,000 while women could be about 6% less likely to do so.
- Men could be similarly likely to report income of at least \$30,000 but under \$50,000 while women could be about 9% more likely to do so.
- Men could be about 14% more likely to report income of at least \$50,000 but under \$80,000 while women could be about 1.5% more likely to do so.
- Men could be about 15% more likely to report income of at least \$80,000 but under \$ 100,000 while women could be about 7% less likely to do so.
- Men could be about 23% more likely to report an income of \$100,000 or more while women could be about 14% more likely to do so.

4. EXPECTED OUTCOMES

The wage subsidy can be expected to disproportionately benefit the core working age population (18 to 60 years old) since individuals in these age groups are more likely to be employed. While about 54% of the Canadian population is between 20 and 60 years old, close to 83% of the employees that could potentially benefit from the proposal are expected to be within the same age group. That being said, available data suggest that employees of eligible entities may display a different age profile than the general employed population. In contrast to the differences in income profile, however, differences in age profile are not significantly different between genders. Employees of potentially eligible employers, relative to all employees, are:

- about 26% more likely to be under 20 years old and about 16% more likely to be between 20 and 29 years old;
- about 6% to 9% less likely to be 30 to 59 years old; and
- about 4% more likely to be over 60 years old.

Long-term benefits: if the long term benefits of the proposal differ from the benefits specified above, please describe the long-term benefits and the affected group(s) in the box below.

[Click here to enter text.](#)

b) **Indirect Benefits:** which gender and demographic groups are expected to benefit indirectly from the proposal?

- ☐ There is insufficient information to adequately assess the indirect benefits.
- ☒ The benefiting group(s) has the following **demographic characteristics** that are predominant relative to the Canadian population at large. Please select at least one option in the Gender Identity box and select all other characteristics that apply.

Gender identity and sexual orientation	Ethnicity	Socio-economic, cultural and familial characteristics
<div><input type="checkbox"/> Predominantly Women (≥80%)</div> <div><input type="checkbox"/> Women (60%-79%)</div> <div><input type="checkbox"/> Gender balanced</div> <div><input checked="" type="checkbox"/> Men (60%-79%)</div> <div><input type="checkbox"/> Predominantly Men (≥80%)</div> <div><input type="checkbox"/> LGBTQ2+ <u><specify></u></div>	<div><input type="checkbox"/> Indigenous Peoples</div> <div><input type="checkbox"/> First Nations</div> <div><input type="checkbox"/> Inuit</div> <div><input type="checkbox"/> Métis</div> <div><input type="checkbox"/> Members of visible minority communities: <u><specify></u></div> <div><input type="checkbox"/> Caucasian</div>	<div><input type="checkbox"/> Lower-educated individuals</div> <div><input type="checkbox"/> Highly-educated individuals</div> <div><input type="checkbox"/> Lower income</div> <div><input type="checkbox"/> Middle income</div> <div><input checked="" type="checkbox"/> Higher income</div> <div><input type="checkbox"/> English or French-language learners</div> <div><input type="checkbox"/> Newcomers</div> <div><input type="checkbox"/> Individuals in particular occupations or sectors: <u><specify></u></div> <div><input type="checkbox"/> Single person households</div> <div><input type="checkbox"/> Two person households</div> <div><input type="checkbox"/> Parents</div> <div><input type="checkbox"/> Lone parent households</div> <div><input type="checkbox"/> Two parent households</div> <div><input type="checkbox"/> Other household type: <u><specify></u></div>
Health characteristics	Geographic characteristics	
<div><input type="checkbox"/> Persons with disabilities</div> <div><input type="checkbox"/> Persons with physical or mental health issues (or their caregivers)</div>	<div><input type="checkbox"/> Urban populations</div> <div><input type="checkbox"/> Rural or remote populations</div> <div><input type="checkbox"/> Individuals in particular regions: <u><specify></u></div> <div><input type="checkbox"/> Individuals in other countries</div>	
Age or life stage		
<div><input type="checkbox"/> Individuals under the age of 18</div> <div><input type="checkbox"/> Individuals between 18-29</div> <div><input type="checkbox"/> Individuals between 30-60</div> <div><input type="checkbox"/> Individuals over the age of 60</div> <div><input type="checkbox"/> Students</div> <div><input type="checkbox"/> Workers</div>		

Please select, as applicable:

☐ These traits describe multiple groups, rather than one distinct group with intersecting characteristics. Please explain below.

- ☐ The benefiting group has no notable characteristics beyond those of the Canadian population overall.

Please provide details on these impacts and on the gender and diversity context related to this initiative, with specific breakdowns and data where feasible. Include an explanation on whether this proposal benefits multiple groups or one specific group. Sources and data gaps are to be noted in section 4f.

Owners of eligible entities could benefit from the wage subsidy via an improvement in their bottom line. While no information is available on the shareholders and owners of entities affected by the proposal, since it has broad application, aggregate data based on the overall shareholder population was used as a proxy. Tax data from 2017 shows that men received 60% of the value of dividends in 2017. Additionally, taxpayers in the top income tax bracket make up only 1% of all tax filers, but receive about 39% of the value of dividends. Therefore, to the extent that the proposal benefits shareholders, men and high income individuals are expected to benefit somewhat more from the measure. In the case of Indigenous-government-owned businesses, the Indigenous governments and communities in question could also benefit from the CEWS to the extent that these businesses experience an improvement in their bottom line and pass this on to the Indigenous governments or communities.

Long-term benefits: if the long term benefits of the proposal differ from the benefits specified above, please describe the long-term benefits and the affected group(s) in the box below.

Click here to enter text.

c) Negative Impacts: which gender and demographic groups are expected to be negatively affected by the proposal?

☐ The proposal carries negative impacts.

The group negatively affected has the following **demographic characteristics** that are predominant relative to the Canadian population at large. *(Select all that apply)*

Gender identity and sexual orientation <input type="checkbox"/> Predominantly Women (≥80%) <input type="checkbox"/> Women (60%-79%) <input type="checkbox"/> Gender balanced <input type="checkbox"/> Men (60%-79%) <input type="checkbox"/> Predominantly Men (≥80%) <input type="checkbox"/> LGBTQ2+ <u><specify></u>	Ethnicity <input type="checkbox"/> Indigenous Peoples <input type="checkbox"/> First Nations <input type="checkbox"/> Inuit <input type="checkbox"/> Métis <input type="checkbox"/> Members of visible minority communities: <u><specify></u> <input type="checkbox"/> Caucasian	Socio-economic, cultural and familial characteristics <input type="checkbox"/> Lower-educated individuals <input type="checkbox"/> Highly-educated individuals <input type="checkbox"/> Lower income <input type="checkbox"/> Middle income <input type="checkbox"/> Higher income <input type="checkbox"/> English or French-language learners <input type="checkbox"/> Newcomers <input type="checkbox"/> Individuals in particular occupations or sectors: <u><specify></u> <input type="checkbox"/> Single person households <input type="checkbox"/> Two person households <input type="checkbox"/> Parents <input type="checkbox"/> Lone parent households <input type="checkbox"/> Two parent households <input type="checkbox"/> Other household type: <u><specify></u>
Health characteristics <input type="checkbox"/> Persons with disabilities <input type="checkbox"/> Persons with physical or mental health issues (or their caregivers)	Geographic characteristics <input type="checkbox"/> Urban populations <input type="checkbox"/> Rural or remote populations <input type="checkbox"/> Individuals in particular regions: <u><specify></u> <input type="checkbox"/> Individuals in other countries	
Age or life stage <input type="checkbox"/> Individuals under the age of 18 <input type="checkbox"/> Individuals between 18-29 <input type="checkbox"/> Individuals between 30-60 <input type="checkbox"/> Individuals over the age of 60 <input type="checkbox"/> Students <input type="checkbox"/> Workers		

Please provide details on these impacts and on the gender and diversity context related to this initiative, with specific breakdowns and data where feasible. Include an explanation on whether this proposal affects multiple groups or one specific group. Sources and data gaps are to be noted in section 4f:

Long-term impacts: if the long term impacts of the proposal differ from the effects specified above, please describe the long-term impacts and the affected group(s) in the box below.

Note: For proposals identifying negative impacts, question 5: GBA+ Responsive Approach must be filled out.

d) Income Distributional Impacts: what are the overall expected impacts of this proposal from an income distributional perspective?

☐ Strongly benefits high income individuals (strongly regressive)
☒ Somewhat benefits high income individuals (somewhat regressive)
☐ No significant distributional impacts
☐ Somewhat benefits low income individuals (somewhat progressive)
☐ Strongly benefits low income individuals (strongly progressive)

Please explain:

As indicated above, the wage subsidy proposal is expected to primarily benefit employees of eligible entities by reducing loss of employment. Available data suggest that these employees tend to report higher taxable income than the general taxfiling population. This may be especially the case for men.

e) Generational Impacts: identify the generation that is expected to benefit most from the proposal.

- ☐ Primarily benefits youth, children, or future generations
- ☒ No significant generational impacts
- ☐ Primarily benefits the baby boom generation or seniors

Please explain:

While the wage subsidy proposal is expected to benefit individuals of all age groups, it is expected to primarily benefit individuals within the core working age population (20 to 60 year old). Within the working population, however, the proposal is expected to somewhat disproportionately benefit individuals under 30 years of age. On balance, the distribution of the impact of the proposal across age groups is expected to be sufficiently diffuse to conclude that it is unlikely to have significant generational impacts.

f) Data Sources: what data sources were used to inform the expected outcomes for questions 4a-4e? Were there any notable data gaps? *(Select all that apply)*

<input checked="" type="checkbox"/> Internal administrative data	Personal and corporate tax data
<input checked="" type="checkbox"/> Statistics Canada	TABLE 14-10-0018-01 and 17-10-0005-01
<input type="checkbox"/> International Organizations (e.g. OECD, UN, etc.)	<specify>
<input type="checkbox"/> Other external data sources	<specify>
<input type="checkbox"/> Data Gaps	<specify>

5. GBA+ RESPONSIVE APPROACH

Identify specific program design or implementation elements that seek to reduce barriers to participation or to mitigate potential negative impacts of the proposal itself.

a) For those answering yes to question 4c - Negative Impacts:

- ☐ The proposal includes responsive or mitigation measures.

Please describe the measures and to what extent they are expected to reduce barriers to participation or mitigate potential negative impacts:

Click here to enter text.

- ☐ The proposal does not include mitigation measures.
 - ☐ Further work is required to develop mitigation measures to ensure that the proposal does not create gender or diversity inequalities, or maintain/exacerbate existing ones.
 - ☐ No plans are underway to develop mitigation measures at this time (cost prohibitive, unfeasible, etc.).
 - ☐ The proposal targets a specific client base; no mitigation measures are proposed to address the differential impact on groups outside of the target client base.

b) For all proposals (if applicable):

- ☐ This proposal takes proactive steps to reduce potential barriers and promote access (i.e. beyond those flagged above)

Please specify:

Click here to enter text.

6. GENDER RESULTS FRAMEWORK

☐ This proposal is expected to advance the gender equality goals for Canada as outlined in [Canada’s Gender Results Framework](#).

If so, which pillars and goals would be advanced? *Please use the drop down menus as needed.*

- Education and Skills Development: Choose an item.
- Economic Participation and Prosperity: Choose an item.
- Leadership and Democratic Participation: Choose an item.
- Gender-based Violence and Access to Justice: Choose an item.
- Poverty Reduction, Health and Well-being: Choose an item.
- Gender Equality Around the World: Choose an item.

Please elaborate, where applicable.

Click here to enter text.

For reference: <https://cfc-swc.qc.ca/grf-crrq/index-en.html>

7. United Nations Sustainable Development Goals (SDGs) (If applicable)

Please identify one or more SDGs that your proposal is expected to advance (if applicable):

<input type="checkbox"/> (1) No Poverty	<input type="checkbox"/> (10) Reduced Inequalities
<input type="checkbox"/> (2) Zero Hunger	<input type="checkbox"/> (11) Sustainable Cities and Communities
<input type="checkbox"/> (3) Good Health and Well-Being	<input type="checkbox"/> (12) Responsible Consumption and Production
<input type="checkbox"/> (4) Quality Education	<input type="checkbox"/> (13) Climate Action
<input type="checkbox"/> (5) Gender Equality	<input type="checkbox"/> (14) Life Below Water
<input type="checkbox"/> (6) Clean Water and Sanitation	<input type="checkbox"/> (15) Life on Land
<input type="checkbox"/> (7) Affordable and Clean Energy	<input type="checkbox"/> (16) Peace, Justice and Strong Institutions
<input checked="" type="checkbox"/> (8) Decent Work and Economic Growth	<input type="checkbox"/> (17) Partnerships for the Goals
<input type="checkbox"/> (9) Industry, Innovation, and Infrastructure	<input type="checkbox"/> None

See the [UN Sustainable Development Goals link for definitions of each goal and associated targets.](#)

Please provide details on how the proposal applies to the selected goals, including associated targets.

The proposal could help limit employment loss associated with the economic downturn caused by the COVID-19 pandemic. Lower employment losses could help limit a short to medium term increase in poverty.

8. PUBLIC AND STAKEHOLDER ENGAGEMENT

a) Was this proposal informed by public and/or stakeholder consultations?

☒ Yes ☐ No

If yes, were gender and diversity considerations integrated from consultations related to this proposal?

☐ Yes ☒ No

Please explain or provide details (please include timing of consultations):

After the announcement of the 10% Temporary Wage Subsidy, a large number of stakeholders requested that the subsidy be made more generous and extended to all employers. Following the announcement of the CEWS, stakeholders asked for more flexible eligibility rules. This feedback was taken into account when developing the CEWS,

In the context of the Department’s public consultations from May 25 to June 5, stakeholders also raised considerations with respect to regional disparities in the impact of the pandemic (e.g. impacts on northern businesses and indigenous workers), and the lack of access to the CEWS for certain indigenous-owned organizations.

b) Have any public or stakeholder concerns been expressed about possible consequences relevant to the proposal on different groups of people?

☐ Yes ☒ No

If yes, please provide a summary of the concerns expressed and explain how it has informed the development of the proposal:

Click here to enter text.

9. MONITORING AND EVALUATION
a) Will this proposal be delivered through a third party or government department?
Canada Revenue Agency (CRA)
b) When implemented, how will the impacts of the proposal on different groups be monitored and evaluated?
Given the universality and short-term nature of the proposal, no systematic monitoring is proposed.
c) Please describe the proposed approach for the collection of disaggregated administrative data and the reporting practices associated with this proposal. If no plans are in place, please explain why.
The CRA would collect data on the take-up of the measure at the individual/corporate level. This information would be recorded in tax administration records.

10. PARTIAL FUNDING
<input type="checkbox"/> The impacts on different groups as described in this summary would change in the event that the proposal were only partially funded or certain components of the proposal were not funded.
If so, please explain.

11. SUMMARY GBA+ STATEMENT FOR PUBLICATION (500 words maximum)
<p>The measure provides a wage subsidy for eligible employers with a revenue decline. The wage subsidy is available to most private sector employers, including: businesses, non-profit organizations and registered charities. The wage subsidy could help to limit employment losses associated with the economic downturn caused by the COVID-19 pandemic. As a result, employees of eligible entities are benefitting the most from the measure.</p> <p>In addition to benefitting workers, shareholders or owners of eligible businesses may also benefit from the measure, since the subsidy could help reduce labour expenses at a time of reduced business activity. Individuals benefitting from non-profit organizations and charities may also benefit from this measure. Additionally, Indigenous government-owned businesses may be eligible for the subsidy, which may benefit Indigenous communities.</p>

12. CONTACT INFORMATION FOR GBA+	
Name, Title, Phone number, Email address	Date
Samuel Paré, Analyst, 613-369-3679, samuel.pare@canada.ca	2020-07-23
Maude Lavoie, General Director, 613-369-3805, maude.lavoie@canada.ca	2020-07-29
Miodrag Jovanovic, Associate ADM, 613-369-3738, miodrag.jovanovic@canada.ca	2020-07-29

13. For Department of Finance Use Only
ID number: Click here to enter text.
Version number: Click here to enter text.
Signature: Click here to enter text.

Strategic Environmental Assessment (SEA) for Policy, Plan and Program Proposals Initiated by the Department of Finance

☒ Preliminary Scan Only☐ Full Assessment

Do not fill out – will be done automatically when completed

A Strategic Environmental Assessment (SEA) is required, by Cabinet directive, when a proposal is submitted to a Minister or Cabinet for approval and implementation of the proposal may result in important environmental effects, either positive or negative. A preliminary scan of the proposal must be completed to determine if the proposal may or may not result in important environmental effects. Based on the results of this scan, a full SEA may also be required. The Ministerial briefing should include a statement that environmental effects have been considered in the development of the proposal, and a summary of the conclusions of the analysis.

The [SEA Toolkit](#) provides guidance for Finance officials and other useful information, and may help in answering these questions.

