



Explorers' Edge Questions for CFIB April 3, 2020

- 1. Most of our tourism SMEs are seasonal, in that they were ramping up to open in around May long weekend. They are concerned they will have a hard time showing the 30% drop in revenue NOW (to retain staff), because their gross revenues don't get going until later in the year. Are they eligible, or is the CFIB lobbying to get these criteria loosened?**

It is a concern for CFIB as well and we are lobbying to change the 30% threshold. For now, if a business didn't experience a 30% drop in revenue, the 75% subsidy is not available but the business is still eligible for the 10% wage subsidy

We recommend that they still take advantage of the:

- 10% wage subsidy
- BCAP and other loans that are expected to start to roll out this week
- Workshare program – agreement between Service Canada, employees and employers to reduce work and use EI to supplement
- Apply to CRA relief

- 2. Additionally, last year parts of our region were seriously affected by fall out from two natural disasters: spring flooding and the Parry Sound 33 forest fire. Media coverage of these event (and the wettest spring ever) meant they were down up to 40% in revenue last year, so proving 30% down from that will be hard.**

Indeed, it was certainly a really hard situation. Perhaps talk to your partners or those you have contractual agreements with to see if there is any relief that they can provide you with. Client history can go a long way and business owners are often don't feel like they can ask for help. It is okay to ask for help. Also CRA has a relief for situations exactly like these to help with penalties and interest.

Do your calculations beforehand so you know how much you are comfortable paying. Keep written records of all discussions, negotiations, and make sure the final agreement is in writing, so both sides know exactly what is expected of them.

3. They have a lot of summer student and contract workers that come in - how do they handle these folks with the CERB? Many are self-employed business owners as well - do they qualify?

So far, their employees cannot receive CERB if they receive employment income. And wage subsidies only apply on T4 so contract workers will not be eligible. However, these are not regular times and the rules might change. CERB will be accepting TFWs or students who apply as long as they can show the \$0 employment income part and meet the below criteria.

- You are 15 years of age or older at the time of application
- You have stopped or will stop working for reasons related to covid-19, or because you are unable to work due to illness, or because you lost your employment for other reasons beyond your control; and
- If you are submitting for your first benefit period, that you have stopped or will stop working for at least 14 consecutive days within the 4 week benefit period; or
- If you are filing for a subsequent benefit period, you did not receive any employment or self-employment income for the period for which you previously claimed the benefit and do not expect to receive any employment or self-employment income in the 4 week benefit period
- You are not receiving nor have you applied for the CERB from the Canada Revenue Agency nor are you receiving Employment Insurance benefits for the same benefit period
- You have earned a minimum of \$5,000 in income within the last 12 months or in the 2019 calendar year from one or more of the following sources:
 - Employment income
 - Self-employment income

4. Particularly for resorts/accommodations, their operating costs are covered by customer deposits - and if they have to give these back they will not have any liquidity to operate. Are they able to keep deposits?

This would depend on the terms of their agreement with the customers; is it clear that deposits will not be refunded? It would be worth looking at industry standards to gauge the best way to proceed, but legal advice would also be recommended since by paying a deposit, a contract has essentially been entered into between the service provider and customer, and although the situation is out of the control of the service provider, it does not mean they can automatically legally keep the deposit.

5. What are the best ways to get or keep cash to survive for the next little while (i.e. cash management...)?

- Go to your bank in the next week. We were told they should be rolling out the 40k loans for operating expenses. Also ask about other lending programs they have; some business owners have had success getting a regular loan with an acceptable interest rate just by going in prepared and asking lots of questions.
- Take a hard look at your finances and write everything down. A Journal/ledger is a really good idea to keep track

- Negotiate/ask for help what you can with your suppliers, commercial insurance, employees (WS), landlord
- Business owners are the most resilient people we know, connect with each other if you need help.
- Apply for CRA relief for penalties and interest.

6. What are the criteria for the zero-interest bank loans? Not everyone wants one or will qualify - how else can they stay afloat? (Also when do these go into effect...)

