

July 27, 2020

OPEN LETTER TO CANADA'S FINANCE MINISTERS

**Subject: Urgent need to fix rent relief for small business owners across Canada**

Dear Finance Ministers:

As you know, the Canadian Federation of Independent Business (CFIB) is a non-partisan business association representing 110,000 small- and mid-sized enterprises (SMEs) across Canada.

Today, we are writing with urgency to implore you to fix the serious challenges with rent relief faced by Canada's small business owners, starting with the many businesses that have been shut out of the Canada Emergency Commercial Rent Assistance (CECRA) program because their landlords cannot or will not participate, or due to arbitrary and unfair criteria for getting help (i.e. minimum 70 per cent revenue loss).

We understand that finance ministers across the country agreed to the design of the CECRA program. When it was announced, we were cautiously optimistic it would help the many businesses that needed it. We were also reassured by statements coming from Minister Morneau indicating governments were open to fixing the program design if needed: "We will continue to consider the information that comes in and of course work to ensure we are providing the right bridge to get through this."

However, three months into the launch of the program, it is now abundantly clear that while CECRA has helped some, it has left many more stranded without rent relief. According to the federal government's own records, only \$221 million of the relief committed to CECRA has been spent to help 29,000 small business tenants. This suggests less than 10 per cent of the total amount allocated to the program has been spent. Even if the additional 25,000 predicted applications are made, the program is still grossly underutilized.

On behalf of the businesses that have been left out of a program that can make or break their future, we are urging you to fix this by repurposing the money left in the CECRA budget to get help directly to tenants.

One in three businesses say rent relief remains a critical missing piece for their recovery—a failure to address this would represent a serious failure in any economic recovery plan.

To help illustrate the challenges thousands of small businesses across Canada are facing, we use an example from an established Vancouver company: “We are a very small family run store that employs about 25 people in Vancouver. My family has been involved in our business for 110 years. We have survived two world wars, the Spanish Flu, the Depression and countless ups and downs. Our business is victim to an offshore landlord who is not interested in engaging with CECRA. I beg you, please, please, please, level the playing field. Our landlord already has the power of God over us, and now his refusal to engage with CECRA will very likely lead to our demise. Our rent is \$38,000 per month. We were closed for over two months and have sales down over \$1 million. CECRA is essential for our survival.”

We are concerned Canada’s finance ministers are waiting to see if more landlords apply for CECRA before the application deadline at the end of August. That would be a big mistake. Businesses that need help cannot wait that long. Rent relief needs an overhaul now.

**Ideally, provincial and federal finance ministers should work together to fix CECRA by establishing an alternative way to get rent relief money directly to tenants who need it. However, if this is not possible to do quickly, CFIB urges provincial governments to immediately pull their portion of CECRA funding and redirect those funds to directly support small business tenants that have not been able to access the program.** This pivot to assist local businesses that have been denied access to rent relief is critical to economic recovery.

Thank you for your attention. We will be following up to arrange a meeting in the coming week to discuss our recommendation and clarify your government’s plan with respect to rent relief going forward.

Sincerely,



Laura Jones  
Executive Vice-President



Corinne Pohlmann  
Senior Vice-President, National Affairs and  
Partnerships

CC: Evan Siddall, President & CEO CMHC