

DOWNTOWN STRATFORD

September 27, 2023

Hon. Chrystia Freeland, Finance Minister
510-344 Bloor Street W
Toronto, Ontario M5S 3A7

Subject: The Downtown Stratford Business Improvement Area (BIA) is Calling on the Federal Government to Consider More Business Support for CEBA, RRRF and HASCAP Loan Repayments and Forgiveness

Dear Hon. Chrystia Freeland, Finance Minister,

The Downtown Stratford Business Improvement Area (BIA), representing over 400 property and business owners, is writing to you today to voice our concern for the business community and the residents of Stratford, and to advocate for further support regarding the Canada Emergency Business Account (CEBA) loan program date extension, as well as to advocate that Regional Relief and Recovery Fund (RRRF) and Highly Affected Sectors Credit Availability Program (HASCAP) funding be considered for further business supports.

No one will argue that CEBA, RRRF and HASCAP were important lifelines to many businesses who were forced to close and had restricted operations during COVID-19. However, the announcement on September 14, 2023, regarding the extension of the CEBA loan repayment program by one year, was not enough for what our businesses need to recover from the pandemic. We appreciate the efforts that went into that change; however, our businesses are struggling, some under more than one loan program coming due. Thus, the consideration being requested for RRRF and HASCAP repayments and forgiveness, as well.

As you know, the Downtown Stratford BIA has been a vibrant BIA filled with family-owned shops, restaurants, services, and accommodations for 50 years, and all have faced challenges recently that we have not seen since the inception of the BIA. Many that have experienced quiet winters here and know how to hang on through slow times have been faced with reaching out to banks and loan programs to get to the other side of the pandemic. These businesses are now facing large loan repayments when our community has not “recovered” from the loss of visitors and discretionary income of residents, especially when they’re also facing recession-type restraints in day-to-day sales. We are very worried about the future of our community and these businesses and families. Our local recovery, as seen in many other centres, is a gradual one.

The Ontario Business Improvement Area Association (OBIAA) survey of 529 businesses across Ontario had findings of 88% of businesses stating the CEBA loan repayment will negatively

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impact their business, 66% stating they will not be able to invest in their business towards growth and 46% note they will be unable to expand their business. And 37% indicated that loan repayment will require laying off staff. Significantly, 42% stated that their business may be forced to close. These numbers are reflected across the province, and within our BIA.

In a recent Canadian Federation of Independent Business report, their findings are hauntingly similar:

- Of the 9 in 10 small businesses who used CEBA, 3/4 accessed loans between \$40,001 and \$60,000, while 1/4 received loans of up to \$40,000.
- Only 10% of CEBA users have repaid their loans.
- The smallest businesses with 0-4 employees are the most likely to miss the repayment deadline (49%)

The numbers are daunting and immediate action is necessary to support local businesses and residents. Similar numbers would be expected regarding the RRRF and HASCAP funding repayment struggles as the recipient businesses have recovered enough for payments in these amounts that are outstanding.

Compounded onto these challenges, is the fact that tourism areas, such as Stratford, have been hit harder than other communities and have a longer road to true recovery.

“Canada’s tourism sector seems to be slowing down again, following a brisk recovery when COVID-19 lockdowns lifted, a new report found.

Over the past three years, the tourism industry had been clawing its way back to pre-pandemic numbers, however, a new report by TD bank found the pace of recovery started to slow this year.

The report, titled ‘A Slow Road to Recovery for Canadian Tourism Spending,’ says the decline is due to financial challenges in Canada such as higher interest rates, a slowing job market and broader tourism slowdowns seen both domestically and internationally.

This slowdown means a full recovery will take time, as tourism activity and travellers’ spending are not expected to reach former levels until 2025, stated the report published on Thursday by TD’s economists Marc Ercolao and Rishi Sondhi.” (CTV News, 2023)

As our Minister of Finance, we urge you to advocate for more support for our businesses and families. We believe that loan forgiveness and extended repayment timelines would be more effective in alleviating the financial stress being experienced. These measures would aid in the survival of the business and contribute to the overall economic recovery of our region. Please also consider additional relief options, such as grants or tax incentives, to further ease the financial burden on our local businesses.

We thank you for your continued support of the businesses of Perth-Wellington and ask that you help this riding further with this pressing issue that will dramatically impact the state of our businesses and our residents. We look forward to hearing new ideas to support our community.

Sincerely,

Shawn Malvern
Chair of the Board of Directors
Downtown Stratford Business Improvement Area