We cannot answer yet. We are waiting for this to roll out next week. The best thing to do is go talk to your financial institution. Check their website to see what they have to offer.

Here are the basic criteria:

Businesses or not-for-profits will be eligible to apply for this loan if they have:

- An operating company registered in Canada on March 1, 2020;
- Annual payroll of between \$50,000 and \$1 million in 2019.

Some banks have more details up on their website – more links on our [federal webpage](#):

- CIBC <https://www.cibc.com/en/business/covid-19/emergency-business-account-faq.html>
- RBC: https://www.rbc.com/covid-19/index.html?_ga=2.21307961.386230263.1585952551-1661640290.1585952551
- TD: <https://www.td.com/ca/en/personal-banking/covid-19/financial-relief/>

7. It will take this region more than 12 months to recover - especially if they lose the summer. Can they negotiate longer amortization periods for payback?

They should talk with their bank. There is an incentive to pay things back more quickly, but with regards to making it longer this would likely be case-by-case.

8. What's the deal with no insurance coverage for interruption by pandemic...are there other claims they can make?

These are all contractual agreements/policies that you have signed. You pay unless you have an arrangement. They are all case-by-case: contract by contract.

We are currently in conversation with IBC, and hope to get best practices, but the best practice should still be that businesses should speak to their insurance providers.

This will help businesses find out:

- If their insurance broker has flexibility with their payment or interest
- If there are any current clauses in their insurance that will help them be applicable for coverage (again set the expectation that this is very unlikely)
- What they should be mindful of to keep their current contract valid. (clauses do exist where if you do not visit your business within a certain time frame your insurance policy will be void)

which could be troublesome when a company comes back into business market). Finding a new insurance broker may be very difficult to do at this time.

9. Do tjeu have to pay my commercial rent/mortgage?

When working with your landlords, remember that they are business owners too and many are worried about their own bills (mortgages, utilities, keeping a building running etc.). Check your finances and pay what you reasonably can pay, as you would want your customers to do. If you have a good history with your landlord, they might be more willing to negotiate. Finding new tenants in this economic climate may be more difficult than keeping a good one.

If you know you can't make your payment, talk to your landlord. Many are currently renegotiating, and the best scenario is for reasonable people to work out an agreement. Make sure to put any agreements in writing. Here are templates provided by the Nova Scotia government from which you can start:

- Gross lease deferral agreement
- Net lease deferral agreement

Work with your bank to get emergency financing. Money may be available from your bank through the Canada Emergency Business Account or other additional funding that is being underwritten by the federal government. Some of this money may be in the form of interest free or forgivable loans.

Keep a record of payments you make and discussions you have in this area as this may become important at a later date and will help you keep track of negotiations and monies owed.

Remember that it's in everyone's interests to see your business recover and be able to make full payments again. You cannot legally be evicted without some notice (which varies by province). Check your lease agreement to see the terms but typically at least a few weeks' notice will be required. CFIB is also asking for temporary provincial protection to prevent renters from being evicted for the duration of the COVID-19 crisis. You can read our full list of rent recommendations here: www.cfib-fcei.ca/sites/default/files/2020-03/Recommendations-to-Help-Small-Businesses-with-Lease-Payments-Other-Fixed-Costs.pdf

10. We are looking forward to your flow chart when it comes - but meantime, what are the Top 3 (or whatever) steps that might be taken for businesses that are scared they can't make it through the next 30-60 days without revenue?

We don't have an official top 3 but here are some recommended actions:

- Keep a journal/ledger of your finances & document any of your business activities (Documentation is always useful in the long run)
- Stay informed -Sign up for the CRA portal or My Business Account now to take advantage of any programs you may be eligible
- Keep yourself healthy - Ensure that you are still being social while using the technology you have. This will reduce stress. Call our BR counsellors if you need help, if you feel stressed, if you just want to talk to someone. We will try our best to help you all the possible solutions we can for you.