Instructions

1. Complete the preliminary scan (questions 1-4). Based on your summary/conclusion you may be required to complete a full SEA.
2. If the outcome of the summary/conclusion indicates that a full SEA is NOT required, simply complete the remaining sections of the preliminary scan, print out this document, and obtain the required approvals and signatures.
3. If the outcome of this preliminary scan indicates that a full SEA is required, you will be automatically provided with questions 5-9 when you click 'Yes' in the summary/conclusion section. Once the full SEA is completed, print out this document and obtain the required approvals and signatures.
4. Set out the conclusions of the preliminary scan or full SEA in the Ministerial briefing for the measure.
5. Upon approval and signature of the document (preliminary scan or full SEA), notify the Economic Development and Corporate Finance (EDCF) branch by sending an email to SEA-EES@fin.gc.ca. Include the document originator's name, branch, division and, if possible, the title of the proposal. You do not need to indicate whether a preliminary scan or full SEA has been conducted, or the findings of the analysis.
6. Forward a signed copy of the completed document (either the preliminary scan or the full SEA) to EDCF according to procedures in your branch. If the proposal is of a sensitive nature (e.g., Budget measures), branches can choose to forward a copy at a later date (e.g., once a decision has been taken or announced).

Title of Proposal:

.....

Branch: Tax Policy Branch

Division: Business Income Tax

Contact information

Name of Originator: Jimmy Vu
Phone: 613-369-3602

1. Type of proposal(s):

Types of proposals include: MCs, Regulation/Legislation, TB Submission, Order in Council, Treaty/Agreement.
Note: An SEA should be conducted early in the proposal development process. Thus proposals that will ultimately result in an MC or Regulation/Legislation should be assessed well before they reach that stage.

2. Proposal description:

Is this a new proposal or an extension/expansion of an existing policy, plan or program proposal?

☐ New ☒ Extension/expansion

Provide a brief description of the proposed policy, plan or program:

If preliminary scans or full SEA have already been conducted for components of this proposal, please indicate the titles and dates of these assessments. If this proposal is expected to result in multiple assessments (e.g., multi-phased measures) please make note of it here.

3. **Exemptions:** There may be policy, plan or program proposals for which no assessment is required. A list of special cases for which exemptions are applicable is shown below. If the proposal satisfies one of the listed exemptions, please mark the appropriate case below and provide a brief explanation in the space provided. When an exemption is applicable, **no further assessment is required**; please leave the remaining questions unanswered. Proceed directly to the summary/conclusion, select “NO”, obtain approvals and complete Steps 5 and 6 according to the Instructions on page 1 of this document.

- ☐ No exemption applicable
- ☒ Exemption applicable for one of the following reasons:

☐ Response to a clear and immediate emergency (ministers are responsible for determining the existence of an emergency).

☐ Matter of urgency; senior decision making processes have been shortened.

☒ Proposal has been assessed previously for environmental effects.

Examples of previously assessed proposals include: a proposal that is a subset of or identical to a policy, plan or program that was previously assessed, or is a regulation implementing a proposal already assessed as a Budget announcement.

☐ The environmental assessment is being conducted using the Framework for Conducting Environmental Assessments of Trade Negotiations.

Comments (optional):

All the key elements of the proposals discussed were previously assessed, please refer to the SEA with the following title:

Summary / Conclusion: Given your answers above, is it likely that the proposal will have important (positive or negative) environmental effects, or is there a high level of uncertainty or risk associated with the outcomes of the proposal?

☐ YES ☒ NO

Comments:

Ministerial Briefing: Please provide a statement summarizing the environmental effects of the proposed policy, plan or program. This statement may be used for the “Environmental Considerations” section of the briefing documents (e.g., memo to Minister, MC, Budget 2-pager, TB submission, or Regulatory Impact Analysis Statement).

Comments:

Other: Please identify any special considerations associated with the assessment of this proposal (e.g., the need for follow-up) and attach further information if you feel it is relevant.

Comments:

Approval for Preliminary Scan/Full SEA

Title of Proposal:

Branch: Tax Policy Branch

Division: Business Income Tax

Associate Assistant Deputy Minister:

Miodrag Jovanovic, (613)-369-3738, miodrag.jovanovic@canada.ca

Date: July 29, 2020

**Pages 181 to / à 184
are withheld pursuant to sections
sont retenues en vertu des articles**

18(d), 21(1)(a), 21(1)(b)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

**Pages 185 to / à 248
are withheld pursuant to sections
sont retenues en vertu des articles**

69(1)(d), 69(1)(e)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

**Pages 249 to / à 255
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69(1)(a)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

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69(1)(d), 69(1)(e)

**of the Access to Information Act
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Page 540

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18(d), 21(1)(a), 21(1)(b)

**of the Access to Information Act
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21(1)(a), 21(1)(b)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

Key policy considerations	Option:	Option:
Disincentive for growth		
Competitiveness		
Targeting of support to those most highly affected		
Seasonal businesses/ Businesses with delayed revenue impacts		

Page 543

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est retenue en vertu des articles**

18(d), 21(1)(a), 21(1)(b)

**of the Access to Information Act
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Page 544

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21(1)(a), 21(1)(b)

**of the Access to Information Act
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18(d), 21(1)(a), 21(1)(b)

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de la Loi sur l'accès à l'information**

Jobs lost since February 2020

	Employment in February	Employment in May	Layoffs since February	As % of employment in February
	('000s of workers)			
Total - all industries	19,189	16,475	2,714	14%
Agriculture, Forestry, Fishing & Hunting, mining & oil	595	559	37	6%
Utilities	136	130	6	4%
Construction	1,434	1,220	213	15%
Manufacturing	1,721	1,506	215	12%
Wholesale and retail trade	2,888	2,399	490	17%
Transportation and warehousing	1,040	892	148	14%
Finance, insurance, real estate, rental and leasing	1,253	1,181	72	6%
Professional, scientific and technical services	1,578	1,473	104	7%
Business, building and other support services	738	659	79	11%
Educational services	1,471	1,264	207	14%
Health care and social assistance	2,548	2,275	273	11%
Information, culture and recreation	746	585	161	22%
Accommodation and food services	1,225	709	515	42%
Other services (except public administration)	809	660	149	18%
Public administration	1,007	962	45	4%

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are withheld pursuant to sections
sont retenues en vertu des articles**

18(d), 21(1)(a), 21(1)(b)

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Page 552

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18(d), 21(1)(a), 21(1)(b)

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Pages 553 to / à 554
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21(1)(a), 21(1)(b)

of the Access to Information Act
de la Loi sur l'accès à l'information

What We Heard Report

Canada Emergency Wage Subsidy (CEWS) Consultation

Spring 2020

Introduction:

The Government of Canada is taking immediate, significant and decisive action through Canada's COVID-19 Economic Response Plan to support Canadians and protect jobs during the global COVID-19 outbreak. The Canada Emergency Wage Subsidy (CEWS), which was announced on April 1, 2020, helps employers protect jobs, rehire employees, and provide workers with a decent income. The subsidy covers 75 per cent of an employee's wages (up to \$847 per week) for employers who have been hard-hit by COVID-19. The intention of this public engagement exercise was to inform potential changes to the CEWS to help maximize employment and best meet the needs of businesses and workers as economies start to re-open.

From May 25 to June 5, 2020, the Government of Canada sought information and feedback from businesses of all sizes, labour representatives, not-for-profits and charities on potential changes to the program, with a view to maximize employment in Canada and encourage growth.

Key questions for consideration:

The consultation seeks input on the eight questions intended to inform advice to the government on potential changes to the program.

- 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?
- 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?
- 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?
- 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?
- What are the key barriers to rehiring workers recently laid off due to the pandemic?
- Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

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

Approach

Over the course of a two week period, the Department collected information and feedback via three approaches: email submissions, roundtables and a survey. Multiple tactics were selected in order to reach businesses, labour representatives and not-for-profits of all sizes and with consideration to potential resource constraints.

1. **Stakeholder engagement:** From May 25 to June 4, 2020, the Honourable Bill Morneau, Minister of Finance, the Honourable Mona Fortier, Minister of Middle Class Prosperity and Associate Minister of Finance, Parliamentary Secretary Sean Fraser and departmental officials held discussions with a range of stakeholders to discuss the guiding questions outlined above.
2. **Email Submissions:** In the same timeframe, businesses of all sizes, labour representatives, not-for-profits and charities were invited to provide formal written submissions to the department in response to the guiding questions outlined above. In total, approximately 800 submissions were received. The findings presented in this report are based on unique submissions, treating form letters as single submissions, and does not account for form letter volumes in presenting its findings.
3. **Online survey:** In parallel, the public was invited to participate in an online survey posted on the Department of Finance website (refer to Annex A). Responses were submitted by on behalf of businesses of all sizes, with over three-quarters (78%) from small business. In total 5,765 completed surveys were submitted (5,076 English and 689 French).

Stakeholder engagement

A range of stakeholders representing business and economic development interests, industry associations, academic institutions, not-for-profits and charities were consulted on their experience with the program and provided recommendations for improvement.

Key takeaways

- Overall, stakeholders expressed concern about qualification requirements and timing. Specifically: meeting the 30 per cent revenue threshold, qualifying based on revenue reference periods, meeting the requirement for organizations with their own payroll account, the ineligibility of certain corporate structures, the 14-day rule and the exclusion of public sector employers.
- To address these concerns, stakeholders recommended the several points. These included: consideration of alternatives to revenue to assess employers' needs, allowing income from non-arm's length parties to qualify as revenue, greater choice in the periods used for comparison, using a sliding scale model to assess need, design measures targeting business units within larger organizations, raise the weekly limit, relax or

eliminate the 14-day rule and explore options like the use of a formula to make it easier to match actual pay periods with the periods defined within the program.

- Stakeholders viewed added program complexity as undesirable, noting the speed with which benefits are received is critical for providing effective support. That said, they generally supported new complexity if this was accompanied by certain design improvements that would broaden eligibility to the program.
- Stakeholders expressed concern about uncertainty of the program beyond August 29, but generally acknowledged that the program would need to be phased out as the economy recovers. Most indicated that they would like to see an extension to the end of 2020, and stressed that new parameters must be communicated quickly and clearly. Top recommendations to support a phase out of the program included: gradually reducing the revenue threshold and shifting focus to investment incentives and demand-side support.
- The wage subsidy has been a life saver for many employers and has allowed them to rehire and/or retain furloughed employees, especially those who are highly-skilled. However, stakeholders from some sectors that have been highly affected by the pandemic (e.g. restaurants, hotels, arts, tourism, aviation and other related lines of business) said they expect their recovery will take longer (12 to 18 months), and that longer-term sectoral-specific supports will be required.
- Stakeholders expressed concern that the Canada Emergency Response Benefit (CERB) is too generous, which makes it more difficult for employers to re-hire low-skilled workers and students. Many expressed worry that workers will only accept work up to 15 hours per week, so as to not exceed the monthly income cap on the CERB.
- The CERB-CEWS interaction was identified as particularly challenging to seasonal businesses that operate primarily in the summer months and rely heavily on low-skilled labour. Stakeholders said this will mean hiring more staff for the same workload, in turn, making it more difficult and costly to operate. To support rehiring, stakeholders suggested phasing out the CERB and placing emphasis on the CEWS to support workers.
- Sectors that rely heavily on contract workers (e.g. arts and culture) appreciate the CERB, as it provides financial support to their workers who are otherwise not eligible for the CEWS.

Challenges encountered with the CEWS program

Qualification requirements and timing

Participants recognized that a threshold of some variety is needed to assess whether or not a business is in need of support, however, concern was raised that revenues are only part of the picture. Participants asserted that businesses are concerned with cash flows, which includes revenues and expenses. They noted that expenses have been rising; in some cases, due to businesses attempting to reorganize themselves to operate under new, strict health and safety measures for customers and employees.

Some highlighted confusion over what qualifies as revenue. Some participants rely on revenue sources that are ineligible such as investment income or sales from non-arm's length parties (e.g., between business units in highly integrated businesses). Additionally, some confusion was expressed about the use of foreign sales in determining eligibility.

Participants from the not-for-profit sector noted their revenues occur at specific times in the year and are then used to support their operations throughout the rest of the year. Given the irregular nature of their revenues, they expressed concern over access to the CEWS once they enter periods in which revenues would not normally occur. Further, based on the generosity of their communities, some not-for-profits do not currently meet the 30 per cent threshold, but face rising expenses due to high demand for services and the higher cost of providing their services.

Stakeholder recommendations:

- Allow mechanisms through which investment income and revenue from non-arm's length parties can qualify as revenue.
- Consider alternatives to revenue for assessing employers as being in significant need of support.

Eligibility of business units within large organizations and with varied business structures

Large organizations that operate multiple business units, divisions or departments that are each experiencing varying revenue losses due to the pandemic are reporting difficulty accessing the CEWS when the overall organization is not itself eligible. Additionally, some businesses units are reportedly experiencing revenue losses but since they generate most of their revenues from within their organization (i.e., from non-arm's length parties), they are ineligible. As some business units prepare their own consolidated financial statements, participants suggested this condition should be sufficient for business units to be treated separately from their parent organization.

In the case of First Nation organizations that operate multiple affiliated businesses there have been challenges accessing the CEWS. Some First Nations have opted to file applications for individual businesses wherever possible to avoid the complexity and uncertainty of an application for a group of businesses.

Participants from the not-for-profit sector highlighted eligibility issues due to ineligible business structures, such as amalgamated organizations. Also, some not-for-profits raise funding with which to support a network of affiliated entities that aren't eligible when claimed at the entity level due to stable funding, but these entities cannot be covered at the group level even though revenues have fallen.

Similarly, ineligibility of acquired businesses or business units was of concern to some participants. These participants desire a means by which an employer who acquires another business, or a part thereof, can make a CEWS claim for the acquired business.

Stakeholder recommendations:

- Design eligibility criteria for business units, divisions or departments within larger corporations and organizations.
- Extend eligibility to acquired businesses.

The weekly limit of the subsidy

Participants raised concern over the subsidy's effectiveness in supporting the wages of high-paid workers for whom the subsidy cap limits the proportion of wages covered to well below 75

per cent in some instances. For highly skilled workers, this places additional pressure on an employer's cash flow when these workers are difficult to replace.

Participants with businesses in the Territories highlighted the high cost of living in Canada's North, and how the current weekly limit for the subsidy is insufficient to adequately support some workers.

Stakeholder recommendations:

- Raise the weekly subsidy limit to better account for high-paid employees.
- Raise the weekly subsidy limit for workers in Canada's North to account for higher costs of living.

The 14-day rule

Concern was raised regarding the 14-day rule that defines eligible employees to include those that have not been without remuneration from the eligible employer for 14 or more days in the claim period. Some participants have noted the rule requires rehiring employees before benefits are received and at a time when they may have insufficient cash flows to do so.

Further, some participants reported that some work arrangements, such as contract work, can result in these employees being ineligible under the rule if they are not compensated throughout the claim period.

Stakeholder recommendation:

- Relax or eliminate the 14-day rule.

Extending the CEWS to public sector

The lack of eligibility for crown corporations, public transit operators, post-secondary education institutions, museums and other public sector employers was identified as an inequity, as these employers are experiencing comparable hardship to private sector employers.

Stakeholder recommendation:

- Allow CEWS eligibility for public sector organizations.

Proposed adjustments to the CEWS program

Changes to the drop-in-revenue threshold

Most participants called for a change in the 30 per cent drop-in-revenue threshold, in particular a change that accommodates lesser declines in revenue. As revenues begin to recover, employers are concerned that expenses will remain elevated or continue to rise, which presents challenges in maintaining employment. The current threshold is characterized as a "cliff" that presents an all-or-nothing decision for employers, and some participants noted that this could lead to adverse behaviour as businesses approach the 30% threshold. It was suggested some businesses may reduce their hours, purposefully attempting to keep their revenues from recovering to more than 70% of pre-pandemic levels.

Some participants expressed concerns over lowering the current threshold for any new applicants to the program. It was suggested that the current threshold remain in place for new

applicants to the program, while the subsidy is scaled according to need for employers currently accessing the program.

Some participants also suggested that basing eligibility on revenue may not be entirely appropriate for all businesses. In the current environment, revenues are decreasing but expenses are also increasing.

There was general agreement among participants that a gradation of revenue declines determining eligibility for the subsidy and associated benefits would allow more employers to access the subsidy, and allow those employers currently accessing the subsidy to do so for longer. As suggested by participants, the gradation could be achieved via a sliding scale or by tiers of revenue declines.

Stakeholder recommendations:

- Implement a sliding scale whereby the size of the subsidy varies with the percentage decline in revenues.
- Implement a graduated approach with multiple tiers of the subsidy varying based on the percentage decline in revenues.

Extending the program beyond August 29, 2020

The CEWS program has been described as a vital lifeline for employers and it has been expressed that the program cannot end abruptly and should be extended beyond August 29, 2020. Many participants feel an extension until, at earliest, December 31, 2020 is warranted.

