

October 22, 2020

Honourable Carole James  
Minister of Finance  
PO Box 9048  
Stn Pov Gov  
Victoria, BC V8W 9E2

**Subject: Small Business concerns over recovery grant program**

Dear Minister James,

As you may know, the Canadian Federation of Independent Business (CFIB) is a non-profit, non-partisan business association. With 110,000 members across Canada including 10,000 in British Columbia, we are the largest organization exclusively representing the interests of small and medium-sized independent businesses to all levels of government. Today we are writing to voice our concern that the Small and Medium-Sized Business Recovery Grant will leave many desperate small businesses without short-term help.

In our original submission to the BC Economic Recovery consultation, CFIB highlighted the need for targeted financial support and relief. Specifically, our recommendation was to “Introduce a grant (or at minimum, loan program) small businesses can access to pay for new expenses or fixed costs, including but not limited to personal protective equipment and/or rent” ([see Submission here](#)). While we commend the government for pursuing a grant program, we have serious concerns that restrictive eligibility will exclude many businesses in need.

Firstly, the revenue reduction requirements severely limit business eligibility. CFIB survey data suggests 38 per cent of SMEs saw at least a 70 per cent drop in their revenues between March (the start of the COVID-19 outbreak) and April. Fast-forward to the end of September and just 22 per cent of businesses were making half their normal revenues or less. It is arguable that few businesses would fall into both categories.

Creating a grant program which targets the most financially vulnerable businesses, provides them with professional services to develop a recovery plan, and issues a grant is well-intentioned. However, the strict revenue thresholds and additional eligibility requirements, such as having been in operation at least three years prior to March 10, 2020, positions the grant to be insufficient in meeting the needs of small businesses today.

The road to recovery is a long path forward; without further support, many small businesses will be left behind. To protect jobs, rebuild our economy, and support small businesses, CFIB believes it is crucial that the BC Government redesign the grant to open eligibility. Instead of designing the program with strict cut-offs, CFIB urges the government to take action on the following recommendations:

- i. Expand eligibility to all businesses who have seen any reduction in revenue due to COVID-19 (e.g. compare March revenues to current months revenue or year over year).
- ii. Assign grant amounts using a sliding scale based on revenue decline. This structure is similar to the Federal Wage Subsidy (Canada Emergency Wage Subsidy), for example.
- iii. Expand eligibility to businesses without employees. This would help capture family businesses who pay themselves through dividends instead of payroll.
- iv. Include newer businesses (e.g. in operation for at least one year prior to March 10, 2020).
- v. Expand tourism grant to include businesses that receive at least 50% of total demand and revenue from visitors to BC traveling for leisure.
- vi. Allowing seasonal businesses to apply for the grant if they meet other eligibility criteria. This would help capture businesses who may not have been open during the pandemic but have now seen a revenue drop because of the pandemic.
- vii. Expand the grant **or create another program** that provides support to businesses who have been ordered to close by Provincial Health Orders. Currently, there is no program in BC to protect businesses if there is a second wave of business closures.

We urge you to take immediate action. Already we have heard desperation and disappointment from members who originally felt relieved when the program was announced, but now realize they are ineligible. What businesses really need is the opportunity to access low-risk methods to pay down bills, bring back employees, and scale operations to previous levels. Expanding this grant program could make a difference for many businesses. If you wish to discuss this matter with us, please don't hesitate to contact us at [msbc@cfib.ca](mailto:msbc@cfib.ca) or by phone at 604 684 5325.



