



Canadian Construction
Association
Association canadienne
de la construction

April 5, 2020

The Right Honourable Justin Trudeau
Prime Minister of Canada
80 Wellington Street
Ottawa, ON K1A 0A2

Re: COVID-19

Dear Prime Minister Trudeau,

We know the Government of Canada understands that the impact of COVID-19 on construction contracts and contractors is unprecedented. This is an extraordinary situation and the construction industry is asking governments at all levels for extraordinary consideration to relieve some of these impacts on the industry and help ensure that the industry is there with capacity to build Canada into the future.

The federal government has hundreds of critical projects that are already in progress or need to be maintained. Many of these are essential to the well-being of our citizens, including defence, security, infrastructure and the administration of justice and government. The highest focus of the construction industry is on the health and safety of our workforce, their families, colleagues and communities. Provided sites remain compliant with the requirements and guidance of public health authorities we urge you to continue with these projects, as well as continue with the tendering and awarding process. Should this construction activity come to a halt, given the scale of employment of our sector and the impact on quality of life daily of Canadians, there would be an immediate impact on the social and economic development of the country.

In our letter to you on March 21, 2020 we asked specifically for Canada to make *“A clear statement, supported by future legislation, addressing how the Government of Canada will treat delays, project disruptions and other COVID-19 related costs under the provisions of federal contracts, as well as leadership in dialogue with provincial authorities on developing a consistent approach on this issue.”*

We acknowledge and appreciate the dialogue we have had with Public Service and Procurement Canada (PSPC) and Defence Construction Canada (DCC) on this and acknowledge the communication by DCC on the subject of reasonable schedule extensions. Unfortunately, this is not enough.



Construction companies urgently need both reasonable extensions of time and schedule relief for COVID-19 related project delays, and they need compensation for reasonable additional COVID-19 related costs including project staff and overhead.

It is not possible at this time to fully quantify the duration of the COVID-19 disruption or the resulting delay and cost impact. Therefore, on behalf of the industry and our members, CCA is asking for provisional relief to be granted to the industry. There will be a time to consider whether this first step is adequate or extends long enough, but at this point in time CCA is asking the Government of Canada and its procurement agencies, urgently to:

1. Confirm that under Federal contracts, notwithstanding the provisions on a contract, the Government of Canada will agree to give reasonable schedule extensions and relief from schedule and milestone delays caused by the COVID-19 pandemic;
2. Create an *Emergency COVID-19 Construction Cost Reimbursement Program* under which, on each Federal contract and notwithstanding the provisions of a contract, the Government of Canada will reimburse additional costs incurred by a contractor that are caused by the COVID-19 pandemic, where these costs are incurred after March 15, 2020. Eligible costs would not be limited to but would, as examples, include the following categories:
 - a. Additional health & safety costs;
 - b. Site security and maintenance costs;
 - c. General conditions;
 - d. Extra insurance and bonding costs;
 - e. Demobilization costs for the prime contractor, including demobilization costs paid by a prime contractor to its subcontractors, suppliers and manufacturers;
 - f. Costs incurred to maintain reasonable delivery dates for project materials and equipment, including cost premium for alternatively sourced material due to supply chain interruptions;
 - g. Additional cost to make up lost and reduced productivity related, for example, to time devoted to cleaning and protective activities, compliance activities and briefings, and reduced labour productivity due to distancing and related measures;
 - h. Extended project and site rentals;
 - i. Project-related overhead costs;
 - j. Reasonable remobilization costs; and



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k. Other reasonable COVID-19 related costs.

This would clearly require reasonable record keeping, documentation and a degree of good faith on the part of both industry and the Government of Canada. There would also be an expectation that each contractor should provide the Government of Canada with reasonably prompt notice that they are incurring COVID-19 related delay and additional costs and that they are asking for relief under this program. Also, it would need to be clear that reimbursement under this Emergency Program would be in addition to, and not diminish normal entitlements under the terms of any contract.

We understand the challenge to the Government of Canada in providing an open-ended program and, on a provisional basis, CCA would recommend that eligible costs be reimbursed up to 5% of the contract value as a starting point, subject to the program being adjusted as the duration and full impact of COVID-19 become more clear over time.

Again, we acknowledge and appreciate the speed at which the Government of Canada is trying to implement programs that can ease the impact of COVID-19 on all sectors of the Canadian economy. In providing you with this specific proposal we are hoping to facilitate these efforts.

We urge the Government of Canada to take these steps immediately, both to provide relief for contractors on Federal contracts, but also, and just as importantly, to provide leadership to provincial, municipal and private sector project owners in creating cross-industry relief to the construction industry that will help ensure that the construction industry continues to be able to provide capacity to build the infrastructure that keeps Canada healthy.

A handwritten signature in blue ink, appearing to read 'mvb'.

Mary Van Buren
President

C.C.

Hon. Chrystia Freeland, Deputy Prime Minister and Minister of Intergovernmental Affairs
Hon. Anita Anand, Minister, Public Services and Procurement Canada
Hon. Bill Morneau, Minister of Finance
Hon. Catherine McKenna, Minister of Infrastructure and Communities
Hon. Jean-Yves Duclos, President of the Treasury Board