Participants from the not-for-profit sector generally believed that they will be in need of support over a longer term. It was suggested that the program be extended for not-for-profits to cover the next two years.

It was noted that employers are likely to experience the adverse effects related to the pandemic at different times, and these effects will also differ in their duration. A suggested solution is to allow the subsidy to expire at different times for different employers. Additionally, it was suggested that the subsidy duration could be linked to the amount of losses that each employer incurs during the pandemic, and the time that it takes for each to recover these losses following the crisis could also be used as a metric to allow the program to end at different times.

Stakeholder recommendations:

- Extend the CEWS program until January 1, 2021.
- Extend the CEWS program for not-for-profits into 2022.
- Establish varying phase out periods for different employers.
- Use a cumulative loss approach to establishing the duration of the program.

Changes to rules allowing for eligibility to carryover between periods

Some participants expressed a desire to expand the rule that allows eligibility to carryover from the first period in which an employer becomes eligible to only as far as the period following. The necessary expansion of the carryover period varied among participants from a three month carryover period to one year. Participants expressed that such a change will provide certainty to businesses, thus allowing them to plan according to the benefits they anticipate receiving.

Stakeholder recommendation:

- Extend the carry-over period (e.g., from one month to three months).

Changes to the baseline periods used to assess a decline in revenue

Some participants expressed a need to adjust the current periods over which revenues are compared. It was suggested that alternative periods for comparison and options for the periods over which an employer can compare should be considered. These participants assert that such changes would ensure employers have adequate flexibility during what is expected to be a bumpy recovery, and to account for the varied experiences of businesses throughout the pandemic.

Stakeholder recommendation:

- Allow for greater choice in the periods used for comparison (e.g., current month to an average of months, season-over-season, year-over-year).

A process to amend CEWS claims

Participants indicated they would like to see a process whereby CEWS claims can be amended. Participants have indicated that as the recovery unfolds there may be a need for them to adjust elections that were previously made (e.g., cash vs. accrual accounting for revenues) as business conditions change.

Stakeholder recommendation:

- Develop a process to amend CEWS claims.

Mismatch between the CEWS program's periods and the employers' actual pay periods

Participants noted that there is a mismatch between periods in the CEWS program and employers' actual pay periods. As currently designed, the program requires employers to adjust accounting systems to calculate amounts that match the program's eligibility criteria, which can be difficult for employers of all sizes.

Stakeholder recommendation:

- Explore possibilities, such as the use of a formula, to make it easier to match actual pay periods with the periods defined within the program.

Adding complexity to the CEWS program

Added complexity was generally noted as undesirable and the speed with which benefits are received is critical for providing effective support. However, participants recognized that the changes they wished to see to the CEWS program may result in added complexity. It was suggested that the benefits from ensuring more businesses can access the program and implementing a sliding scale or graduated approach will outweigh the costs associated with added complexity due to these changes.

Participants operating in the charitable and not-for-profit sectors all wished to see the program simplified. In particular, there is a desire to simplify the calculation of the subsidy for not-for-profits.

In general, participants had to seek advice to access the program as it is currently designed. Concern was raised over how this complexity affects small businesses as the program is sufficiently complex that even large businesses with significant internal resources require additional expertise. It was suggested that additional tools and resources should be developed to support small businesses in completing their applications.

Stakeholder recommendation:

- Complexity should be minimized.
- Complexity is warranted if it is needed to allow other businesses to access the measure or to implement a sliding scale for the subsidy.
- Simplify the subsidy calculation for not-for-profits.
- Create additional tools and resources to help businesses undertake the application process.

Supporting furloughed workers

A key incentive for employers to use the CEWS program for furloughed workers would be to maintain the employer-employee relationship. For high-skill workers or workers that are difficult to replace, participants noted the use of the CEWS for furloughed workers would be more likely. However, in general, there is a preference for workers to be active whether that be completing long-term projects, skills development or odd jobs (e.g., maintenance, fabricating ventilators).

In the event that an employer needs to furlough employees, concerns were raised that there may be too little cash on hand with which to pay employees while employers wait to receive benefits from the CEWS.

Few participants indicated they have used the CEWS program for furloughed employees. Some noted the implementation of a sliding scale for the subsidy would provide the certainty needed to undertake rehiring and avoid furloughs altogether.

Stakeholder recommendation:

- Concentrate efforts on scaling CEWS benefits to the distress an employer is experiencing so that they have the certainty needed to undertake rehiring and avoid furloughs.

Barriers to rehiring workers

Participants noted few barriers to rehiring workers, apart from reported issues with employees returning to work when they have access to the CERB.

Factors preventing or discouraging applications to the CEWS program

Some participants highlighted concern and confusion over the possible repercussions of mistakes in their CEWS claims to the CRA. It was suggested that greater clarity regarding the tax consequences of these mistakes would support uncertain employers in making a CEWS claim.

An inability to amend claims after being made has led some employers to delay applications to determine how certain elections (e.g., cash vs. accrual accounting for revenues) will affect their eligibility.

Uncertainties and concerns about the public treatment of information on employers that access the CEWS program was suggested to have discouraged or delayed employers from filing for assistance. However, other participants noted a desire for the CRA to release a list of employers accessing the CEWS to help inform employees as to the actions taken by their employers.

Stakeholder recommendation:

- Provide greater clarity on the consequences of mistakes made in the CEWS claim process.
- Develop a process to amend CEWS claims.
- Clarify how information provided by applicants will be used and distributed.

Challenges for seasonal businesses

Seasonal businesses, in particular tourism, are expected to require support for the foreseeable future given a lack of international travel. Some participants believe this support may be needed until the spring of 2021.

Seasonal businesses may not have realized material losses as of yet, which some participants indicated might require reconsidering what periods are used for determining eligibility.

Concerns were raised about retailers' ability to hire additional staff in the lead up to the 2020 holiday season without greater clarity on the available supports. Participants from the retail sector expressed concern that the challenges they have realized will continue in the lead up to the holiday season, hampering their ability to afford to hire or rehire staff to meet demand in the holiday season.

Stakeholder recommendations:

- For seasonal businesses, allow them to compare revenues between seasons (e.g., summer 2020 against summer 2019). Alternatively, allow for comparison of one month against an average of months or year-over-year comparisons.
- Ensure the CEWS is available through to the end of 2020, at the earliest.

Interaction between the CEWS and the CERB

A number of participants raised concerns over access to the labour force while the CERB is in effect. Some employers have reported requests from employees to go on leave to access the CERB, while other employees have declined to return to work until their CERB benefits run out. Employer concerns are most acute for low-wage employees.

Stakeholder recommendation:

- To support rehiring, consider phasing out the CERB and placing emphasis on the CEWS to support workers.

Email Submissions

In total, approximately 800 submissions were received. Of these, roughly 500 were unique submissions, while 300 were form letters (notably, 260 from members of a hospitality association and about 30 from provincial amateur sports associations). The largest share of unique submissions came from small businesses and the self-employed (193 submissions, or 40%), followed by industry associations (79, or 16%), charities and NPOs (74, or 15%) and large corporations (51, or 11%). Key takeaways are outlined below. For a full summary of findings, refer to [Annex B](#).

Key takeaways

- Challenges encountered with the CEWS:
 - meeting the 30% revenue threshold
 - qualifying based on the revenue reference periods (particularly for seasonal businesses)
 - meeting the requirement for organizations to have their own payroll account, which many charities and NPOs do not
 - the ineligibility of certain corporate structures
- Proposed adjustments to the CEWS:
 - relaxing the revenue threshold or introducing a sliding scale
 - extending the program beyond August
 - allowing alternative reference periods for revenue declines, and/or extending deemed eligibility to additional periods
 - broadening eligibility for the program to account for more business models and corporate structures
 - improving communications and guidance
- Many stakeholders were somewhat supportive of adding complexity to the program, so long as this broadened support to additional organizations without negatively affecting those already eligible.
- In the case of supporting active versus furloughed workers:
 - a number of stakeholders reported using the CEWS only for active workers.
 - they did not use CEWS for furloughed workers due to liquidity constraints, and non-salary and payroll-related costs; it was mentioned that the uniform level of support across active and furloughed employees was also problematic, as it did not provide an incentive to work.
- Barriers to rehiring workers:
 - issues on the employer side, such as inadequate liquidity or personal protective equipment challenges, non-salary and payroll-related costs, limits on business activities due to lockdowns, and uncertainty about the future
 - issues on the employee side, such as a preference for the CERB, health concerns, care responsibilities, and uncertainty about the future
- Factors that discourage employers from applying for the CEWS mainly consisted of the complexity of the program and a fear of making errors or suffering penalties.
- Problems raised by seasonal businesses:
 - the difficulty of demonstrating qualifying revenue declines under the current rules
 - that seasonal employees may not qualify based on the reference salary rules
 - that many businesses face year-round costs, which may also rise due to the need for additional hygiene measures and PPE, but they may only qualify for the CEWS for a short period in the year, if at all
- Many respondents noted that although both the CEWS and the CERB have been of help to employees, the CERB is generally seen as a disincentive for individuals to return to work. A number suggested reducing or eliminating the CERB.

Online Survey

In parallel, the public was invited to participate in an online survey posted on the Department of Finance website ([Annex A](#)). Responses were submitted on behalf of businesses of all sizes, with over three-quarters (78%) from small business. The highest response came rate from the hospitality industry (23%), followed by consumer products (15%) and travel and tourism (13%). Participation from the construction/real estate, healthcare, technology and transport sectors was low compared to national data¹. In total 5,765 completed surveys were submitted (5,076 English and 689 French). In the same timeframe, there were nearly 14.3K unique visitors to the web pages (11.5K to the English and 2.8K to the French). In other words, roughly 1 in every 2.5 visitors to the site resulted in a survey submission. The top source of referrals was through direct-type in search bar (66%), followed by search engines.

Key takeaways

- Overall, respondents say they are grateful for the program, which they credit with helping to keep their organization afloat.
- Over three-quarters (78%) of respondents represented small businesses, with the highest response rate from the hospitality industry (23%), followed by consumer products (15%) and travel and tourism (13%). Participation from the construction/real estate, healthcare, technology and transport sectors was low compared to national data.
- Roughly half (46%) identified as the owner of a business or other organization, while 42% identified as representatives, and 11% as sole proprietors.
- A majority (57%) said the CEWS provides the right level of support, but nearly one-quarter (23%) were unsure.
- Meeting the qualification requirements was identified as the biggest challenge (30%), with the most vocal opposition from not-for-profits, seasonal businesses, tourism, hospitality, and independent contractors who said the program does not fit their business model.
- As in the roundtables, uncertainty with respect to the duration of the CEWS was identified through the survey as the biggest challenge associated with rehiring workers (25%); Respondents said they want to see the program extended at least to the end of December 2020.
- Subsequent concerns related to the program were evenly divided over meeting the level of support provided by the CERB, maintaining employee benefits and addressing fears about contracting COVID-19 (all at 15%).
- Many said they are worried about rehiring workers and recommended the CEWS and CERB be re-tooled to help transition workers off the CERB and back into the workforce.
- Over one-third of respondents (38%) were of the view that it will take up to one year for their organization to ramp back up.
- Roughly three-quarters (72%) said they plan to use the CEWS throughout their ramp up, which the majority think will take 1 to 3 months.
- The GC's website (26%) and the news (20%) were cited as the primary sources of information on the CEWS for respondents.

Challenges encountered with the CEWS program

Qualification requirements and timing

¹ StatsCan: [Canadian Business Counts, with employees, December 2019](#)

Meeting the application requirements was identified as the biggest challenge for roughly one-third of respondents (30%), followed by the process being too complicated or confusing (20%). The most vocal opposition came from not-for-profit organizations and charities, seasonal businesses, tourism, hospitality, food and beverage businesses, trucking companies, independent contractors (e.g. physical therapists) contractor-reliant industries (e.g. media and content industry), and sole proprietors, who said the program “*does not fit well*” with their business model.

A number of respondents expressed concern that the 30 per cent revenue drop threshold is “*too severe*,” “*too restrictive*” or “*arbitrary*,” and does not reflect the volatile nature of revenue in the current environment. Respondents suggested that instead of such restrictive eligibility criteria that make it difficult for businesses to know if they will be (or continue to be) eligible, the program should work on a sliding scale or a multi-level eligibility criteria.

The data also showed that communication of changes to the program were hard to follow or not communicated clearly (15%), with the proportion slightly higher among French respondents.

CEWS extension uncertainty

Uncertainty with respect to the duration of the CEWS was identified as biggest challenge associated with rehiring workers by one-quarter (25%) of respondents. Respondents characterized an extension as “essential” or “critical,” and said they want it to remain in place at least until December 31, 2020, to help keep their businesses afloat and preserve the labour force. “*We are concerned that the CEWS program will cease at Aug. 31 and if it were to disappear before we are able to return to positive cash flow, we may have to lay off people and/or close our doors*,” said one respondent. Another stated, “*We’re worried how we will manage after the program ends given the debt our business will have incurred throughout this time.*”

According to respondents, their businesses are unlikely to recover for some time and, perhaps, longer dependent on the industry. One provided specific feedback, articulating personal thoughts about this uncertain and slow economic recovery: “*In the hospitality industry we probably would need support longer than August due to the slow recover of our industry.*” Respondents working in the travel and hospitality industry were generally aware that their industry will take longer than others to recover. As a result, they said a future without the CEWS would mean permanent layoffs and could potentially shutter their businesses. Over one-third (38%) of respondents were of the view that it will take up to one year for their organization to ramp back up. Roughly three-quarters (72%) said they plan to use the CEWS throughout their ramp up period, which the majority predict will take 1 to 3 months.

Supporting furloughed workers

Overall, respondents said they are grateful for the CEWS program. A majority (57%) said the program provides the right level of support, but nearly one-quarter (23%) were unsure. Some respondents provided feedback as to how the program has allowed them to retain employees, talent, and knowledge, which they said will allow them to “*better weather the storm and actually have an opportunity to fully recover.*” Respondents provided significant feedback that underscored how the program has been a “*great help*” and an “*invaluable lifeline*” to their business and has prevented layoffs and pay active employees (54%). In other cases, respondents indicated that the program has allowed them to both pay active employees, as

while as support furloughed staff (19%), while a small proportion (3%) said they are using it to support only furloughed staff.

Interaction between the CEWS and CERB

Roughly one in ten respondents (13%) identified the wage subsidy's interaction with the CERB as the biggest challenge associated with the program. About the same proportion (15%) identified concern about meeting the level of support provided by the CERB as impacting their ability to rehire workers. One respondent indicated that the CERB *"needs to be stopped,"* so that they will be able to rehire employees using the CEWS. Another stated that it is *"very difficult to bring staff back from a lay-off when they are making \$2000 a month to stay at home."* Thus, the reluctance of some to return to work when employees can *"earn as much or more through the CERB"* is proving problematic for some employers looking to rehire. Many recommended that the CEWS be adjusted to a sliding scale model to *"transition workers and employers off the CERB"* and also suggested that if employees *"could earn 100% rather [than 75%] it would be an incentive for them to return."*

Annex A – CEWS Extension– Survey

The government is consulting with businesses, labour representatives, not-for-profits and charities on potential adjustments to the Canada Emergency Wage Subsidy (CEWS) program to incent jobs and growth, including potential adjustments to the 30-per-cent revenue reduction threshold. Any changes to the program will seek to maximize employment, ensure the CEWS reflects the immediate needs of businesses, and support the post-crisis economic recovery.

The Department of Finance Canada is seeking the input of employers to inform its advice to the government on the future design of the CEWS. The quick survey below is meant to gather high-level information about how employers use the program. Those who wish to provide in-depth feedback are invited to answer the questions [here] by email.

