

Joleen Kaminski

From: CLRInfo
Sent: May 11, 2020 9:12 AM
To: Ken McCormack
Cc: Paul Strangway; Joleen Kaminski
Subject: COVID 19 Update: May 11

CLR Members,

I hope you all had a great weekend and managed to enjoy the amazing weather, but in a safe and healthy way.

This is National Nurses Week. If you know a nurse, thank them for their incredible service to us and our communities!

As a warning to Canadians as provinces start to re-open their economies the Prime Minister is quoted today with the following:

“Let caution and medical advice be your guides. We are all anxious to see life go back to something that looks more like normal, but we are not out of the woods yet. And we can not squander the sacrifices we have made over the past two months. So, when in doubt, if you can, stay home, avoid gatherings, wash your hands frequently and thoroughly, and maintain two metres distance from everyone else.”

Federal Update

The federal government announced a new program today designed to support businesses so they can keep their workers on the payroll and weather this pandemic.

- *The Large Employer Emergency Financing Facility (LEEFF) for companies with annual revenues over \$300 million, will provide bridge financing to Canada’s largest employers, whose needs during the pandemic are not being met through conventional financing, in order to keep their operations going. The objective of this support is to help protect Canadian jobs, help Canadian businesses weather the current economic downturn, and avoid bankruptcies of otherwise viable firms where possible. This support will not be used to resolve insolvencies or restructure firms, nor will it provide financing to companies that otherwise have the capacity to manage through the crisis. The additional liquidity provided through LEEFF will allow Canada’s largest businesses and their suppliers to remain active during this difficult time and position them for a rapid economic recovery.*
- *Key guiding principles in providing support through the LEEFF, include:*
 - *Protection of taxpayers and workers: Companies seeking support must demonstrate how they intend to preserve employment and maintain investment activities. Recipients will need to commit to respect collective bargaining agreements and protect workers’ pensions. The LEEFF program will require strict limits to dividends, share buy-backs, and executive pay. In considering a company’s eligibility to assistance under the LEEFF program, an assessment may be made of its employment, tax, and economic activity in Canada, as well as its international organizational structure and financing arrangements. The program will not be available to companies that have been convicted of tax evasion. In addition, recipient companies would be required to commit to publish annual climate-related disclosure reports consistent with the Financial Stability Board’s Task Force on Climate-related Financial Disclosures, including how their future operations will support environmental sustainability and national climate goals.*
 - *Fairness: To ensure support across the Canadian economy, the financing is intended to be applicable to all eligible sectors in a consistent manner.*
 - *Timeliness: To ensure timely support, the LEEFF program will apply a standard set of economic terms and conditions.*

- *In addition, the federal government announced an expansion to the Business Credit Availability Program (BCAP) to mid-sized companies with larger financing needs. Support for mid-market businesses will include loans of up to \$60 million per company and guarantees of up to \$80 million. Through the BCAP, Export Development Canada (EDC) and the Business Development Bank of Canada (BDC) will work with private sector lenders to support access to capital for Canadian businesses in all sectors and regions.*
- *The government will continue to provide financing to businesses through Farm Credit Canada, the BDC, and EDC, including through the Canada Account. This will ensure the government is able to respond to a wide range of financing needs, including for some large employers facing higher risks, with stricter terms in order to adequately protect taxpayers.*

These measures are part of the Government of Canada's COVID-19 Economic Response Plan, which has helped protect Canadian jobs, and committed billions in support to Canadians and businesses facing hardship as a result of the pandemic. This includes an extension on the Canada Emergency Wage Subsidy, which allows businesses to keep workers on the payroll. The government will continue to monitor and respond to the wide-ranging impacts of COVID-19, and take additional actions as needed to protect the health and safety of Canadians and stabilize the economy.

Here is the link to the federal government's release:

<https://pm.gc.ca/en/news/news-releases/2020/05/11/prime-minister-announces-additional-support-businesses-help-save>

For information on the BCAP:

<https://www.canada.ca/en/departement-finance/economic-response-plan.html#businesses>

Critics to the new LEEFF program are saying that the program falls short of the support requested by large companies like airlines and those in the oil and gas sector. They say their need is greater than most and they need specific assistance, not a program available to all. They say this program will do nothing to assist them.

In his daily address, the Prime Minister announced the LEEFF program and the expansion of the BCAP. He called it the next phase in the federal government's efforts to support Canadian businesses. He cautioned businesses that the LEEFF is a transition funding program (not bail outs) to help businesses avoid bankruptcy. It is not to help companies who are not profitable, who would use it to restructure, or who do not need it. He also highlighted some of the conditions of the funding (see news release above). In response to the continued questions from reporters during this pandemic with the announcement of each federal government business support program, the PM made it clear that the LEEFF program will require large business applicants to provide full disclosure on their finances and past taxation compliance.

Stay safe and well!

Sincerely,

Ken McCormack | President & CEO

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