

## **5 Canadian Economic Response Plan Options for Employers:**

We are frequently asked about which economic response plan options for employers are available and which should be used. Below is a snap shot of the economic response plan options and our thoughts on who should use them.

### **1) CEWS (Canadian Emergency Wage subsidy.)**

This is a wage subsidy for eligible companies. It has a fixed timeline (March 15th to June 6th.) It's primary function is for companies to keep their workforce employed:

#### **Who should use this:**

ANYONE who is eligible. ([For eligibility click here.](#)) The idea behind this program is to keep Canada working and keep Canadians employed.

As this is a wage subsidy it means you have to have the cashflow to be able to make payroll first.

#### **Why would my company use this:**

Faster return to work when lock down restrictions are relaxed.

Increased productivity.

Cost of rehiring/replacing existing workforce.

Value to retained company knowledge.

It gives your employees purpose and security - which all impact mental health and wellbeing.

Your employees can potentially make a living closer to what they made before the pandemic AND higher than CERB.

Your employees are also eligible for training grants during this time, so use this time to up-skill your team.

For more info on the [CEWS](#) read here

## **2) Temporary 10% Wage Subsidy**

The Temporary 10% Wage Subsidy is a three-month measure that will allow eligible employers to reduce the amount of payroll deduction required to be remitted to the Canada Revenue Agency (CRA).

### **Who should use this:**

ANYONE who is eligible.

### **Why would my company use this:**

The government is offering you an opportunity to reduce your operating costs and keep cash in your bank account.

## **3) The EXTENDED Work Sharing Program.**

The Government has extended the work sharing program duration to 76 weeks.

### **Who should use this:**

Companies who have seen a dramatic reduction in their work and/OR companies who are not eligible for the CEWS.

Companies should consider this program if they anticipate their business slow down to last longer than June 6th. This a key program to roll returning employees onto, if and when, the CEWS finishes.

This will provide income support to employees eligible for EI who agree to reduce their normal working hours because of developments beyond the control of their employers.

### **Why would my company use this:**

If companies do not have the cash flow to utilize the CEWS this is an alternative option to keeping your employees and workforce working.

Do you anticipate your downturn in amount of work the company has exceeding June 6th?

The workshare program allows you to keep your employees working after that in a shared capacity.

Faster return to work when lock down restrictions relaxed.

Increased productivity and motivation.

Cost of rehiring/replacing existing workforce.

Value to retained company knowledge.

It gives your employees purpose and security. These impact mental health and wellbeing.

Your employees can make a living closer to what they made before the pandemic AND higher than CERB

For more info on the [workshare program read here:](#)

## **Other additional Funding under the Economic Response Plan:**

### **4) Innovation Assistance Program (IAP) DEADLINE Action required 29/4/2020**

April 17, 2020, Government of Canada announced \$250 million funding to the Innovation Assistance Program (IAP). IRAP IAP provides a wage subsidy to eligible employers for up to 12 weeks. Small to Medium sized Enterprises pursuing technology-driven innovation who have been unable to secure funding under the [Canada Emergency Wage Subsidy](#) (CEWS) are eligible and can apply for financial assistance under IRAP IAP.

[Register here](#) starting on April 22, 2020, at 7 am EDT / 4 am PDT until April 29, 2020, at 11:59 pm.

### **Who should use this:**

Companies that are not eligible for the CEWS and are pursuing technology driven innovation.  
Be a Canadian SME, incorporated and profit-oriented.  
Have 500 or less full-time employees.  
Have the objective to grow and generate profits through the development and commercialization of innovative, technology-driven new or improved products, services, or processes in Canada.

### **Why would my company use this:**

The intention is to help companies keep people employed.  
You have a highly skilled workforce and you need to keep your talent employed.  
Cost of recruitment for rehiring this workforce is high.  
Protecting company knowledge and keeping the skills in house.  
Company can ramp up to full time faster when lock down is over.  
You have an innovative project that will improve the Canadian economy and benefit the recovery from COVID-19.  
Have the objective to grow and generate profits through the development and commercialization of innovative, technology-driven new or improved products, services, or processes in Canada.

## **5) Business Credit Availability Program (BCAP)**

### **a) The Canada Emergency Business Account (CEBA)**

CEBA provides much needed credit for small businesses to pay for immediate operating costs. The CEBA is 100% funded by the Government of Canada.

This is available to Canadian employers with \$20,000 to \$1.5 million in total payroll in 2019, and operating as of March 1, 2020. This includes smaller (i.e., micro) businesses and other eligible employers, such as not-for-profits.

Under CEBA, financial institutions will be able to provide interest-free credit facilities of up to \$40,000 to eligible businesses.

Repay the loan by December 31, 2022, 25% (up to \$10,000) forgiven.

Repay the loan by December 31, 2022, then the remaining balance is converted to a three-year term loan with 5% interest.

This program is now available at various financial institutions and credit unions.

## **b) EDC Loan Guarantee for Small and Medium-Sized Enterprises**

This program provides credit and cash flow term loans to small and medium-sized enterprises, financially viable businesses. It allows financial institutions to issue operating credit and cash flow term loans of up to \$6.25 million to existing clients, with 80% guaranteed by EDC.

This program is now available at various financial institutions and credit unions.

## **c) BDC Co-Lending Program for Small and Medium Enterprises**

This program provides term loans to financially viable companies for operational and liquidity needs of businesses, which could include interest payments on existing debt.

The program is designed in three segments to target support to different business sizes.

Loans of up to \$312,500 to businesses with revenues of < \$1 million.

Up to \$3.125 million for businesses with revenues between \$1 million and \$50 million.

Up to \$6.25 million for businesses with revenues > of \$50 million.

Loans would be interest-only for the first 12 months, with a 10-year repayment period.

Applications details will be made available in the days to come by financial institutions.

**For more support navigating the Economic Response Plan, reach out to [izzie@blankslate.partners](mailto:izzie@blankslate.partners).**