Survey questions

1. In what capacity are you completing this survey? (Select one)

- As a sole proprietor
- As the owner of a business or other organization
- As a representative of a business or other organization
- Other (please specify)

2. In what jurisdiction does your organization operate? (Select one)

- With only presence in Canada (Select all that apply)
 - Alberta
 - British Columbia
 - Manitoba
 - New Brunswick
 - Newfoundland and Labrador
 - Northwest Territories
 - Nova Scotia
 - Nunavut
 - Ontario
 - Prince Edward Island
 - Quebec
 - Saskatchewan
 - Yukon
 - Outside Canada

3. How many people are employed by the entity you own or represent, including (if any) employees of entities that are part of the same group? (Select one)

- 1-4
- 5-49
- 50-99
- 100-499

- 500 or more
- Don't know / not applicable

4. What is the main line of business of the employer you represent? (Select one)

- Construction & real estate
- Travel, tourism & leisure
- Hospitality
- Technology, media & telecoms
- Consumer products (Food & beverage, retail, logistics, automotive)
- Manufacturing
- Transport
- Healthcare
- Financial services
- Agriculture, hunting, forestry and fishing
- Mining & quarrying
- Electricity, gas & water supply/utilities
- Professional services
- Other business services
- Education & social services, personal services
- Oil & gas
- Charity /Not-for-profit
- Other (please specify)

5. What has been your primary source of information on the CEWS program? (Select one)

- News
- Government of Canada website
- Government of Canada social media
- Tax advisor or accountant
- Direct engagement with government officials
- Industry or professional organization
- Other (please specify)
- Don't know / not applicable

6. Have you or the employer you represent applied for the CEWS? (Select one)

- Yes
- No

7. What is the biggest challenge your organization has encountered with the CEWS program? (Select all that apply)

- Meeting the qualification requirements
- The process is complicated or confusing
- Receiving the subsidy takes too long

- Overlap with the Canada Emergency Response Benefit
 - Changes to program were hard to follow or were not communicated clearly
 - Don't know / not applicable
 - Other (please specify)
8. **If your organization benefits from the CEWS, does it provide the right level of support for the needs of your organization? (Select one)**
- Yes
 - No
 - Don't know / not applicable
9. **If your organization is using the CEWS, is it providing support to furloughed employees or being used as a means of paying active employees? (Select one)**
- Supports furloughed employees
 - Pays active employees
 - Both
 - Don't know / not applicable
10. **If you proceeded with lay-offs related to the pandemic, what were or will be the biggest challenges associated with rehiring workers laid-off in the context of the pandemic? (Select all that apply)**
- Addressing employee fears contracting COVID-19
 - Meeting requirements for social distancing
 - Administrative issues
 - Meeting the level of support provided by the Canada Emergency Response Benefit
 - Uncertainty with respect to the duration of the CEWS
 - Maintaining employee benefits or other costs
 - Other (please specify)
 - Don't know / not applicable
11. **If you proceeded with lay-offs related to the pandemic, do you have plans to rehire your staff? How will you proceed?**
- Rehire all staff at once
 - Bring staff back in phases
 - Other (please specify)
 - Don't know / not applicable
12. **How long do you expect it will take your organization to ramp up?**
- 1 to 3 weeks
 - 1 to 3 months
 - Up to 6 months
 - Up to 1 year
 - Don't know / not applicable

13. Will you be using the CEWS throughout your ramp-up period?

- Yes
- No
- Don't know / not applicable

14. For how long during your ramp-up will you continue to use the CEWS?

- 1 to 3 weeks
- 1 to 3 months
- Don't know / not applicable

15. Do you have any additional input?

Canadians are also invited to provide their comments through the Department of Finance Canada's consultation web page or by email to fin.cews-succ.fin@canada.ca by June 5, 2020.

This consultation will help inform potential changes to the CEWS to help maximize employment and best meet the needs of businesses and workers during these challenging times.

Annex B – Email Submissions

Submissions provided general comments and/or responded to the eight consultation questions, the latter of which form the basis for the sections of this report:

1. Challenges encountered with the CEWS program
2. Proposed adjustments to the CEWS program
3. Adding complexity to the CEWS program
4. Supporting furloughed workers
5. Barriers to rehiring workers
6. Factors preventing or discouraging applications to the CEWS program
7. Challenges for seasonal businesses
8. Interaction between the CEWS and the CERB

1. Challenges encountered with the CEWS program

Key messages:

- Many submissions indicated that the 30% revenue threshold is too difficult to meet, or unfair to those who do not qualify by a very small margin
- Some submissions noted that complexity or uncertainty was a barrier to applying
- Many business owners with corporate structures that are presently ineligible wrote requesting eligibility (e.g. joint ventures, cost-sharing arrangements)
- Some large organizations with multiple business units may have experienced adequate revenue losses at some business units for those units to qualify, but not the organization overall
- The rules for calculating eligible remuneration were felt by some stakeholders to be unfair in certain situations, such as for seasonal workers, new workers, those on Work-Sharing programs, and family members
- Many charities and NPOs indicated that the requirement for a payroll account was a barrier to them using the program, while municipalities, museums, universities and colleges requested that they be made eligible for the CEWS

The revenue test

A number of comments were received on the revenue test to determine eligibility for the CEWS. The current rules stipulate that an eligible employer must have experienced a decline in revenues as follows:

Table 1: The CEWS revenue test

	<i>Claim periods</i>	<i>Required reduction in revenue</i>	<i>Reference periods for comparison under the general approach</i>	<i>Reference periods for comparison under the alternative approach</i>
<i>Period 1</i>	March 15 to April 11, 2020	15%	March 2020 over March 2019	March 2020 over average of January and February 2020
<i>Period 2</i>	April 12 to May 9, 2020	30%	April 2020 over April 2019	April 2020 over average of January and February 2020

<i>Period</i>	May 10 to	30%	May 2020 over May	May 2020 over average
3	June 6, 2020		2019	of January and February 2020

A deemed eligibility rule allows an employer who qualified for the CEWS in a given period to be eligible in the following period without demonstrating that they meet the revenue test in that period.

Most comments on the required reduction in revenue, the “revenue threshold”, were focused on the 30% threshold for Periods 2 and 3. Roughly 70 unique submissions indicated that this 30% target was too difficult to meet. Common comments included:

- The revenue threshold is too stringent relative to regular profitability
 - Some low-margin businesses such as trucking, Northern businesses, and farming, indicated that they would become non-viable and cease operations long before reaching the 30% threshold
 - As seasonal businesses earn all their revenue for the year in a short time period, they would be more at risk of ceasing operations if they experience something close to a 30% year-over-year decrease in revenues during a one-month timeframe (see Section 7)
 - The revenue test does not recognize that even if revenues do not decrease by 30%, costs may go up significantly due to the need for personal protective equipment, new hygiene measures and re-tooling businesses for social distancing – this was often mentioned by farming businesses
- The reference period for determining a drop in revenues does not work for certain businesses
 - Seasonal businesses often have no revenues in the reference period
 - In a number of industries, companies that are pre-revenue or experience revenue lags are limited in access to the CEWS even though demand will slow considerably over the eligibility period. This includes R&D, mining and exploration (particularly in the North, where indigenous communities may rely on the mining industry, automobile supply chain, construction, and high tech sectors)
 - Some stakeholders anticipate heavy revenue losses later in the year but cannot demonstrate revenue declines during the reference periods
- The revenue test does not incentivize businesses to succeed and does not accommodate growing firms
 - The threshold may discourage businesses from reopening full-time, advertising, or otherwise maximizing revenues, in order to remain eligible for the incentive. Some businesses say they would not be able to survive without the CEWS
 - Businesses that were growing pre-COVID argued that there should be an allowance for growth in the revenue reduction calculations
 - A business that acquired another business pre-COVID could fail to meet the revenue test, even if both the acquiring and acquired arms of the business would have met the test individually, depending on how the acquisition was structured (see Section 7)

- The CEWS could encourage some anti-competitive behavior; a few stakeholders noted that, in bidding for contracts, competitors are making bids below market prices since they are benefitting from the CEWS

Additional comments on the reference periods

Submissions from new and seasonal businesses frequently took issue with the reference periods for the revenue test. In March, April, and May, many seasonal businesses – which tend to be most active in the summer – do not earn much by way of revenues. Most of these submissions indicated that they have difficulty meeting the year-over-year revenue reduction threshold because they do not have revenues in the reference period and cannot demonstrate the necessary revenue drop relative to 2019. For instance, new businesses may have seen a drop in revenues since late 2019 or early 2020, but remain unable to qualify. While many seasonal businesses in Canada anticipate reduced revenues in 2020 (e.g. cancelled bookings or reservations over the summer months), they are not benefitting from the CEWS because it is based on business activities earlier in a calendar year.

Businesses that experience a long lag in receiving revenues (e.g., construction, consulting, automotive, real estate), and businesses that experienced an atypical 2019 also requested an alternative to comparing revenues year-over-year. For example, steel firms that were impacted by the US trade dispute in 2019 may have seen abnormally low revenues that year. An Ottawa ferry company also complained that, due to flooding in 2019, they were closed and cannot demonstrate any revenues for the reference periods.

Complexity

A number of submissions noted that the program was very complex. Additional comments included that it took significant time to gather the required documents, the calculations were complicated and the results uncertain, and there was a fear of making errors that might later result in audits or penalties.

Payroll calculations for EI, CPP/QPP, and other deductions or contributions (including provincial health levies) were often mentioned to be onerous.

Uncertainty about whether the CEWS applications could later be amended seems to have contributed to concerns about the risk of making errors; furthermore, a number of employers said they hesitate to apply because they do not know if the program will be extended. Some stakeholders requested that the CRA issue additional guidance and clarification with respect to the CEWS policy.

Ineligibility of certain corporate structures

For some stakeholders their corporate structure was an obstacle to claiming the CEWS. These complaints mentioned

- Partnerships
- Cost-sharing arrangements (e.g. medical clinics, hotels, accountants)
- Joint Ventures (e.g. the hotel industry)
- Sole proprietorships
- Professional corporations

Additionally, due to the nature of the CEWS in subsidizing employee wages, self-employed individuals with no employees noted that they were unable to benefit from the program.

Meeting the revenue threshold for business units within larger organizations

Large organizations that operate multiple stores, divisions or business units that are experiencing revenue losses due to the pandemic are reporting difficulty accessing the CEWS when the overall organization is not itself eligible. Although individual stores or businesses within the larger legal entity may have seen a drop of 30% or more in revenues, the entity as a whole may not qualify. As such, they requested the ability to apply for the CEWS for entities below the legal entity itself.

Organizations with business activities spanning more than one sector, province, or territory also indicated that it would be useful to be able to apply for the CEWS for specific regions, individual stores or business units.

Eligible remuneration

In order to determine what wages are eligible for the CEWS, an employer must determine an employee's baseline remuneration; this is the average weekly eligible remuneration paid to an employee during the period of January 1, 2020, to March 15, 2020. If an employer is eligible, then the subsidy is received over the claim periods described above, which represent an employee's four-week pay period. However, these calculations caused a number of issues for certain stakeholders:

- Some employers felt that the lack of integration between the CEWS and their existing Employment Insurance Supplementary Unemployment Benefit Plan disadvantaged them and their employees by increasing costs and reducing employee benefits
- A significant number of submissions noted that contract employees do not qualify
- Stakeholders with Work-Sharing programs, which intended to reduce layoffs while giving employees a temporarily shorter work week, felt penalized as these EI payments are deducted when calculating the CEWS
- Family members are not considered eligible employees and this generated some negative feedback, particularly in the case of students who may be seeking work for the summer
- Owner-managers who only pay themselves a lump-sum salary at year-end, or do not pay themselves a salary in a given year, instead receiving compensation through means such as dividends or management fees, cannot qualify for the CEWS in respect of any remuneration they may be drawing during COVID-19

Additionally, the CEWS provides a maximum of \$847 per week per employee. Some submissions indicated that this was not sufficient in the case of higher-paid employees. The CEWS was also sometimes perceived as insufficiently generous relative to the CERB, and as employees preferred not to return to work this was a barrier to employers in taking advantage of the CEWS.

Finally, an eligible employee under the CEWS is one who has not been without pay for more than 14 consecutive days in the eligibility period. A number of employers indicated that they were frustrated that new workers, or workers that are hired back (perhaps part-time where they may have been full-time beforehand), do not qualify for the program. Stakeholders in the tourism sector in particular indicated that this rule seemed unreasonable.

Charities, NPOs, and public institutions

Charities and not-for-profit organizations identified a number of barriers to the CEWS unique to their sectors:

- The most common issue reported by charities and NPOs was that they have outsourced payroll management for their employees; without a payroll account, they cannot qualify for the CEWS.
- Charities can have a variety of funding structures, some of which prevent them from meeting the eligibility requirements for the CEWS. For instance, donor-funded shelter homes who also collect 'rent' from provincial agencies on behalf of their clients (Mathew's House Refugee Shelter).
 - Additionally, NPOs earn revenues in a variety of ways throughout the year and many said they do not feel that comparing one month, year-over-year, is a good way of indicating whether their revenues have declined. For instance, some NPOs might generate their revenues primarily during certain months of the year or through certain fundraising events.
- NPOs or charities that are private colleges or schools are getting mixed responses from CRA on whether they qualify or not; some are deemed to be public institutions (which may be receiving public funding) and therefore ineligible

Municipalities (who manage public transit systems), museums, universities and colleges are presently ineligible, but made submissions requesting access to the CEWS. In some cases, NPOs or charities who were wholly owned by municipalities submitted comments to say that they believed they should be eligible.

2. Proposed adjustments to the CEWS program

Key messages:

- A number of submissions proposed changes to the revenue test threshold in order to provide support more broadly
- Many respondents suggested an extension of the program beyond August 29, 2020 as they indicate that the economic recovery will take time
- Many employers would like to see changes to the rules allowing deemed eligibility to be carried over between more periods, to provide some cash flow certainty
- A lot of respondents recommend changes to the reference periods used to assess a decline in revenue as it would better consider a variety of specific business models
- Stakeholders also proposed a variety of specific adjustments to broaden eligibility of the CEWS, such as accounting for outsourced payroll services, softening the 14-day rule, and adding rules to take into account a variety of business models, activities and structures which may affect eligibility or the calculation of revenues
- Finally, some stakeholders would like better communications about the program as they find it complex and difficult to understand

Changes to the drop-in-revenue threshold

The 30% revenue decline test is perceived as being too high by a number of employers. Approximately 90 unique submissions request some form of sliding scale, where businesses experiencing different levels of revenue decline would have access to different subsidy rates. Another 50 suggested lowering the revenue threshold uniformly, with no mention of a sliding

scale. A handful of other submissions proposed that, in the case of a single revenue threshold and level of support, when a businesses is no longer eligible, the amount of CEWS they receive should be phased out gradually over subsequent period(s) rather than stopping immediately. Overall, the “all or nothing” approach of the CEWS drew criticism and requests for change.

Extending the program beyond August 29, 2020

Respondents, with a significant number of them from the hospitality/entertainment industry and the not-for-profit sector, indicate that they will need support beyond August 29, 2020. A lot of submissions indicate that the CEWS should last at least until December 31st, 2020, with a few of them mentioning the spring of 2021 and even beyond.

- Roughly 110 unique submissions requested an extension beyond August 2020. Many requested an extension to December 31, 2020 or beyond, particularly for hard-hit sectors
- Some submissions suggested gradually phasing out CEWS over this time period by offering lower subsidy rates
- Some stakeholders requested an extension only for industries that are particularly hard hit
- Some respondents mentioned that the subsidy should continue until social distancing ceases being mandatory as it has a major impact on restaurant businesses

Changes to rules allowing for eligibility to carryover between periods

As it stands, if an employer is eligible for the first period, its eligibility is only carried over to the following one. Submissions indicate that employers would like this carry-over eligibility factor to go beyond the following period as it would reduce the administrative burden of the process while offering some cash flow assurance.

A small number of large corporations, particularly in the automotive sector, noted that their businesses experience revenue declines with a lag from the underlying market activities. This could make them ineligible in earlier periods. These corporations suggest also allowing a “retrospective” deemed eligibility rule, which would carry back eligibility one period from the first period in which the employer is eligible. (An alternative which was also suggested would be to extend the CEWS for these employers by an additional period after the end of the program.)

Changes to the reference periods used to assess a decline in revenue

On this issue, a number of respondents are suggesting a range of options to better consider the specifics of various business sectors:

1. Permit revenue averaging over several claim periods (annually or quarterly vs monthly);
2. Adjust the reference period for seasonal businesses;
3. Align subsidy claim period to pay periods to lessen the administrative burden;
4. Use 2017 and 2018 as baseline years.

Broaden eligibility for the CEWS

- Allow organizations with outsourced payroll services to qualify for the CEWS: This would include some employers from the medical field, the not-for-profit sector, the tourism and hospitality industries, as well as staffing agencies and sports associations who rely on the services of third party service providers for the processing of their payroll obligations.
- Relax the 14-day rule: The current rule, whereby an employee is not eligible for the subsidy if they have not been paid for a period of 14 or more consecutive days in the

claim period, is perceived as too rigid by several employers who are also coping with reduced business activity.

