



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Rachel Blaney

Member of Parliament
North Island-Powell River

The Honourable Mary Ng
Minister of Small Business, Export Promotion and International Trade

The Honourable Bill Morneau
Minister of Finance

Via Email

Ottawa ON
May 4, 2020

RE: COVID-19 Emergency Business Supports

Dear Ministers,

I wanted to take this opportunity to highlight issues that have been brought to my attention by businesses in my riding on the myriad of supports currently available for some of them, as well as offer suggestions to ensure the greatest number of these business make it through the pandemic and are able to continue contributing to healthy local economies once this is over.

First, I would like to highlight the programs that I have not heard significant issues with. I would like to think it is because the rollout of these programs is going smoothly, but the possibility exists that they are instead being underutilized or are simply not as relevant in my riding of North Island – Powell River. These do also happen to be the programs which are showing up in the media the least, which means they may simply require additional advertising to provide the intended support. These programs are:

- Temporary 10% Wage Subsidy
- Work-Sharing Program
- Industrial Research Assistance Program
- Futurpreneur

The programs for accessing credit have so far proven less successful. Through constituents who have tried to access the **Business Credit Availability Program (BCAP)**, the primary issue that has been brought to my attention is that some banks seem to be imposing additional restrictions on these loans beyond

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what the Government of Canada requires. 80% of these loans are backstopped by the Federal Government; that is to say, taxpayers. Banks should be mandated to provide the loans exactly as outlined by the government since they are only assuming 20% of the associated risk.

The **Canada Emergency Business Account (CEBA)** is facing the same issue as the BCAP and other hurdles as well. Having the primary eligibility criterion be a payroll of \$20,000-1,500,000 excludes a significant number of businesses in my riding. There are those who may only employ one person part-time during the busy season or do not employ anyone else at all and take dividends instead of a wage. There are others, especially in smaller communities, who rely on contractors to do necessary work but do not have the necessary work volume to hire these people on. And there are sole proprietors whose personal and business income are one and the same, and to that end have never opened a business account.

Please understand, these are not all people who make a small supplement to their incomes by selling homemade wares. A lot of these business owners in my riding are people who own significant pieces of equipment such as excavators, cranes or dump trucks, and still must pay the loan, storage and maintenance of these assets. Others are healthcare professionals who are still trying to cover the rent and related expenses on their clinics. The CEBA needs to be expanded to cover these business owners as well. As my colleague Gord Johns suggested, expanding the eligibility criteria to be based off gross revenues would help the businesses in my riding have a fighting chance.

The **Canada Emergency Wage Subsidy (CEWS)** faces similar challenges. Business owners who pay themselves through dividends and sole proprietors whose personal and business incomes are combined are yet again left out. Business owners rely on their incomes as much as anyone else, and even more so as sole proprietors who cover their business expenses through their personal accounts. If dividends can be counted as income for the *Canada Emergency Response Benefit (CERB)*, there is no reason they cannot be counted for the CEWS as well. Or much like the aforementioned suggestions with the CEBA, basing eligibility off gross revenues would help everyone currently falling through the cracks.

The **Canada Emergency Commercial Rent Assistance (CECRA)** faces a unique set of challenges. I am glad to see this program implemented as the NDP has been requesting since early in the pandemic, but the structure of the CECRA has revealed some significant gaps. I have heard that for landlords who own the property outright, there will be a different mechanism through the CMHC to reimburse them. This has

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not been clearly communicated to the public, and these landlords need to be able to make the appropriate plans.

Financial strain is not unique to any group of Canadians at the moment, and landlords are no exception. Some are simply unable to offer a 25% discount on the price of rent, or they themselves will be at risk of bankruptcy. Others are otherwise unwilling to offer the discount to their tenants. Either way, these tenants are left with no recourse and risk losing their businesses due to unpaid debts and possible eviction.

The requirement of a 70% loss of revenue also excludes a large number of businesses in my riding in need of support. It is completely unreasonable to believe that a 60% loss in revenue does leaves any business with enough cash to cover the next month's rent. Again, as my colleague Gord Johns recommended, a separate bracket for those facing between 30% and 70% revenue loss would get much needed support to affected businesses.

The **Regional Relief and Recovery Funds (RRRF)** which was to be distributed through both the Community Futures Development Corporations and the Regional Economic Development Corporations across Canada is cited on the Government's own website as a means to cover those not covered by all of the aforementioned programs. These funds have in most cases still not been delivered, and thus still leave all these businesses at risk of collapse. I implore you to ensure that this funding is dispersed with a renewed sense of urgency. Many of the businesses, communities and people in my riding are depending on it.

As always, I am happy to assist in any way I can. Please do not hesitate to contact my team if there is anything we can do to improve upon and speed up the delivery of these programs.

Sincerely,

Rachel Blaney, Member of Parliament
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