Samantha Howard  
Senior Director, BC and Strategic Projects



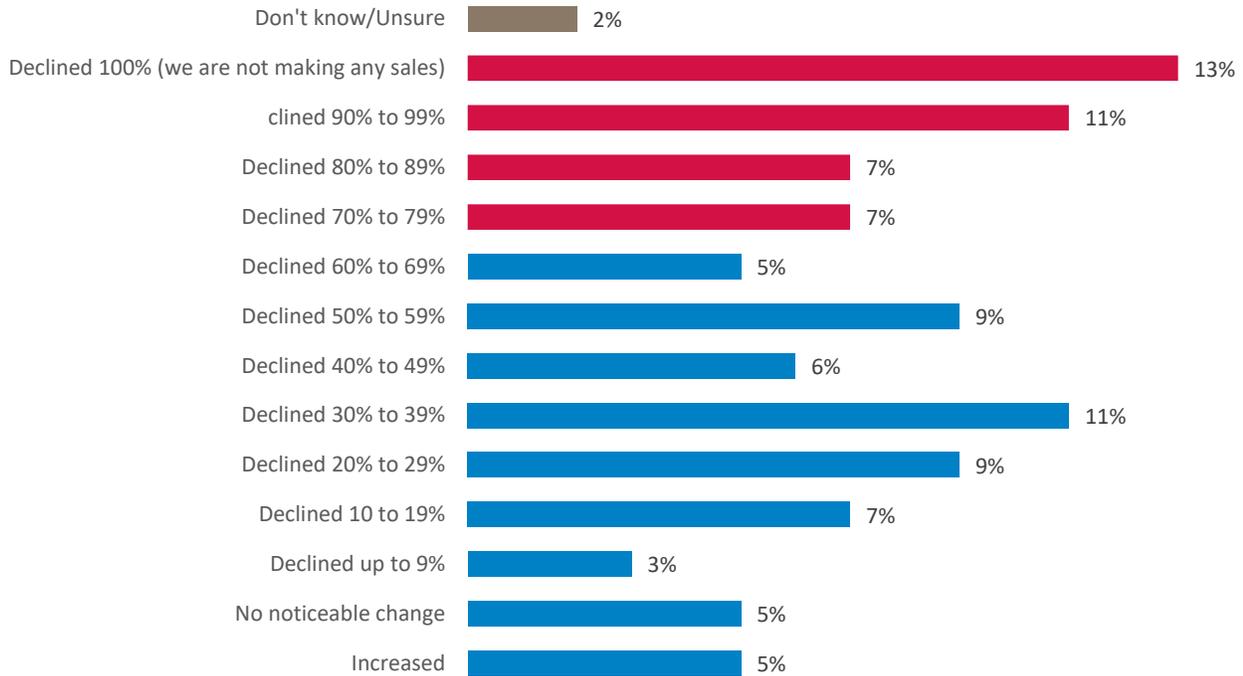
Muriel Protzer  
Senior Policy Analyst, BC and the North

Attachment

cc: Lori Wanamaker, Deputy Minister  
Finance

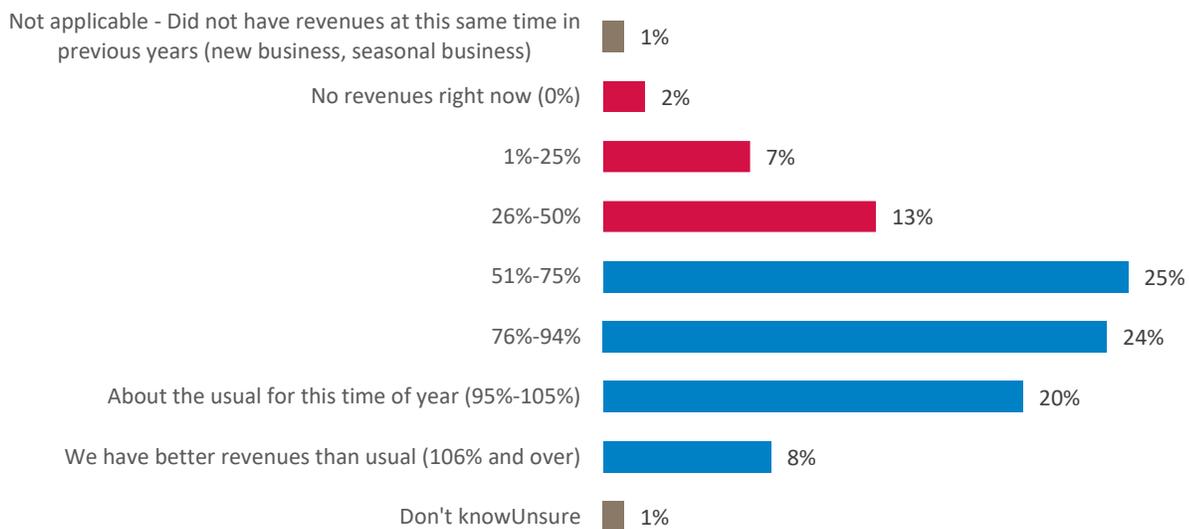
Christine Kennedy, Deputy Minister  
Jobs, Economic Development and Competitiveness

Q. How have your gross sales revenues changed since the start of the COVID-19 outbreak in Canada? (Answers for BC businesses)



Source: *Your Business and COVID-19 - Survey Number Seven - Final Results. National Data, BC n=1092. Results as of April 24 to April 30, 2020.*

Q. How much of your usual revenues for this time of year is your business currently making?



Source: *Your Business and COVID-19 (Survey No. 20) - Final Results. National Data, BC n=713. Results as of August 27 - Sept. 23, 2020*