



March 17, 2020

Premier Jason Kenney

Dear Premier Kenney:

Re: Construction Industry Feedback on COVID

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Edmonton, AB T5S 2J5
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Thank you and your Ministers for hosting the March 17th teleconference with business groups, inviting feedback on the unfolding COVID-19 outbreak. Your Government's leadership and speedy response is appreciated, especially given the unprecedented nature and speed of the outbreak.

As I shared on the teleconference, construction accounts for 8% of Alberta's GDP and employs one in ten working Albertans. Employment peaked in 2015 and has declined in line with reductions in investment. Accounts receivable in excess of 70 days is common, indeed, the industry appreciates Service Alberta Minister Glubish initiating a review of construction payment legislation. Balance sheets are weak, and improved liquidity through increased access to credit may not be feasible or applicable.

Major concerns that have been raised by our member firms:

(1) Contractual completion / default / costs

Construction is project-based with complex sequencing of an entire supply chain. Contractors only get paid on each progress claim based upon actual work performed. Many contracts will not contemplate disruptions due to:

- key project personnel not being available. This includes delays in permits and inspections, difficulties in workers being able to update certifications and access the site
- delays in deliveries of key items, that cause schedule delays and potential escalation of costs passed on by suppliers due to disruptions in their supply chains
- unanticipated "impact cost" increases from schedule interruptions and demobilizing then remobilizing the workforce

ACA appreciates your assurance to clarify whether construction sites fall within the 50 person limitation on public gathering.

ACA has been working with a member law firm and anticipates sharing advice on some of these issues with our membership in the next few days.

Serving Members of:





(2) 14 day protected leave under Employment Standards Act

Given the current financial situation facing construction, contractors and suppliers are not in a position to absorb the cost of these leaves. ACA appreciates Minister Toews response shortly after you left the call that this cost may be borne by Employment Insurance (EI) rather than the employer.

(3) EI payments insufficient to cover employee bills

Many construction employees have significant financial obligations (mortgage or rent, child care) that EI will be insufficient to cover. We are requesting that federal and provincial governments act to assist our employees with these costs.

Premier, ACA welcomes your intention to provide significant additional investment in infrastructure as an essential tool of economic recovery. ACA would welcome the opportunity to work with all levels of Government to address appropriate forms of project procurement and delivery, and contractual terms given the potential consequences on supply chains and cost as the global economy moves from recession to significant stimulus.

Sincerely,

A handwritten signature in black ink, appearing to read "K Gibson".

Ken Gibson
Executive Director

cc. Travis Toews, Minister of Finance
Prasad Panda, Minister of Infrastructure