- Account for acquisitions through asset purchase: A few submissions share the concern that when a new corporation set up in March 2020 purchases a long established business through asset acquisition, it will not be able to qualify for the subsidy as it cannot demonstrate a revenue decline, even if it strictly continued the same operations as the previous business. In parallel, if the same new corporation was completing its business acquisition through share purchase, it could qualify if able to demonstrate the decline in revenue.
- Extend the CEWS to recently acquired unincorporated small businesses: In such situations, the new owner may or may not have a payroll account set up and active by March 15 2020. In addition the new owner would not be able to use the revenue data of the previous owner and would therefore not be able to complete the revenue test.
- Export revenues from non-arm's length sources: A few large employers who are exporting a significant portion of their industrial products to related parties shared their concern with not being able to count non-arm's length revenue from such exports for the revenue test. They are suggesting that export revenue from non-arms' length sources be counted for the test if companies are part of an Advance Pricing Agreement (APA), as they feel that it meets the intent of the non-arm's length qualification.
- Accommodate owner-managers earning business income, professional income or dividends: Some respondents indicated their desire that such income sources be considered as eligible remuneration for the purpose of the wage subsidy. To a certain extent, those income sources may be at the discretion of the owner, and provide enough flexibility for a business to survive through difficult times such as COVID-19.
- Allow claim revisions: Several respondents shared their fear of making a mistake when filing their claims, and would appreciate an option to amend them if necessary.
- Introduce a more appropriate benchmark period to compare revenue for new businesses, seasonal businesses, and businesses with an abnormal year 2019: as mentioned in Section 1, these types of businesses have requested changes to the rules to allow them to demonstrate decreased revenues or hardship.
- Accommodate Research and Development (R&D) operations and pre-revenue businesses (i.e., mineral exploration): These entities may have laid off employees strictly as a consequence of the crisis. Their role is crucial for the future of the economy, with some of them involved in mineral exploration also having an impact on fragile indigenous communities in Canada's north.
- Allow unincorporated businesses that are Indigenous government-owned to qualify: these businesses presently are not eligible, which disadvantages Indigenous businesses on reserve.

Improve communications

Some respondents would like program changes to be better communicated, as they sometimes feel the lack of details to be unsettling. Others think that if the benefits of the CEWS were better understood, more employers would use it to rehire. In the same line of comments, a few would like clearer and more useful FAQs.

3. Adding complexity to the CEWS program

Stakeholders generally supported adding complexity to expand accessibility and improve targeting for the program. They emphasize the importance of simplicity, clarity, and more guidance. Supporting submissions cautioned that minor tweaks are preferable for better uptake;

they recommended against changing the process or the requirements for those already able to qualify, but often indicated that additional or alternate rules to accommodate a broader range of organizations would be acceptable. They also requested that application corrections should be allowed, that benefits should remain comparable, and that administrative complexity should be avoided as much as possible to reduce time and expense to understand and comply with the program.

Those opposed to increased complexity say added complexity could reduce program uptake as the program is already so complex that it has overwhelmed both businesses and professionals advising them on the program. They caution that added complexity would be burdensome, costly, deter access, and increase the likelihood of errors for businesses. Changes could delay funding to seasonal businesses already trying to access the program, and would further add implementation expenses and delays in filing as businesses often need expensive outside contractors to make administrative changes to comply with the program.

Where submissions supported added complexity for expanding access to the program, they highlighted that it would allow access to more organizations and that clear instructions would be best. They also suggest meeting this objective through adjustments to the revenue threshold.

Where stakeholders supported added complexity for better targeting of program support, they highlighted that it should not mean excluding businesses already eligible for the program and to better tie the program to CERB so businesses are not penalized for program interactions. Submissions suggested consideration for number of employees, startups, joint ventures, and entities affected by global supply chain issues. Stakeholders also supported additional criteria to account for hardest hit sectors (e.g. tourism, hospitality), with suggestions for some sector specific targeting approaches or adding a simplified process for a given sector. One participant cautioned against moving to a solely sector specific approach as it may introduce too much complexity.

4. Supporting furloughed workers

Stakeholders differed in their use of the CEWS for furloughed workers. Those using the program for both active and furloughed workers reported the importance of maintaining employee ties to facilitate future operations as activity levels ramp-up but highlighted the need to be vigilant to hidden costs in the program and to be cautious in giving workers a false sense of job security as positions may become surplus once the program ends. One participant reported initial difficulty using the CEWS for furloughed workers due to liquidity issues from the time gap between initial layoffs in March and their first CEWS funding in May.

Stakeholders who reported only using the program only for active workers had a number of comments. Some respondents said the program was useful for bringing workers back from furlough, while others said that the program will only delay layoffs. In some cases laid-off workers were able to receive more than the maximum CEWS subsidy (presumably through CERB), and while some respondents noted the importance of keeping employee ties, they said they could not use the program to keep furloughed workers due to liquidity issues.

Regarding whether the support level for furloughed workers should be the same as for active workers, those who agreed it should be the same said this would help discourage layoffs, while those who disagreed noted that active workers should be paid more to incentivize working (rather than dis-incentivize return to work).

In terms of challenges to using CEWS to support furloughed workers, stakeholders noted that using the program for furloughed workers can be too complex to manage, that the program has a liquidity barrier for businesses that don't have enough liquidity (in terms of revenues or retained earnings) to cover the 25% subsidy match, and that some workers prefer CERB instead.

Stakeholders also highlighted the discrepancy that employer-paid payroll taxes and contributions are 100% covered for furloughed workers but not active workers, which can be a barrier to bringing back furloughed employees.

5. Barriers to rehiring workers

Submissions highlighted two types of factors which might present barriers to rehiring workers: those which affect the employer's willingness or ability to rehire workers, and those which affect the employee's decision to return to work with their former employer.

Barriers influencing employers' decision to rehire workers:

- Revenues and limits on activity: For many employers, especially in the hospitality/tourism and infrastructure/construction sectors, economic activity and revenues are still too low to resume operations, even with the CEWS.
- Liquidity: A number of employers, especially small businesses, reported experiencing cash flow issues due to the timing of the CEWS support that prevented them from rehiring workers as quickly as they would have liked.
- 25% salary top-up: Some employers report feeling obligated (whether by employees or the government's communications) to top-up their staff's revenues to 100%, and not being able to afford the 25% portion, did not want to rehire workers.
- 14-day rule leading to hiring delay: Some submissions noted that employers were delaying hiring by up to two weeks (i.e., in the latter half of a period) so that the salary would qualify for CEWS support in the following period.
- Risk/uncertainty: Some employers are wary of rehiring workers they may not be able to retain once the CEWS expires (due to market uncertainty), or are averse to taking on the risk of rehiring workers if they believe they may not receive the CEWS at all.
- Non-salary costs: Some employers report not being able to afford employer-paid benefits and contributions for active employees.
- Personal protective equipment: A few submissions noted that the costs and availability of personal protective equipment for their employees was a factor in deciding whether to rehire them.
- Loss of talent: Especially for high-tech firms, there is a concern that talent will not be available to rehire once they have been laid off.
- New needs: Some charities offering care services would prefer to hire new employees with a COVID-specific skillset (i.e. more healthcare or public health experience) but believed that the CEWS is only available for rehiring workers.

Barriers influencing employees' decision to return to work:

- The CERB: 30% of responses to this question noted that the CERB creates a disincentive for furloughed or laid-off employees to accept a return to work. Others noted that workers would only return to work if they could remain on the CERB, and that it was challenging to schedule shifts that kept workers' salaries below \$1000 per month; some

suggested that continuing to provide some partial CERB “top-up” once an employee earns more than \$1000 would be useful. See section 8 for more detail.

- Health concerns: Some employers (about 10% of responses to this question) report that their employees are hesitant to return to work due to the risk of contracting and spreading COVID-19, especially if others live in their household.
- Care responsibilities: Some employers have not been able to rehire workers who have become the primary caregivers of children or seniors due to COVID-19.
- Employment uncertainty: According to submissions, some employees have turned down work and decided to seek employment in other sectors due to the fear of being laid off once the CEWS expires.

6. Factors preventing or discouraging applications to the CEWS program

This question primarily elicited comments on technical factors affecting access to the CEWS.

The key factors identified were the perceived complexity of the program and fears of related penalties. About one-third of responses mentioned the complexity of calculating revenue changes and reference salaries, saying the process is intimidating and raises fears of penalties given recent government communications. Submissions highlighted the uncertainty around particular business structures as a barrier to applying (e.g. partnerships, cost-sharing agreements).

- Additionally, pay periods for most businesses, according to submissions, do not match the reference periods for the CEWS. This can create significant administrative burdens for employers who have to maintain two parallel pay systems in order to qualify for the CEWS. Pay systems service providers (PSSPs) cannot automate this process.

Another factor raised by a number of submissions was the limited cash flow available for salaries. Employers with high fixed costs and low liquidity struggle to make payroll before the CEWS support is received (a hospitality association).

Other factors identified in submissions include:

- El Work-sharing arrangements: The lack of integration with Work-sharing arrangements has reportedly prevented some employers from fully accessing the CEWS
- Labour relations: Some submissions noted that concessions could not be secured from unions in order to decrease or change salary/benefits as required to access CEWS.
- Foreign subsidiaries: Businesses that make a significant portion of their sales, but not “all or substantially all” of their sales, to a foreign subsidiary believe that they do not qualify despite meeting other criteria.

7. Challenges for seasonal businesses

Key messages

- Seasonal businesses with higher incomes in the summer cannot demonstrate a revenue loss under the current reference periods (tourism, restaurants, summer camps)
 - For example, automobile and auto parts manufacturers expressed concerns that they would fail to qualify for the CEWS over the summer months, when there is normally a lull in production for maintenance purposes but which will not take place this year due to COVID-19.

- Seasonal businesses with year-long operating expenses may not be eligible for the CEWS at all, or they may only be eligible during the period when they normally raise sufficient revenues to operate year-round, but the CEWS cannot sustain 12 months of operations. Examples include cultural organizations and charities whose main fundraising or events occur in the fall and winter.
- Seasonal businesses who hire workers on contract for their seasons of operation cannot access the CEWS because their employees were not employed over the salary reference periods (cultural productions such as theater, summer camps)

Over 100 unique submissions identified particular challenges affecting new and/or seasonal business. The rules of the CEWS presently do not take into account the fact that a business may operate on a seasonal basis. First, the reference periods of the CEWS allow a calculation of revenues referring to the same month of 2019 or using an average of January and February 2020. Seasonal businesses requested a method to calculate a decrease in revenues over a different reference period; this could be done by allowing a comparison of revenues spread over the average of a year instead of comparing on a year-over-year monthly basis. Alternately, some submissions suggested using a different reference year than 2019 (i.e., 2018) as revenues were unusually low for some businesses due to flooding in the spring of 2019.

Secondly, a 30% decline in revenues in one month may be a more stringent threshold for seasonal businesses than others. Seasonal businesses earn all their revenues for the year within a limited number of months, yet have fixed costs throughout the year; although they may not experience a sufficient drop in revenues to qualify for the CEWS, that drop in revenues, although insufficient to qualify, may not allow them to survive. Thus, they suggest that the increase in operating costs should be taken into account when calculating the CEWS or propose to use the 30% loss of income eligibility criterion based on the first few months, to avoid creating an incentive to open only during partial hours and thus hamper the economic recovery. Seasonal businesses also suggest that the CEWS be extended until 2021 to help them cope with these quiet months or provide tiered support (e.g. 20%, 15%, 10%) during the fall and winter months.

Many seasonal entities, such as not-for-profit organizations offering summer camps, are questioning whether seasonal employees will be eligible for the CEWS. Employees hired by seasonal businesses might have no income for the reference periods; some submissions suggest adapting the reference periods for this type of employee, for example, by allowing to use a reference period from May to September. It should also be noted that the absence of pay for 14 consecutive days could be problematic for the eligibility of some seasonal employees. Additionally, some seasonal businesses recommended that support under the CEWS be combined with the existing Canada Summer Jobs program to help them hire the employees they need for their operations, as well as helping them to pay those seasonal employees while facing declining revenues.

Another issue that has been raised by seasonal businesses is the CEWS limited assistance in respect of non-arms-length employees. The CEWS provides support to such employees only if they were employed prior to March 16, 2020. However, for a seasonal businesses that hire employees only starting in May, some of which might normally be family members, these employees are ineligible even though they are needed by the business during the summer months.

Finally, although some seasonal businesses will see their revenues increase over the next few months, and will therefore no longer be eligible for CEWS, this increase will not compensate for the significant rise in operating costs related to hygiene and social distancing measures.

8. Interaction between the CEWS and the CERB

Roughly 100 submissions noted that although both the CEWS and the CERB have been supportive measures for workers, the CERB is counterproductive if the objective is to maximize employment and encourage growth. Stakeholders generally consider the CEWS to be more productive than the CERB and some expressed lack of clarity about the transition from the CEWS to the CERB. They have concerns that the CERB is a barrier to hiring or re-hiring workers who prefer the CERB, that it creates upward pressure on wages (which some businesses cannot afford without the CEWS) as they need to offer retention bonuses or pay increases to compete with the CERB, that businesses need to vigilantly adjust part-time workers hours for those receiving the CERB to not lose their CERB benefits, and that businesses face potential penalties for interaction between the programs if they obtain the CEWS for an employee who doesn't reveal simultaneously receiving CERB.

Stakeholders noted that the CERB served well as an emergency response measure but should be adjusted or eliminated. Suggested adjustments included better flexibility for part-time workers, allowing employers to provide top-ups via Supplementary Unemployment Benefit Plans, and eliminating abuses of the program. Stakeholders calling for the CERB to be eliminated say that it presents a barrier to re-hiring workers which could exacerbate labor shortages in some sectors, that it especially discourages students from working, and that the Government should focus on supporting active workers. Some submissions suggested that the CERB should be transitioned to EI to overcome any disincentive to work and that workers recalled to work at full salary who refuse to return should become ineligible for the CERB.

CEWS Consultation - Business Council (May 28, 2020)

Meeting Participants

– Business Council (Moderator)

CAE

– CORUS

– Cameco

– General Electric

– SNC Lavalin

Andrew Marsland – FIN

Miodrag Jovanovic – FIN

Brian Ernewein – FIN

Maude Lavoie - FIN

Summary:

CEWS – Current Challenges/Adjustments:

asked about entities with non-arms-length revenues from an international supply chain and the impact on qualifying for CEWS.

- Finance indicated there has been interaction with employers and put them in touch with the CRA. It was understood that the CRA has taken a position on the scope and application of the rules.

One participant raised questions around CEWS qualifying rules regarding entities using differing types of payroll structures (in-house versus third parties/contracted out) and entities that did not have payroll numbers and whether changes to the legislation would be forthcoming.

- Finance provided further clarity and indicated that a determination has yet to be made whether changes are required and is working with the CRA on this issue to determine if any accommodation is needed.

One participant raised the issue of whether changes to the revenue threshold would be forthcoming to accommodate firms that have not had substantial revenue drops but incur higher costs to maintain revenues.

Two participants indicated the wage subsidy has been an incredibly helpful program as both employers and employees wanted to maintain the employer-employee relationship. asked for and stated that clarification of the direction of the 30 percent revenue threshold is needed. Finance indicated it will be providing clarity shortly.

One participant asked whether the maternity/paternity leave issue had been dealt with by the recent extension announcement. Finance indicated that it believed that the issue has been adequately addressed.

In response to whether entities would be concerned with the compliance burden associated with a more precise/granular/graduated CEWS in terms of the revenue test and subsidy levels, a number of participants indicated that a sliding scale/graduated measure would be worthwhile versus the existing approach.

Furloughed vs Active Workers:

When questioned regarding furloughed workers versus active workers, participants indicated that:

- A top-up to the CERB benefits should be considered;
- Participants used the program for both types of workers; and,
- Going forward seeing take-up focused on active workers vs furloughed workers.

A follow-up on the topping-up of the CERB was posed for greater clarity. While a direct response was not provided, one participant mentioned that it was hearing from employees that it was preferable to use CEWS versus the CERB.

CEWS Consultation – Canadian Council for Aboriginal Business (June 4, 2020)

List of Participants

- – CCAB
- – Mikisew Cree Group
- – Nunasi Corporation
- – Kitsaki Management
- – MNP
- – MNP
- Andrew Marsland – FIN
- Miodrag Jovanovic – FIN
- Brian Ernewein – FIN
- Maude Lavoie – FIN
- Isabella Chan – FIN

Consultation Summary

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?

- Participants noted they have just recently been able to access the CEWS given changes to the program that rendered them eligible.
- One participant indicated the application process is complex for larger organizations that are formed of multiple related entities which themselves are structured in different ways, all of which could be owned by a First Nation.
 - In the participant's case, the entity that acts as their business' headquarters is a limited partnership, which is complicating the determination of CEWS eligibility for their headquarters' payroll.
 - Complexity was also noted as it relates to affiliated companies, specifically for groups of businesses held by First Nations. Within these groups, not all entities can be considered to operate at arm's length, and given the scope of these affiliations, the participant noted that they have chosen to avoid a consolidated approach to their CEWS application.
- A participant noted that the wage cap of \$847 is challenging particularly for those entities operating in the territories where the cost of living is higher.
- One participant in the mining sector cited ineligibility of employees for CEWS due to the configuration of the employer's payment arrangement and the structure of the employment arrangement.
 - As an example, the participant explained that they would contract workers for 140 hours of work in a 14-day period and these employees would be paid upon completion. However, these employees may not remain on the

business' payroll, and consequently they are generally not considered eligible for the CEWS.

- Additionally, the participant noted that they contract work to lease operators who themselves are self-employed, and thus ineligible from the perspective of the participant's business.
- A participant noted that small businesses have found it difficult to apply for the CEWS, requiring them to hire consultants for assistance. It is recommended that the Government develop broadly available and robust tools to assist applicants (e.g., training sessions, webinars).

