



Kristyn Wong-Tam

MPP TORONTO CENTRE

The Right Honourable Prime Minister Justin Trudeau
Prime Minister of Canada
House of Commons
Ottawa, Ontario

Sent By Email

October 6, 2023

Re: Resolving challenges with CEBA that threaten small businesses

Dear Right Honourable Prime Minister Justin Trudeau,

As the Official Opposition Critic for Small Business Issues, I am writing to share concerns that small local businesses have brought to my attention.

Small businesses across Ontario need a full extension of their Canada Emergency Benefit Assistance loan deadline by at least a year — in addition to seeing the promised \$20,000 loan forgiveness deadline extended. The recently announced 18-day extension of the loan forgiveness deadline does not provide the support that small businesses across Ontario urgently need.

Small business owners have spent the last few years playing Red-Light Green-Light with government regulations that regularly forced them to close. Supply chain issues and a cost-of-living and inflation crisis immediately followed the global pandemic. CEBA worked, and all Canadians should be proud that our communities rallied to keep our main streets alive so that workers could remain on the payroll. However, small businesses kept Canadians employed because they counted on the promised loan forgiveness. Small shops cannot be expected to pay everything back when they never experienced a full economic recovery — and many economists now believe that our economy has entered into a recession.

New data from the Canadian Federation of Independent Businesses (CFIB) shows that September business confidence in Ontario is the lowest of all Canadian provinces and is declining. I believe that fears related to CEBA loan forgiveness contribute to this statistic — in addition to increased interest rates and fears of a recession. Statistics Canada shows that 360,339 Ontario businesses participated in the CEBA program, taking out \$19.7 billion in loans. Working with the CFIB to ensure that CEBA is adapted to support their needs will help restore business confidence and mitigate a looming recession.

I want to draw additional statistics from the CFIB to your attention. As you know, the CFIB is a data-driven organization that is constantly surveying their members to understand the real-time pulse of businesses in Canada. Only one-third of the members surveyed about CEBA can repay their loans before the new loan forgiveness deadline. One-third of those surveyed said they

must take out a new loan to repay their loan through CEBA. A final third have *no means* to secure a loan for repayment. These metrics paint a dire picture. They indicate that there are over 100,000 businesses in Ontario that cannot repay their loan at all, and over 100,000 additional businesses will have to take on debt at modern interest rates to stay solvent.

Maintaining a deadline that two-thirds of small businesses cannot meet is not an acceptable government policy when our country is on the cusp of recession.

I want to share what a local business owner in Toronto Centre's historic St. Lawrence Market district shared with me: "I want to pay back my loan, but I also have to keep the lights on. We just never had a real economic recovery after the pandemic. And that uncertainty has kept on going. But my business was a source of continuity and community for people with no one nearby. By keeping my business afloat, I ensured that many of my vulnerable neighbours felt cared for and connected. I employ many people who might not otherwise be able to find a place to work. I took out a loan that I will repay, but I have already repaid the goodwill throughout my local community. We need the government to understand this and support everyone in my shoes. And so many small local businesses are in my shoes right now."

I would greatly appreciate the opportunity to discuss how to fix CEBA so that it remains the life raft that small businesses deserve. As a provincial representative, I cannot stand by and watch it become a deadweight that drags our main streets underwater in debt. I would like to discuss this with your government. I can be reached at 416-972-7683 or KWT-qp@ndp.on.ca.

Yours sincerely,



Kristyn Wong-Tam
Member of Provincial Parliament
Toronto Centre

