

Letter sent by e-mail.

March 16, 2022

The Honourable Chrystia Freeland
Minister of Finance & Deputy Prime Minister
University - Rosedale
House of Commons
Ottawa, Ontario K1A 0A6

Subject: Post COVID-19 Small Business Recovery

Dear Minister Freeland,

As you know, the Canadian Federation of Independent Business (CFIB) is a non-partisan, not-for-profit organization representing the interests of 95,000 small-and-medium-sized enterprises (SMEs) across Canada. We are writing to you today to share some of our recommendations for the next steps in Canada's small business recovery.

The pandemic is not yet over, however, we have reached a turning point. Since March 2020 small businesses made significant sacrifices to protect society from COVID-19. They have struggled with lockdown measures and restrictions that have fully or partially closed them for months at a time. While many restrictions on businesses are lifted, the reality is that many small businesses are still facing significantly reduced sales. Currently, just over a third (34%) of small businesses are making their normal sales.¹

In addition to low sales, small businesses must contend with sizeable COVID-19 related debt (\$158,000 on average per business), persistent shortages of labour, cashflow crunches and a steep increase in the cost of doing business.²

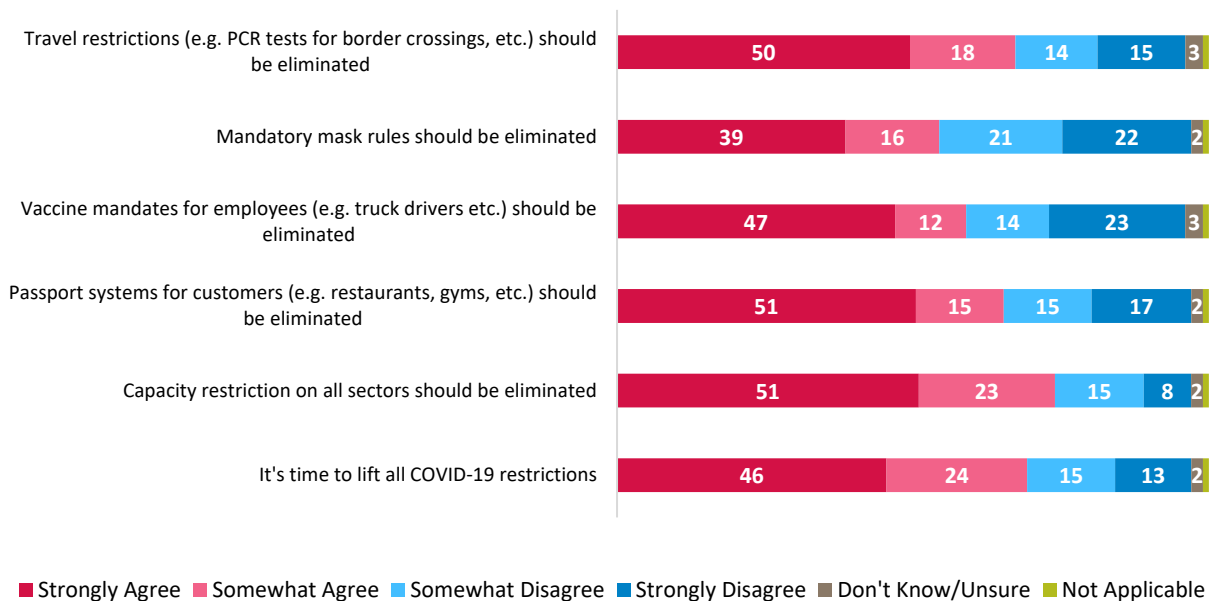
We recognize the extraordinary amount of work done by the federal government to provide relief to small businesses throughout the pandemic. However, the next couple of months will be critical to make sure the appropriate policies are put in place to ensure a strong small business recovery across all sectors and in all regions.

¹ CFIB, Small Business Recovery Dashboard - Feb 14th, 2022.