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?

- It was suggested that consideration should be given to revisiting the 30% revenue threshold and its associated 'cliff' by implementing a pro-rated subsidy based on a lower revenue loss. Proposed approaches that are suggested to lead to greater certainty for businesses include a graduated or scaled approach, and the use of tiers or tranches.

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?

- It was acknowledged that added complexity could be a managed if it leads to improving the program. The use of tiers or tranches of revenue declines was suggested as alleviating some of the complexity that would come with a scaled or graduated approach.

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?

- Participants indicated they generally had not used the program for furloughed employees.
- Several participants suggested a lack of business activity makes it difficult to justify keeping employees on the payroll without work for them to do.
- A participant suggested the use of the program for furloughed workers might only make sense for their business in retaining hard-to-replace, specialized labour.
- Participants noted that they use contractors, who are ineligible in the first place, and therefore could not be furloughed.

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

- Concern was expressed regarding the uncertainty about the trajectory of the recovery and its impact on business revenues, which is holding back rehiring.

- Some participants noted they are still making payments on inactive equipment that is currently weighing down cash flows and hindering their ability to afford any rehiring.

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

- One participant expressed apprehensiveness about using the program due the perceived lack of clarity on the tax consequences due to possible “missteps” by the business in the application process for the CEWS.

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

- It was suggested that some seasonal businesses, such as tourism, may not have experienced material revenue losses in January-March and thus would not qualify. A potential solution is to use an overall seasonal revenue change versus a month-over-month approach (e.g., compare month to an average of months, compare year-over-year).

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?

- (No discussion)

Other Remarks

- Some participants cited a positive experience specifically as it relates to the application process with the program and thanked the government for this assistance.
- One participant indicated that the business considered terminating a number of employees but that the CEWS helped prevent lay-offs.

CEWS Consultation – CFIB (May 28, 2020)

List of Participants

- – CFIB
- s.19(1) • – CFIB
- – CFIB
- – CFIB
- Andrew Marsland – FIN
- Miodrag Jovanovic – FIN
- Brian Ernewein – FIN
- Maude Lavoie – FIN

Consultation 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?

- Anecdotal evidence from questions raised in webinars suggests there is confusion about certain technicalities of the program:
 - Earned vs paid income
 - The 14-day rule
 - Payroll deductions for furloughed employees

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?

- It was suggested that any extension to the CEWS should encourage rehiring as businesses reopen.
- A majority of members (71% of survey respondents) have indicated they would like to retain some of the subsidy as their revenues increase.
 - According to the shared slides, this would involve a “sliding scale” (e.g., retain half of the subsidy for a 20% drop in revenue).
- Half of survey respondents (51%) want to see the 30% drop-in-revenue threshold lowered to allow more businesses to qualify.
- It was noted that some members have asked for an increase in the subsidy for some businesses.
- It was noted that more businesses should be allowed access to the program.
- Business owners’ salaries were noted as a concern, given that dividends are not covered by the program, yet owners’ incomes are suffering.
 - Question from CFIB: Could owners start paying themselves a salary? Would it be eligible for a subsidy?
- CFIB’s main policy priorities:

- Removing the cliff (implied is that the phase out of support should be gradual)
- Reducing the drop-in-revenue threshold of 30%
- Covering dividends paid to business owners as a means of drawing salaries
- Extending payroll tax forgiveness to non-furloughed workers

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?

- (No discussion)

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?

- (No discussion)

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

- (No discussion)

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

- (No discussion)

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

- (No discussion)

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?

- (No discussion)

Other Remarks

- It was noted that members view this program as beneficial given that they expect incomes to return more slowly than expenses as businesses reopen, which the program can help offset.
- A major challenge for the CEWS was timing, as it came too late to prevent some businesses from beginning layoffs and incurring the costs associated with the layoff process.
- CFIB believes there will be increased uptake of the program as businesses begin to reopen and notes that extending the program was an important decision.
- Some members noted fear over accessing the program due to tough messaging around enforcement of the program and messaging that suggested a need to compensate eligible employees in full.
- Concerns were raised over other emergency programs:

- CFIB members are particularly interested in changes to the CEBA including greater debt forgiveness, increasing the maximum loan amount, and GST/HST remittance relief.
 - Concern over the effectiveness of the CECRA has led some members to suggest the Government should instead focus on expanding the CEBA.
- A particular concern was raised over the number of members that indicated they are considering bankruptcy to wind down their business (12%).
- CFIB agreed to collect more survey data to better understand the dynamics of their members and their behavior towards CEWS (attractiveness of CEWS, data on non-incorporated members, the actual number of businesses having reopened in the areas where they now have permission to reopen, etc.).

CEWS Consultation – Canadian Labour Congress (June 3, 2020)

Profile of Participants

- – CLC (Moderator)
- – CPA
- Danika – FIN
- Mark – FIN
- Allison – FIN
- Jeffrey – FIN
- Jeremy
- Andrew Marslaw
- Brian
- Maude
- Mio

Consultation 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?

- Slowness of the process
 - Some participants complained about the slowness in the delivering of the funds
 - Many business haven't received the funds yet
 - Participants pointed out that there is a lot of pressure on employers who haven't yet heard about the response of their application
 - One department of Finance official proposed that, if the slowness were with the payment process, filing for a direct deposit would help accelerating the process.
- Accessibility for some business sectors
 - Crown corporations, municipalities and public transit
 - Many participants find unfair that these kind of businesses are not eligible to CEWS
 - One participant took the example of the Shaw center in Edmonton
 - They would like to see extension to this kind of businesses
 - Public transit companies are not covered by any aid program.
 - According to participant, it is unfair that multinationals are qualified, but public transit are not
 - 65000 public transit companies are operating in Canada.
 - Postsecondary education

- Participant highlighted that many are affected and they are not eligible for the CEWS
- Museums
 - Revenues have dropped because of the closings. However, operating costs have remained largely unchanged because museums have to maintain collections in good condition.
- Television industry
 - Many of their employers are freelance. They cannot prove lost of revenue. That leads to a lot of requirement to the CERB
 - Their industry would be among the last to reopen
 - They will not survive if CERB is not extended.
- The revenue decline calculation based on legal entity
 - Participants explained that new enterprises don't have previous revenue and for that they don't have access to the CEWS
 - Finance officials explained the situation of amalgamation and acquisition

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?

- Participants wanted the CEWS to be extended to public sector (municipalities, public transit, postsecondary education, museums)
- Participants recommend putting some restriction about employers laying off workers
 - Expectation around hours of work and workload
 - Clarity about that issue is needed
 - Participants indicated that many employers are not topping the 25% required
 - They encourage Finance to link the incentive with the overall goal of maximising the employment

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?

- Participants indicated that they are open to have a conversion on the complexity

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?

- (No response/discussion)

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

- (No response/discussion)

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

- Participants mentioned that Some of the employers are confused about the measures
 - They expect more clarity
- Number of employers haven't applied because keeping people attached to the job is complicated for them
- They also pointed out that the drop in revenue may take longer to happen

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

- (No response/discussion).

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?

- Participants mentioned that the CERB is too complex for businesses.
 - Finance official explained that the Department is not in charge of the CERB

Other Remarks

- Participants recommend that the CRA publish the list of employers applying for the CEWS.
 - According to them, it would help employees to be informed.

CEWS Consultation – Chartered Professional Accountants of Canada (May 29, 2020)

List of Participants

- – CPA (Moderator)
- – CPA
- Andrew Marsland – FIN
- Miodrag Jovanovic – FIN
- Brian Ernewein – FIN
- Maude Lavoie – FIN

Consultation 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?

- With respect to technical issues and business access to and eligibility for the program:
 - Employers say they are happy with the amalgamation announcement, and that they would like it to apply to an acquisition of another business.
 - Large corporations with many departments are asking to have departments treated separately.
- The CPA noted that those businesses they have consulted report a mismatch between eligibility periods and the weekly subsidy limits of the program with the employer's actual pay periods.
 - As currently designed, the program requires companies to adjust systems to calculate amounts that match the program's eligibility criteria.
 - It was suggested that making changes to large company accounting systems is difficult, and this difficulty may also be felt by small companies.
 - The CPA has discussed the issue with the CRA, particularly about the use of a formula, as it may just be a matter of arithmetic.
- It was explained that it is quite common for a large company's chief financial officer to get advice from a professional accounting firm prior to making their claim. The CPA noted reports of accounting firms finding a significant number of corrections that need to be made to claims for these companies.
 - The CPA expressed concern over how this applies to small companies who would typically lack the internal resources of large companies.
 - The CPA believes that given the novelty of the measure, companies' internal resources do not yet have the capacity to prepare claims.
- From the CPA's consultation of businesses they have heard that businesses are looking for guidance from the Government and the CRA regarding:
 - Uncertainties as to whether their business qualifies for the subsidy.
 - The use of foreign sales in determining eligibility.

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?

- The CPA has heard that basing eligibility on revenue may not be entirely appropriate for all businesses.
 - In the current environment, revenues are decreasing but, at the same time, expenses are increasing.
 - The CPA has not yet heard of an alternative measure that could be employed.
- In terms of the process for phasing out the program, the CPA has heard from their consultations:
 - Businesses would prefer the use of graduated rates on revenue for determining eligibility and the extent of the subsidy.
 - Businesses would like to see the one-month carryover rule amended to allow them to carry over three months with graduated amounts.
- The CPA noted that their stakeholders would like to see those businesses involved in acquisitions allowed access to the program.
 - It was suggested that organic growth does not occur quickly enough to make the current choice of baseline periods problematic.
 - The CPA believes to implement this change in eligibility it may require only allowing for complete buyouts of other companies (e.g., company A buys all of company B's assets). Otherwise, they acknowledge that determining eligibility would be challenging.

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?

- The CPA remarked that nobody seems interested in a more complicated program, but acknowledged that for some companies to be made eligible for the program more complexity may be required.
- The CPA prefers that any added complexities that allow more businesses to be eligible be structured such that the effect on other businesses is minimized.

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?

- The CPA has heard that employers think the decision to keep furloughed workers on their payroll is a business decision first, but employers do want to help employees and their families.
- The CPA suggested employers have been undertaking their own cost-benefit analyses to determine whether to keep furloughed workers on payroll.
 - The CPA suggested benefits to employers include gaining access to the subsidy, which if employees are working allows employers to benefit from the employee's work even if working on long-term projects. If employees

are unable to work, employers desire to see employees undertake skills development.

- The CPA noted there are costs to losing employees if employers choose not to retain them. Anecdotally, they have heard reports of some companies choosing to furlough employees that are difficult to replace (e.g., long-haul drivers).
- Additional questions were raised by the CPA based on their consultations:
 - What happens when furloughed employees make more than the subsidy's limit? How much do employers have to pay these employees?
 - Do employers keep workers on the payroll if the workers cannot remain productive?
- In general, the CPA noted that they aren't certain that companies view the question on furloughed workers in the same way as the Government, based on the way the consultation question has been presented.

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

- (No response/discussion)

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

- The CPA noted that bigger companies that are not in serious need might wait and file for two periods, which may explain slower take-up of the program.
- There is a concern over media exposure and the public treatment of information about businesses' access to assistance, which may delay corporations filing for the help.
 - It was suggested that public disclosure over paying the remaining 25% of an employee's salary and comments like "we'll be watching" was concerning for several companies the CPA consulted.
- The requirement to stay with cash accounting once decision is made was noted as a reason for some companies choosing to wait and see what approach will work best for them.
 - The CPA noted they are discussing with the CRA whether they may amend a claim upon which an election had already been made.
- The CPA noted that the professional accounting firms took some time to prepare themselves and train staff to provide advice on CEWS claims to clients, which may have slowed the program's uptake.

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

- (No discussion)

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?

- The CPA has heard concern from businesses over the CERB's adverse impact on rehiring of low-wage employees, in particular.

CEWS Consultation – CPQ (June 4, 2020)

Profile of Participants

s.19(1)

- – CPQ (Moderator)
- – Aéroports de Montréal
- – ArcelorMittal Canada
- – CAE
- – CIMA Plus
- – Croisières AML
- – Exceldor
- – General Electric
- – Law Cabinet
- – Muralis
- – Consultants (Northern B.)
- – Produits Métalliques Pouliot
- – FCGP
- – Regroupement Loisirs et Sports du Québec (RLSQ)
- Film Industry (Comments received by CPQ)
- Miodrag Jovanovic – FIN
- Maude Lavoie – FIN

General Comments on the Program

- Generally, the participants consider that the CEWS is an important measure for employers.
- Several participants expressed their appreciation for the fact that the government developed and implemented this program in record time, despite the exceptional physical distance measures in place.
- Employers have noted that the measure is very well received by all employees and unions.

Consultation 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?

- According to several participants, the main challenge related to eligibility is the requirement of the 30% or more revenue drop.
 - Several participants indicated that their companies had experienced revenue losses of more than 20%, combined with higher production costs due to the mitigating and protective measures adopted.
 - Some employers, although they did not have access to the CEWS, still had to raise wages to retain employees.

- Participants mentioned they have realized a 13% loss of productivity due to measures to ensure the protection of workers and customers.
 - Employers have pointed out that problems do not start when they hit the 30% drop in revenue, but long before.
- Case of integrated companies
 - Some companies have an integrated organizational structure where they generate a meaningful proportion of sales internally between business units.
 - The arm's length principle, which is a condition in the program, excluded them from the subsidy.
 - The drop in revenue of their most affected division could not be used to estimate the qualification for the subsidy.
- The definition of an affiliated group
 - Employers are asking for clarifications as to the definition of affiliated group and its application in the context of the measure.
 - They seem to have a different interpretation than the CRA on this issue.
 - If a sub-group already produces consolidated financial statements, they believe that, given the way the law is written, this sub-group should qualify for the measure independently of the general group.
 - Furthermore, if there were foreign subsidiaries in an affiliated group, it would seem that foreign members would be required to participate in the process, which can be very complex.
 - Employers believe this should be limited to Canadian subsidiaries.
- In addition, some participants wanted the choices provided for in 125.4 of the *Income Tax Act* amended to allow late claims or the modification of claims.
 - From their point of view, companies are forced to make a decision hastily without having all the necessary information.
 - They believe that it would be fair to allow companies to make late claims or to modify these claims.
- Business acquisitions
 - With revenue tests, companies point out the inability companies bought last year to qualify, for example.
 - They are seeking additional measures that take into account this situation.
- Cases of non-profit organization
 - A grouping of 100 NPOs in the leisure and sport sector in Quebec explained one of the peculiarities and difficulties relating to this sector.
 - NPOs come together to facilitate their administration.
 - However, the eligibility conditions require that each of the 100 NPOs that are part of the amalgamation have opened a payroll account with the CRA as of March 15, 2020.

- The activities are all canceled due to the pandemic, but organizations cannot individually ask for help because they are under the umbrella of the amalgamated organization.
 - The date of March 15 seems to be the element that prevent these NPOs from benefiting from the CEWS, even if they have supporting documents attesting that they have sometimes existed for more than 40 years.
 - 500 employees are affected in the case of this organization.

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?

- The main change desired by all participants is the elimination of the 30% threshold and its binary nature, in favor of adopting a more gradual rule.
 - Some participants have pointed out that the current rule would tend to penalize companies that increase their productivity and better serve their customers.
- There was a consensus around the introduction of a gradation which would allow more companies to have access to the subsidy, and not only a gradation which would only allow companies which already have access to the subsidy to have access to it longer.
- All participants want the CEWS to be extended beyond August 31, 2020.
- Several companies want specific measures regarding the duration of the assistance to take into account the specific nature of their industry (aviation, sports and recreation, tourism, film and entertainment industry) in relation to the impact that the pandemic would have on them.
 - While current programs are general-purpose, to respond quickly to the pandemic, and certain sectors will gradually no longer need help due to the resumption of their activities, these specific sectors believe that they will not be able to resume normal activities for several months.
 - According to them, the challenge is to maintain their expertise with the help of the government, which will require assistance beyond the general recovery. They want help to be extended up to March 2021.
- Predictable eligibility that does not vary from month to month.
 - The idea of an automatic pass for several months has been suggested.
 - Revenues are no longer stable from one month to the next or from one quarter to the next, companies are asking for rules that ensure eligibility for several months
 - Companies make decisions in advance (e.g., to hire immediately or wait) when they do not yet know the result of the period.
 - They would like to avoid having to lay off employees again later.
- For the sake of predictability, companies want the government to quickly issue the new conditions for the renewal of the program.

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?

- The majority of participants who spoke on the issue felt that the complexity would be tolerable since more beneficiaries are eligible and have longer access to it.
- However, it was stressed that for small businesses, complexity would be an issue
 - When in doubt, given the fines and penalties, employers prefer to abstain rather than get into trouble asking for the subsidy.

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?

- (No discussion)

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

- Some participants pointed out that their non-eligibility for the CEWS is delaying the re-employment of workers who had recently lost their jobs due to the pandemic.

