

Letter sent by e-mail.

May 31, 2021

The Honourable Mélanie Joly
Minister of Economic Development and Official Languages
House of Commons
Ottawa, ON K1A 0A6

Subject: Reduce red tape for businesses to access support through RRRF

Dear Minister Joly,

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. In the midst of a third wave of COVID-19 in many areas of the country, small businesses continue to struggle, and our latest dashboard shows that 54% of small businesses are fully open, 41% are fully staffed and only 31% are making normal sales.¹

On behalf of our members, we would like to thank you once again for joining our French and English webinars on May 7th and 10th and for your willingness to answer attendees' questions.

We are writing to you today to bring your attention to several issues our members have identified with the Regional Relief and Recovery Fund (RRRF). Small businesses are very appreciative that the government considered a pathway to support businesses left out of CEBA and we are pleased that Budget 2021 will provide up to \$80 million to extend the application deadlines. However, we were disappointed that the Budget did not include any measures to improve the application process or eligibility requirements, meaning that many small businesses continue to face difficulties accessing the RRRF or are entirely left out, such as new businesses.

Many of our members have shared examples of how the Regional Development Agencies (RDAs) have not been able to provide liquidity to help businesses survive COVID-19. We have heard from both the individual RDAs and our members that the RDAs do not have capacity to distribute the RRRF to the magnitude of applicants that are in need. Currently, only 3% of our members reported accessing funds from the RRRF as of January 2021.² We understand each RDA operates independently, however, below are examples of member experiences which were commonly experienced with multiple RDAs.

¹ CFIB, Your Voice – May 2021 - National Data - Preliminary results as of May 6 - May 11, 2021, n = 3,404.

² CFIB, Your Voice – January 2021 Survey, Jan. 12-TBD, 2021, preliminary results, n = 4,485, n = 4,279.

Poor Communication

Many of our members have shared with us a lack of communication on the part of the RDAs. Some have reported not receiving any application confirmation and others have enquired multiple times to find out months later that their application was still under consideration. For example, an Ontario sportswear company applied for the RRRF expansion through FEDDEV on October 29, 2020. After multiple attempts to reach FEDDEV they were contacted on December 9, 2020, only to hear their application was still being considered. At the end, they waited a total of 6 months to be approved for the RRRF. This situation not only inhibited their ability to plan their business's future during COVID-19, but could have bankrupted them in the process of waiting for needed cashflow. **CFIB recommends RDAs provide reasonable timelines for application review and approval to applicants.** Ideally, it should take no longer than 2 to 4 weeks for an RDA to process a simple CEBA-like type of financing.

Small Disbursements

We understand RDA's must follow rigorous lending application processes and that each RDA is trying to determine how to best help as many businesses as possible with the resources they have. However, not only is the processing of applications too long to help businesses, but they are often being offered less money than they need to survive. We have heard from a few of our members that despite significant time investments into the applications, these only resulted in loan offers worth less than \$10,000. For example, an Ontario business turned to the RRRF because they were ineligible for CEBA. The Venture Niagara RRRF form took her one month to complete, but the member was greatly disappointed to be offered a loan of only \$2,500. **CFIB recommends that the RRRF application and disbursement of funds be simplified and ensure the level of complexity of the application be commensurate with the amount of funds being disbursed.**

Another example comes from a Saskatchewan business owner with three RRRF-eligible construction companies. While he applied to the RRRF for all three businesses, only one business was offered a loan of \$90,000 as the businesses all operating as separate and distinct entities, all had the same owner. The alternative for this business owner was receiving no help for any of the businesses. **CFIB recommends that each application be evaluated on their own merits and not be based on ownership as this is not part of the eligibility criteria.**

Relief for Tourism Businesses

We were pleased to see that the government announced a \$500 million Tourism Relief Fund to be administered by the RDAs in the recent budget. As the government develops its framework for this new program, it must ensure that there is **limited paperwork, that funds are made quickly available to those who qualify, and that the RDAs take a flexible approach that supports the needs of local businesses.**

New Businesses Ineligible for RRRF

To our knowledge, with the exception of FEDNOR, all other RDAs require a business to be in operation before March 1st, 2020, to be eligible for the RRRF. **CFIB strongly recommends that government find a pathway to help new businesses as they continue to receive no support.** On May 19, 2020, Prime Minister Trudeau promised to find a solution for new businesses. One year later, nothing has been done.

Sole Proprietors Ineligible for RRRF

Only a few Community Futures Agencies allow sole proprietors to access the RRRF. Even in these infrequent cases, businesses need to meet additional specific criteria requirements. **CFIB asks that sole proprietors be eligible to apply for the RRRF at all RDAs.**

CEBA and RRRF are not mutually exclusive

The RDAs have provided a pathway for businesses to get supplementary help based on their case-by-case needs, however the CEBA attestation requires borrowers to not participate in the RRRF in order to receive the CEBA. **CFIB recommends the CEBA attestation not exclude the applicant if they also used the RRRF to help them with expenses that are not covered with the CEBA.**

Thank you for considering our members' concerns. We hope that the government is able to implement changes that will ensure that small businesses are able to access the support they need to make it through the rest of the pandemic and should 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 at Jasmin.Guenette@cfib.ca. We look forward to hearing from you.

Sincerely,



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



Mr. Jasmin Guénette
Vice-President
National Affairs