² CFIB, Your Voice Survey - February 2022 - National Data - Final Results as of Feb. 9 - Feb 25, 2022, n= 4,001.

One of the priorities is to help SMEs with their COVID-19 related debt. This could be done by increasing the forgivable portion of the hardest-hit businesses that took on the CEBA loan to at least 50%. Additionally, extending the deadline to repay the CEBA loans beyond the current new deadline, as more than half (**52%**) of businesses think it will take them longer than two years to repay their loan.³ As part of the recovery, CFIB also recommends the government introduce a plan to phase out all remaining COVID-19 business restrictions and vaccine mandates such as those related to travelling and border crossings.

Figure 1: Please indicate the extent to which you agree or disagree with the following statements (Select one for each line)



*Your Voice – February 2022 – National Data – Final results as of Feb.9 – Feb. 25, 2022. n= 4,001. Results less than 2% are hidden**

Figure 1 shows that the majority of small businesses want capacity restrictions removed on all sectors (**75%**) and travel restrictions lifted (**68%**). We encourage the federal government to work with the provinces on a “*Stay-Open-Plan*” so that small businesses can remain fully open, and that all restrictions are lifted going forward.

Supporting SMEs on the path to recovery also means the government proactively communicates and reassures Canadians it is now safe to return to in-person activities, such as shopping, dining, attending events, etc. Lifting restrictions alone does not mean that customers will flood back to their local businesses. There is still a great deal of uncertainty and fear, which has stalled sales and kept people

³ CFIB, Small Business Debt: The COVID-19 Impact, Second Assessment – August, 2021.

from returning to many businesses. Figure 2 shows that **58%** of small businesses reported that a lack of customers was their number one reason their business had not yet returned to pre-pandemic sales. While other factors are at play, consumer confidence remains low.

Figure 2: What are the main reasons that your business has not yet returned to normal revenues? (Select all that apply)



*Your Voice – February 2022 – National Data – Final results as of Feb.9 – Feb. 25, 2022. n= 4,001. Results less than 2% are hidden**

Furthermore, we recommend the federal government announce a plan to encourage federal employees to return to the office to show leadership and to help hard-hit businesses located in downtown cores (like Ottawa) or near federal employee offices across Canada recover from the pandemic.

Finally, we recommend extending the Canada Recovery Hiring Program (CRHP) until at least September 2022. This program was put in place to help SMEs get back on their feet and cover part of their wages as they hire new employees or as they increase existing employees' wages or hours. The CHRP is a critical tool for small businesses on the rebound, but still struggling to bring back staff. The CHRP should remain available for a little while longer so that small business can continue to use it to rebuild their business as their revenues start to recover.

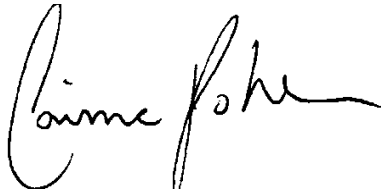
Here is a summary of our recommendations on how to best support SMEs on the path to recovery:

1. Help with small business economic recovery by extending the Canada Recovery Hiring Program (CRHP) until at least September 2022.
2. Help hardest hit SMEs deal with their COVID-19 related debt. This could be done by increasing the forgivable portion of their CEBA loan to 50%, extending the deadline to repay CEBA beyond December 2023 and finding a way to support newer businesses.

3. Reassure consumers that it is now safe to return to in-person activities, such as shopping, dining, attending events, etc.
4. Introduce a plan to phase out all COVID-19 restrictions and vaccine mandates such as those related to travelling and border crossing and encourage all federal employees to return to in-person office work this Spring.

If you have any questions or would like to meet to discuss this issue further, please feel free to contact us at our Ottawa office at 613-235-2373 ext. 1201 or by e-mail at Corinne.Pohlmann@cfib.ca or Jasmin.Guenette@cfib.ca.

Sincerely,



Ms. Corinne Pohlmann
Senior Vice-President
National Affairs & Partnerships



Mr. Jasmin Guénette
Vice-President
National Affairs