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

- Some companies have not yet resumed their activities.
 - Their request for the CEWS could arrive later.
- Some lawyers speaking on behalf of their clients have listed the following reasons:
 - Fears about penalties:
 - More information on program administration would help dispel these fears.
 - Employers who should recall laid-off employees.
 - Clarifications would be sought in this regard.
 - Questions relating to interactions with the work-sharing program:
 - Companies that would otherwise be eligible for the program would be severely penalized compared to the work-sharing structure.
 - Clarification hoped for at that level.
 - Questions relating to the remuneration of seasonal workers:
 - Tags and clarifications expected by employers to file their request.
 - Administrative challenges:
 - Companies that did not have a liquidity problem decided to wait for the rules to be clearer.
- Some small businesses would find the current version of the program complex.
 - When in doubt, given the fines and penalties, employers would rather abstain than get into trouble asking for the subsidy.

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

- Companies in the tourism sector report having problems rehiring seasonal managers because of the way the program is designed.
 - They wish to avoid a loss of expertise and maintain a tourist cycle.

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?

- Difficulty in hiring due to the CERB (especially the student CERB).
- Combination with the CERB:
 - Clarify the rules and avoid programs competing with each other.
 - This competition would make administration complex.
- Companies have emphasized that they would like to use the CEWS rather than the CERB.
 - This program allows them to keep the employment link with their employees.
 - If the CEWS changes, companies believe that it should be ensured that there remains a program to support the employer-employee relationship.

Other Remarks

- Finance Canada representatives made a few comments, in particular:
 - To specify certain modifications made with regard to seasonal workers.
 - Invite participants to consult what has been published by the CRA on foreign subsidiaries.

Consultation sur la Subvention salariale d'urgence du Canada – Conseil du Patronat du Québec (4 juin 2020)

Liste des participants

- – CPQ (Modératrice)
- – Aéroports de Montréal
- – ArcelorMittal Canada
- – CAE
- – CIMA Plus
- – Croisières AML
- – Exceldor
- – General Electric
- – Cabinet d'Avocats
- – Muralis
- – Consultants (Northern B.)
- – Produits Métalliques Pouliot
- – FCGP
- – Regroupement Loisirs et Sports du Québec (RLSQ)
- Industrie du film (Commentaires transmis au CPQ)
- Miodrag Jovanovic – FIN
- Maude Lavoie – FIN

Commentaires généraux sur le programme

- Généralement, les participants à la rencontre estiment que la SSUC est une mesure structurante et déterminante pour les employeurs.
- Plusieurs participants ont estimé leur appréciation quant au fait que le gouvernement ait élaboré et mis en œuvre ce programme dans des délais record, malgré les mesures exceptionnelles de distanciation physiques en place.
- Des employeurs ont souligné que la mesure est très bien accueillie par l'ensemble des employés et des syndicats.

Questions clés de la consultation

•Y a-t-il des défis particuliers associés au programme de la SSUC? Par exemple, y a-t-il des défis liés à son accessibilité, à ses répercussions sur les mesures incitatives ou à tout autre aspect?

- Selon plusieurs participants, le principal défi en lien avec l'admissibilité est celui du plancher de 30% de chute de revenus.
 - Plusieurs participants ont indiqué que leurs entreprises avaient enregistré des pertes de revenus supérieures à 20%, combinées à des coûts de production plus élevés du fait des mesures de mitigations et de protection adoptées.
 - Certains employeurs, bien que n'ayant pas accès à la SSUC, ont quand même dû augmenter les salaires pour retenir des employés.

- Des participants ont mentionné une statistique de 13% de la perte de productivité dans les entreprises du fait de mesures permettant d'assurer la protection des travailleurs et des clients.
 - Des employeurs ont souligné que les problèmes des entreprises ne commencent pas lorsqu'ils atteignent 30% de chute de revenus, mais bien avant.
- Cas des entreprises intégrées
 - Certaines entreprises auraient une structure organisationnelle qui fait qu'elles sont très intégrées et génèrent beaucoup de ventes internes entre secteurs.
 - Ce qui fait que le lien de dépendance, qui est une condition dans le programme, les exclu de la subvention.
 - La chute de revenus de leur division la plus touchée ne peut pas être utilisée pour le calcul de qualification à la subvention.
- La définition de groupe affilié
 - Des employeurs réclament des clarifications quant à la définition de groupe affilié et de son application dans le cadre de la mesure
 - Il y aurait une divergence d'interprétation avec l'ARC à cet effet.
 - Si un sous-groupe à l'intérieur du groupe produit déjà des états financiers consolidés, ils estiment que, étant donné la façon dont la loi est écrite, ce sous-groupe devrait se qualifier à la mesure indépendamment du groupe général.
 - Par ailleurs, si dans un groupe affilié, il y a des filiales étrangères, il semblerait que les membres étrangers seraient tenus de participer au choix, ce qui peut être très complexe.
 - Les employeurs estiment que cela devrait être limité aux filiales canadiennes.
- En outre, des participants ont souhaité que les choix qui sont prévus à 125.4. de la *Loi de l'impôt* soient amendés pour permettre des choix tardifs ou la modification de ces choix-là.
 - De leur point de vue, les entreprises sont obligées de prendre une décision à la hâte sans avoir toute l'information nécessaire.
 - Ils estiment qu'il serait équitable de permettre aux entreprises de faire des choix tardifs ou de modifier ces choix.
- Acquisition des entreprises
 - Avec les tests de revenus, des entreprises soulignent l'incapacité de qualifier les entreprises achetées l'année dernière, par exemple.
 - Ils réclament des mesures additionnelles tenant compte de cette situation.
- Cas de regroupement d'OSBL
 - Un regroupement de 100 OSBL dans le secteur du Loisir et Sport au Québec a expliqué une des particularités et des difficultés relatives à ce secteur.

- Les OSBL se regroupent pour faciliter leur administration.
- Cependant, les conditions d'admissibilité exigent que chacune des 100 OSBL faisant partie du regroupement ait ouvert un compte de retenue sur la paie à l'ARC en date du 15 mars 2020.
- Les activités sont toutes annulées du fait de la pandémie, mais les organisations ne peuvent pas individuellement demander leur l'aide parce qu'elles sont sous le chapeau du regroupement.
 - La date du 15 mars serait l'élément qui empêcherait ces entreprises de bénéficier de la mesure, même si elles ont des justificatifs attestant qu'elles existent depuis parfois plus de 40 ans.
 - 500 employés sont affectés dans le cas de ce regroupement.

Quelles modifications à la SSUC proposeriez-vous d'apporter afin d'offrir le niveau de soutien adéquat aux personnes les plus touchées par la pandémie tout en appuyant la reprise économique?

- La principale modification souhaitée par l'ensemble des participants est l'élimination du plancher de 30% et de la binarité qui y est attachée, au profit de l'adoption d'une règle plus graduelle.
 - Certains employeurs ont souligné que cette règle aurait tendance à pénaliser les entreprises qui augmentent leur productivité et servent mieux leurs clients.
- Il s'est dégagé un consensus autour de l'introduction d'une gradation qui permettrait à un plus grand nombre d'entreprises d'avoir accès à la subvention, et pas uniquement une gradation qui permettrait aux entreprises ayant déjà accès à la subvention d'y avoir accès plus longtemps.
- Tous les participants souhaitent que la SSUC soit prolongée au-delà du 31 août 2020.
- Plusieurs entreprises souhaitent que des mesures particulières quant à la durée du programme tiennent compte du caractère spécifique de leur industrie (l'aviation, les sports et loisirs, le tourisme, industrie du film et des spectacles) relativement à l'impact que la pandémie aurait sur elles.
 - Alors que les programmes actuels sont à vocation générale, pour répondre rapidement à la pandémie, et que certains secteurs n'auront graduellement plus besoin d'aide du fait de la reprise de leurs activités, ces secteurs spécifiques estiment qu'ils ne pourront reprendre normalement leurs activités avant plusieurs mois.
 - Leur défi, selon elles, est de maintenir leur expertise avec l'aide du gouvernement, ce qui les amène à solliciter une aide spécifique au-delà de la relance générale. Elles souhaitent une aide pouvant aller jusqu'à mars 2021.

- Avoir une admissibilité prévisible qui ne varie pas d'un mois à l'autre.
 - L'idée d'un laissez-passer automatique pour plusieurs mois a été suggérée.
 - Les revenus n'étant plus stables d'un mois à l'autre ou d'un trimestre à l'autre, les entreprises demandent des règles qui assurent l'admissibilité pour plusieurs mois.
 - Les entreprises prennent des décisions à l'avance (par exemple, embaucher tout de suite ou attendre?) alors qu'elles ne connaissent pas encore le résultat de la période.
 - Elles n'aimeraient pas avoir à remettre à pied des employés, plus tard.
- Dans un souci de prévisibilité, les entreprises souhaitent que le gouvernement émette rapidement les nouvelles conditions pour la reconduction du programme.

Le fait de rendre le programme de la SSUC plus complexe serait-il acceptable afin d'élargir l'accès à ce soutien ou de mieux cibler le soutien à apporter à ceux qui en ont besoin?

- La majorité des participants qui se sont exprimés sur la question ont estimé que la complexité serait tolérable dans la mesure où un plus grand nombre de bénéficiaires sont éligibles et y ont accès plus longtemps.
- Cependant, il a été souligné que dans les petites entreprises, la complexité serait un enjeu.
 - Dans le doute, compte-tenu des amendes et pénalités, les employeurs préfèrent s'abstenir plutôt que de se mettre dans les problèmes en demandant la subvention.

Dans quelle mesure les employeurs ont-ils recours à la SSUC pour soutenir les employés mis à pied comparativement à son utilisation comme moyen de paiement des employés actifs? Les employeurs tiennent-ils à maintenir des liens avec les employés mis à pied en maintenant leur masse salariale? Le niveau de soutien accordé aux employés mis à pied devrait-il être le même que celui qui est accordé aux employés actifs?

- Aucun participant n'a abordé cette question.

Quels sont les principaux obstacles à la réembauche des travailleurs ayant récemment perdu leur emploi en raison de la pandémie?

- Certains participants ont souligné que leur non admissibilité à la SSUC retardait le réembauche de travailleurs ayant récemment perdu leur emploi en raison de la pandémie.

Y a-t-il des facteurs particuliers qui empêchent ou découragent les employeurs de présenter une demande de SSUC?

- Certaines entreprises n'auraient pas encore repris leurs activités
 - Leur demande de SSUC pourrait ainsi arriver plus tard

- Certains avocats s'exprimant au nom de leurs clients ont énuméré les raisons suivantes :
 - Beaucoup de craintes par rapport aux pénalités.
 - Plus d'information sur l'administration du programme aiderait à dissiper ces craintes.
 - Des employeurs qui devraient rappeler des employeurs mis-à-pied.
 - Des clarifications seraient souhaitées à cet égard.
 - Des questions relatives aux interactions avec le programme de travail partagé.
 - Des entreprises qui seraient autrement admissibles au programme seraient très pénalisées par rapport à structure de travail partagé.
 - Clarification espérée à ce niveau.
 - Questionnement relatif à la rémunération des travailleurs saisonniers.
 - Des balises et clarifications attendues par les employeurs pour déposer leur demande.
 - Des défis administratifs.
 - Les entreprises qui n'avaient pas un problème de liquidité ont décidé d'attendre pour que les règles soient plus claires.
- Certaines petites entreprises trouveraient la version actuelle du programme complexe.
 - Dans le doute, compte-tenu des amendes et pénalités, les employeurs préféreraient s'abstenir plutôt que de se mettre dans des problèmes en demandant la subvention.

Si vous détenez une entreprise saisonnière, faites-vous face à des difficultés particulières en lien avec la SSUC?

- Les entreprises dans le secteur touristique indiquent avoir des problèmes quant au rappel de gestionnaires saisonniers à cause de la façon dont le programme est ficelé.
 - Elles souhaitent éviter une perte d'expertise et maintenir un cycle touristique.

Comment anticipez-vous l'interaction entre la SSUC et la Prestation Canadienne d'Urgence (PCU) pendant cette période prolongée?

- Difficulté d'embauche du fait de la PCU (notamment la PCU étudiants).
- Arrimage avec la PCU
 - Clarifier les règles et éviter que les programmes se fassent concurrence.
 - Cette concurrence rendrait l'administration complexe.
- Des entreprises ont souligné qu'elles aimeraient utiliser le programme de SSUC plutôt que la PCU .
 - Ce programme leur permet de garder le lien d'emploi avec leurs employés.

- Si la SSUC changeait, les entreprises estiment qu'il faudrait s'assurer qu'il reste un programme qui permet de soutenir le lien d'emploi avec l'employeur.

Autres commentaires

- Les représentants de Finance Canada ont fait quelques commentaires pour notamment :
 - Préciser certaines modifications apportées relativement aux travailleurs saisonniers.
 - Inviter les participants à consulter ce qui a été publié par l'ARC sur les filiales étrangères.

CEWS Consultation – Canadian Tax Foundation (CTF)

(June 2, 2020)

Meeting Participants:

- CTF
- Husky Energy
- Deloitte
- Deloitte
- University of Toronto
- University of Toronto
- University of Calgary

Andrew Marsland FIN

Miodrag Jovanovic FIN

Brian Ernewein – FIN

Maude Lavoie - FIN

Summary:

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?

heard from businesses that despite significant revenue drops, many kept employees on the payroll but still did not apply for CEWS. Reasons speculated upon to explain this lack of take-up are: the potential public portrayal of being perceived as a large corporation receiving government subsidization; and the question of does applying constrain such businesses going forward.

Some participants indicated that the biggest challenge was around the revenue drop/qualifying rules and the complexity of those rules for those MNEs with interconnected entities involving cross-border activities/transfer pricing. The complexity of the rules around qualifying revenue leads to a number of technical questions/general uncertainty and the desire amongst firms to “get it right” can create a delay in applying. Its representative advocated for changes to the rules. No reservations about applying, employees happy to know the firm applied.

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

It was acknowledged that the speed to develop and implement the program was, at the initial stages, essential relative to taking the time to develop a more fine-tuned measure.

A participant mentioned that CEWS inadvertently excluded some businesses due to the way that they are structured.

Academics pointed to the large fiscal cost associated with this type of broad measure. They highlighted challenges that such a broad and generous measure entails when carried out over the medium to long term; namely its “imperfect” targeting, and likely inefficiencies and incentive issues (e.g. employers can access even if no need).

One participant asked whether the government would consider a graduated subsidy rate (i.e. based on a firm's previous years payroll costs) as part of the phase-out of the program. Some participants directly expressed the need for better targeting.

Going forward it was suggested that the main focus of government support should be in the form of direct support to individuals versus indirectly via business.

With respect to the qualifying rules it was recommended that clarification in the form of a public technical note (with examples from Finance) or CRA Rulings/Finance prescriptions/Explanatory Notes would be helpful.

A phase-out versus a cliff approach going forward is not a type of complexity that is considered problematic.

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?

There was broad consensus that a graduated phase-out of the wage subsidy based on lower revenue thresholds was a preferred approach versus the current ‘cliff’ structure.

It was mentioned that if complexity assists businesses to qualify it is likely business would be supportive.

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?

It was questioned whether the CEWS is the best way to assist furloughed workers versus using CERB.

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

Not discussed

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

As highlighted above, it is speculated that that larger corporations may be hesitant in applying for CEWS due to the potential reputational risk attached to larger corporations receiving government assistance and the associated constraints.

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

Not discussed

How do you foresee the CEWS interacting with the CERB over this extended period? Do you have any additional comments about the CERB?

One participant cited that there are disincentive effects to working as in some instances (lower wage workers) it may be more worthwhile taking CERB versus receiving benefits via CEWS.

Going forward it was eluded to that a government support should be in the form of direct support to people versus business.

On participant seemed to suggest that if CERB is made more available/generous than CEWS, companies that have made significant human capital investments in highly mobile people may face retention issues and could lose these investments to competitors.

Other Remarks

One participant praised the government for having the courage and willingness to experiment with a new program and implement it.

One participant expressed appreciation of the speed with which CEWS was put into place.

CEWS Consultation – Imagine Canada (June 4, 2020)

List of Participants

- – Imagine Canada (Moderator)
- – Imagine Canada
- – Imagine Canada
- – Imagine Canada
- – Ottawa Community Foundation
- – Muslim Association of Canada
- – Praxis Spinal Cord Institute
- – Ontario Nonprofit Network
- – Neil Squire Society
- – YMCA Canada
- – The Salvation Army in Canada
- – Canadian Association of Gift Planners
- – Pathways to Education Canada
- s.19(1) • – Action Against Hunger
- – CNIB
- – The Canadian Women's Foundation
- – St. Paul's Foundation of Vancouver
- – SickKids Foundation
- – Foodbanks Canada
- – PolicyWise for Children & Families
- – Big Brothers Big Sisters of Canada
- – Big Brothers Big Sisters of Canada
- – Centre for Israel and Jewish Affairs
- – Centre for Israel and Jewish Affairs
- Andrew Marsland – FIN
- Miodrag Jovanovic – FIN
- Brian Ernewein – FIN
- Maude Lavoie – FIN

Consultation 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?

