



13 January 2021

Honourable Chrystia Freeland
Minister of Finance
House of Commons
Ottawa, ON K1A 0A6
Chrystia.Freeland@parl.gc.ca

Re: CESSCO Fabrication & Engineering Ltd. and the Canada Emergency Wage Subsidy

Dear Minister Freeland:

I am writing today with an urgent plea for you to close a loophole in the Canada Emergency Wage Subsidy (CEWS) that is allowing at least one Alberta company to use federal relief money to help break a union and keep over 20 highly-skilled tradespeople out of work; outcomes which we are sure your government never envisioned and which we are confident you don't condone.

The company in question is CESSCO Ltd., a metal fabrication shop in the federal Edmonton-Strathcona constituency. This company has a long, storied history of helping to build industrial components that have powered the Alberta economy forward, especially in the oil and gas sector.

For decades, CESSCO has been a union shop with some of the most highly-skilled tradespeople in the business. However, since June 2020, after 2 ½ years of bargaining, CESSCO locked out its workers. These workers are represented by the International Brotherhood of Boilermakers Lodge 146 (IBB 146).

It's important to note that these workers were not asking for wage or benefit increases. All they wanted was their old contract renewed without changes, even after going five years without any wage increases. But the company decided to use the pandemic and the oil and gas recession along with new, anti-worker laws recently enacted by the provincial government, in an effort to force the workers into accepting 10 percent wage cuts and a roll back of over 50 percent for pension contributions. I am also convinced that the company is using the lockout as a strategy to break the union and end workplace representation for employees entirely.

I want to make it clear that we applaud and fully support the efforts that your government is making to help workers and businesses through the pandemic. The CEWS and the Canada Emergency Recovery Benefit (CERB) have both been vital lifelines for individuals and the economy. Without these programs, many Alberta workers would have seen a catastrophic drop in wages and the overall economy would have come to a grinding halt. I also understand that time was of the essence when you implemented these programs, so it is not surprising to us that some details may have been missed when finalizing administrative details.

With this letter, I humbly submit that the subject of giving support to firms embroiled in lockouts was inadvertently overlooked when you were establishing the eligibility criteria for CEWS. With that in mind, I am asking you to remedy that oversight by introducing new criteria that would prohibit employers who have locked out their workers, from receiving federal money

through the program. I further request that you require CESSCO, and other firms involved in lockouts, to pay back the money they received from CEWS.

To put it bluntly, I believe that tax dollars should not be given to employers who have locked out their workers. In the case of CESSCO, I have no doubt that the CEWS money has been used to subsidize the use of replacement workers; and it has likely been used to offset the costs of lawyers and security firms, who have been working hard to prolong the lockout and “starve the workers out”.

To put it another way, the CEWS money is essentially being used to subsidize CESSCO’s dirty work during the lockout. It’s giving them a pot of money to hire scabs, anti-union security personnel and lawyers, to help drag on the lockout and break the union. The intent of the CEWS is to protect jobs. Our fear is that, in the case of CESSCO, it is being used to kill jobs and strip workers of their constitutionally protected right to workplace representation – both outcomes that I am sure you would oppose.

While your government may have made an honest oversight when drafting the eligibility criteria for CEWS, the same cannot be said of CESSCO. They knowingly applied for money that was supposed to keep Canadians employed during the pandemic and, instead, used it to lockout more than 20 highly-skilled workers. This kind of behaviour should not be allowed, encouraged or rewarded.

With all of this in mind, I once again urge you to close this loophole in the CEWS. I ask that the rules be changed so that companies like CESSCO can’t use this program to subsidize scabs’ wages and drag out labour disputes. And I ask that you require CESSCO to pay the money back.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gil McGowan', followed by a long horizontal line extending to the right.

Gil McGowan
President
Alberta Federation of Labour