- Several participants highlighted concern over eligibility for the CEWS as grants and fundraising occur over short windows in a given year, which could result in comparisons between periods suggesting that revenues have not declined.
- Some participants suggested that based on the generosity of their communities that many of their members do not currently meet the 30% drop-in-revenue

threshold. However, expenses have risen due to higher demand for their services and higher costs of providing services (e.g., to accommodate safety measures).

- Some participants indicated they earn a meaningful proportion of their income from investments. They are concerned that this income may be at risk and is not included as qualifying revenues for determining eligibility for the program.
- Some participants are seeking greater clarity in the treatment of separate business units or departments within an organization.
- A participant suggested there has been confusion about what qualifies as revenue, which has led their organization to seek advice.
- A participant noted that they derive a significant amount of their income from investments that have realized significant changes in value recently. They are concerned about how this interacts with eligibility for the CEWS.
- A participant noted that their organization takes on all the risks and responsibilities involved with raising money on behalf of the entities that they support. As eligibility is currently determined, they are unable to apply on behalf of the entities they support and these entities are ineligible as their funding is still stable. They suggest access to the measure is necessary to avoid layoffs.
- A participant was concerned about being reassessed by the CRA if they made mistakes in their application such as not providing enough information.
- A participant cited challenges accessing the program initially as they lacked a business number with which to access the web portal to make an application.
- A participant cited challenges accessing the program due to a requirement for payroll to be handled internally by the applicant organization. They ask that instances where payroll can be clearly segregated via records at a public institution that is handling payroll processing to be allowed access to the subsidy.
- A participant reported some members representing private schools and summer camps have been unable to access the CEWS as they have not experienced the requisite revenue declines in one month, but they expect to within a twelve month period.
- A participant noted concern over the 14-day rule, as it they believe it will required that employees go without pay for two weeks when an employer has insufficient cash with which to compensate employees.

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?

- Several participants noted concerns over access to the CEWS for their organizations due to the 30% drop-in-revenue threshold. In general, there was a desire to see this threshold change to allow for easier access to the program for charities and non-profits.
 - It was suggested consideration be given to a graduated approach to accommodate organizations that realize lesser revenue declines.

- It was suggested that the uneven occurrence of revenues throughout the year be considered in the program's design moving forward. A proposed solution is to allow for year-over-year comparison of revenues.
- Several participants suggested the CEWS would be needed to support charities and non-profits over the long term. Some participants requested that the Government extend the program for two years.
- A participant requested that the Government consider eligibility for other business arrangements in the non-profit sector.
- A participant asked that the government establish a process for amending claims after they are made.

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?

- Almost all participants expressed at least some concern over the existing complexity of the program. In general, there was a desire to reduce complexity.
- A participant suggested that simplifying the subsidy calculation for charities and non-profits is needed to provide certainty as to when they will qualify and to help them plan.

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?

- (No discussion)

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

- (No discussion)

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

- While many challenges accessing the program were shared, participants or their member organizations either have applied for the program or are in the process of applying.

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

- None of the participants suggested their operations were seasonal. However, there are seasonal patterns in the flow of revenues that are a major concern for participants.

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?

- (No discussion)

CEWS Consultation – Retail Council (May 29, 2020)

Profile of Participants

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- – Retail Council (Moderator)
- – Hudson's Bay
- – Indigo
- – Harry Rosen
- – Cineplex
- – Long & McQuade
- – Restaurant Brands International
- – Canadian Tire
- Andrew Marsland – FIN
- Miodrag Jovanovic – FIN
- Brian Ernewein – FIN
- Maude Lavoie – FIN

Consultation 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?

- Several participants expressed concern over the current revenue threshold as it represents a cliff that could encourage adverse behaviour by businesses (e.g., limiting operations to restrict revenue earning potential) and could lead to layoffs.

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?

- Several participants suggested that a ramp structure or sliding scale would resolve adverse behavioural outcomes (e.g., reducing business hours to reduce revenues) by accounting for differing levels of hardship between businesses.
 - A participant noted that the certainty provided by a smooth ramp or sliding scale is valuable to businesses. Further, they suggested that a smoother scale provides greater certainty.
 - A participant noted that a straight-line is preferred over tiered cliffs to prevent adverse behaviour by businesses near the boundaries of cliffs (e.g., closing stores/restaurants early to manage revenue earned).
 - A participant noted that marked steps or cliffs do not provide predictability and as a result does not support maintaining a workforce going forward.
 - A participant noted large businesses could have low-performing units that as the overall business becomes no longer eligible due to improving revenues, would result in layoffs within the low-performing unit. As a result, they favour graduated eligibility thresholds.

- Several participants noted that there would be variability in the duration of challenges realized by businesses, and, as a result, businesses will bring people back at different rates with some benefitting from the subsidy and others not.
 - As a solution, a participant suggested allowing the subsidy to expire at different periods for different businesses.
 - Another solution offered involved using a cumulative loss method where eligibility is accrued based on business losses.
- A participant noted they want to see the recovery version of the measure begin soon, and do not wish to see the program extended for another period as it is currently designed.
- A participant suggested adjusting the baseline periods (e.g., January-February period) will be necessary when moving forward to ensure the relevant periods are compared.

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?

- Several participants suggested that even though a smoother ramp or sliding scale will likely result in additional compliance burden, it is the ideal approach.
- A participant cautioned that the speed with which benefits are received by businesses is important and should be a consideration when adding additional complexity.

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?

- A participant noted they access the CEWS for furloughed workers, and that they did bring in furloughed employees at times to complete certain work (e.g., to participate in ventilator production programs, repairs and maintenance).
- A participant noted that access for furloughed workers has been a “huge win” and asked that access to the program continue for these workers.
- A participant noted that some business owners lack the available cash with which to pay employees before receiving benefits from the CEWS (i.e., they would need to receive benefits before rehiring).
- A participant cautioned that if a business needs to furlough an employee, then there must not be revenues coming in with which to pay these employees.
- A participant noted that in sectors where margins are thin (e.g., restaurants), there are currently insufficient sales to support furloughed workers.
- A participant indicated that the CEWS is a good substitute for the CERB for furloughed workers that would receive more on the CEWS than the CERB.
- A participant noted that instead of a sliding scale for furloughed employees, a proportion of furloughed employees could be eligible for the full subsidy

commensurate with the decline in revenues the business has endured. The subsidy for active workers would employ a sliding scale.

- A participant noted that a scaled benefit for furloughed workers could be challenging, as it will depend on the extent of the recovery for the business and the variability in capabilities of employees.
- A participant suggested the issue of furloughed workers is not as important as implementing a sliding scale for the subsidy, which will provide the clarity needed for rehiring.

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

- With regard to the 14-day rule, one participant noted that businesses delayed rehiring in mid-May until early June as they attempted to avoid having to pay employees when they were unable to complete any work.

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

- (No response/discussion)

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

- A participant noted that they are concerned about this year's holiday season, suggesting that without the CEWS they will be unable to hire the normal level of seasonal staff. They are seeking clarity from the Government on what supports will be available during the holiday season.

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?

- Several participants noted challenges in getting workers back to work while the CERB is available.
 - A participant noted that they have employees who have indicated they would prefer to remain on the CERB until their benefits run out.
 - A participant noted that they received requests from employees for leaves of absence in order to access the CERB, and are having difficulty getting these workers to return to work.

Other Remarks

- Many of the participants noted concern over the duration of the CEWS since they see a long, slow recovery ahead of them, as there will likely be a long wait for consumption to return to normal. As a result, they feel a program such as the CEWS may be needed to support them.
 - A participant noted that some restaurants and retailers might not be profitable until they reach 90% of normal sales.

CEWS Consultation - Restaurants Canada

(June 3, 2020)

Meeting Participants:

– Restaurants Canada

Representative – Yum Brands (KFC/Pizza Hut/Taco Bell)

- Recipe Unlimited (Keg/Swiss Chalet/Harveys)

– Starbucks Canada

– (a multiple franchisee owner)

Andrew Marsland FIN

Miodrag Jovanovic FIN

Brian Ernewein – FIN

Maude Lavoie - FIN

Summary:

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

indicated that they see CEWS as a long term recovery tool as they anticipate a slow recovery to pre-Covid revenue levels. Modifications to CEWS should be considered to scale the benefit as revenues recover.

One participant noted that CEWS was critically important given the steep drop off in revenues (70%) and the uncertainty around rents. Assistance will still be required as revenues recover towards 5-10% from pre-Covid levels. Extension of CEWS should be based on 2019 benchmark outcomes.

Additionally, one participant reported that the current revenue threshold does not take into account added costs/impacts on profit margins associated with operating in the current environment (added cleaning regimes, PPE costs). Going forward assistance should be scaled to provide assistance based on lower revenue thresholds in a way that creates incentives for business to continue to recover.

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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?

It was generally acknowledged that added complexity would be reasonable and support a sloped (vs stepped) scaling of the wage subsidy based on lower revenue threshold levels.

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?

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One participant cited many independent franchisees did not utilize the furlough component; as it had already laid-off employees; and, was not economically worthwhile to bring back given the shutdown and the lack of clarity on rent abatement.

One participant indicated the furlough component was used for corporate stores, kept all employed at 100% of pay even though 70% of stores closed. CEWS allowed them to keep on employees for longer than would have been possible under its current in-house "catastrophe" program.

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

It was indirectly eluded to that the level of economic activity and the competition between various government supports could be an issue.

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

Lower than anticipated take up can be associated with two issues:

- Industry was hit harder than anticipated. As most stores were closed or not enough hours available, many determined that it was not worthwhile to use CEWS.
- Unintended consequences of the CERB -- difficult to retain employees if they could earn just as much or more on CERB than working.

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

Not discussed

How do you foresee the CEWS interacting with the CERB over this extended period? Do you have any additional comments about the CERB?

As mentioned above, one of the reasons offered for the lower than anticipated take up in CEWS is the interplay of the CERB with the CEWS.

Consideration should be given to building in an offsetting mechanism to address the current interaction of the CEWS and CERB to incent employees to work versus collect CERB.

Other Remarks

A number of participants thanked the government for the CEWS program as being extremely helpful. Indicated the recovery to pre-Covid 19 revenue levels will be slow and assistance will be needed for some time.

One participant highlighted the point that the government should be mindful of the geographical unevenness of the recovery given the changing consumption patterns (urban versus suburban) and to be careful of potential unintended consequences of ending CEWS too early/abruptly based on top-line revenue indicators.

One participant reported that CEWS allowed the company to invest in training, safety and mental health supports.

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CEWS Consultation – Canadian Manufacturers & Exporters (June 2, 2020)

List of Participants

- – CME
- – CME
- – CME
- – Arcelor Mittal
- – AVIT Manufacturing
- – Toyota
- – Alps Welding
- – Tenaris
- – AGS Automotive
- Andrew Marsland – FIN
- Miodrag Jovanovic – FIN
- Brian Ernewein – FIN
- Maude Lavoie – FIN

Consultation 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?

- A participant cited challenges with the qualifying rules as the company experienced significant revenue losses but did not qualify as their revenues are from non-arms' length parties. From their perspective, this issue puts their business at a structural and competitive disadvantage.
- A participant suggested there are cash flows issues for SMEs, which make it difficult to remit payroll deductions and a month of payroll, and then wait for the subsidy. They suggested removing the need to remit payroll deductions if an employer has been assessed as eligible for the CEWS, and the potential for considering other instruments that work in harmony with the CEWS to better support SMEs.
- A participant cited the 14-day rule as a barrier to rehiring employees, and suggested this rule should be loosened.
- Some participants noted that because of the current all or nothing design of the CEWS, they would likely have to layoff employees in upcoming quarters based on their forecasts.
- Some participants cited the wage cap of \$847 as an issue for those employees who are highly skilled and well paid, as was suggested to be the case for manufacturing workers. For these workers, the wage subsidy may cover only half of their wages at the limit.

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?

- CME emphasised that the program cannot end abruptly. A recent survey of manufacturers by CME suggests that the CEWS is a vital lifeline for manufacturers with over half of those surveyed having applied for and/or are receiving the CEWS (more than any other government program).
- CME recommends extending the CEWS beyond August 29 and perhaps into 2021. The CME sees the program in two phases:
 - Phase 1: From now until August 29, they recommend maintaining the current rule allowing employers to qualify for a following period if they already qualified for the prior period. At this time, the Government could also begin lowering the qualifying revenue decline threshold for current CEWS recipients toward the original 15% threshold.
 - Phase 2: From August 29 and beyond, they recommend a sunset review date for the program of January 1, 2021, which will involve adopting a review mechanism and adapting the CEWS based on economic conditions. In this phase, they recommend basing the calculation of the subsidy on time (a scheduled threshold and corresponding subsidy decline every period) and/or improving revenues (every percentage improvement in revenue comes with a corresponding decline in the subsidy) grid.
 - If economic circumstances warrant the phase out of the program, they recommend a gradual winding down of the program.
- Several participants asked for clarity with respect to the gradual phase-out of the program. It was suggested that there is a need for the government to set clear parameters in order to provide visibility and certainty for manufacturers
- With regard to the use of a sliding scale applied to the revenue threshold and subsidy benefits, participants expressed support for this approach, but also noted concern over design elements of such a mechanism:
 - Some participants suggested that a lower threshold or sliding scale should only apply to current CEWS recipients, and that new applicants should still need to meet the 30% drop-in-revenue criteria for their initial application to the program. These participants argue the 30% threshold is there to measure significant hardship on the part of businesses, and should be maintained for initial applications to ensure only those in need have access to the program. They are concerned that businesses that never reach the 30% threshold, but are able to enter the program at a lower threshold may not have ever been in real need, thus drawing the integrity of the program into question.
 - A participant noted that any changes to eligibility criteria should not exclude new applicants as the timing of any pandemic-related revenue impacts on some businesses may not have occurred as of yet.

- A participant indicated that expenses tend to scale with revenues for their business, which suggests a sliding scale would be effective in allowing them to maintain employment.
- A participant explained there have been a number of stop-starts to their workflows that is indicative of bumpy road ahead, which may require flexibility. They suggest accounting for the different experiences of varied businesses by allowing comparison against the average of the January-February 2020 period, year-over-year, or month-over-month.

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?

- Participants noted that it is generally harder to get small companies into the program, and to include them would generally result in greater complexity.
- Participants noted that complexity is generally undesirable, but that fine-tuning and adjustments may be reasonable, particularly as the rules and legislation only cover to the end of the qualifying period.
- Participants generally felt that added complexity was warranted to replace the current all-or-nothing criteria with a sliding scale. They noted that this approach would likely be more burdensome for smaller employers.

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?

- A number of participants stated that they have retained most of their employees due to the CEWS, but have preferred to keep many employees active by repurposing them or rotating employees between furlough and active employment. Generally, it was felt by participants that the CEWS is more valuable to them for active employees than it is for inactive employees.
- Several participants noted that the CEWS is essential in order to maintain the employer-employee relation. As a result, there is a desire to retain at least some of the program's benefits for furloughed employees.
- In response to a question on whether employers would retain furloughed workers with a reduced subsidy, some participants responded that they would have to revisit their employment circumstances and that this will also depend on any redesign of the program's elements (e.g., use of a sliding scale).
- A participant noted that with higher wages paid to manufacturing workers, it might be necessary to increase the weekly subsidy limit for inactive workers to ensure businesses can afford to keep them furloughed. It was noted that these high wages mean it is hard to cover labour costs when employees are inactive.

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

- (No discussion)

Are there specific factors that are preventing or discouraging employers from applying for the CEWS?

- (No discussion)

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

- (No discussion)

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?

- (No discussion)

Other Remarks

- Many participants thanked the Government for the CEWS program, noting that it helped many of them avoid substantial layoffs.
- CME noted that a recent survey of manufacturers suggests these businesses are generally pessimistic and uncertain about the near term.
 - Due to the nature of the manufacturing sector, manufacturers are still working through orders received pre-COVID-19. As orders have declined over the past few months, the full impact of the pandemic may not be realized until the summer. As a result, CME believes there may be a prolonged need for support among manufacturers, even while other sectors begin to recover.
- CME noted that other tools might be necessary as not all manufacturers and businesses are impacted equally and more assistance may be needed should economic conditions worsen.
- A participant noted they have received funding from the Strategic Innovation Fund for investments in capital assets that will improve their competitiveness. They recommended that the Government consider the interaction of the CEWS with programs to support competitiveness-enhancing capital investments to support the economic recovery. They believe such an approach would multiply the effect of the CEWS.

**Pages 627 to / à 639
are withheld pursuant to section
sont retenues en vertu de l'article**

69(1)(e)

**of the Access to Information Act
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