

The Sussex University logo, featuring the word "sussex" in white lowercase letters on a red rectangular background.

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COVID-19 Government Supports Webinar

Tourism Toronto

April 9, 2020

A photograph of the Parliament Hill building in Ottawa, Canada, at dusk. The building is illuminated with warm lights, and a large, bright fire is overlaid in the foreground, appearing to burn on a paved area. The sky is a mix of blue and orange from the setting sun.

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**Prepared for:
Tourism Toronto**



Sussex Strategy Group



- Sussex is a multidisciplinary team of over 30 trusted advisors, sector experts, former government officials, political staff, digital media specialists, corporate communications professionals and journalists. Our expertise is to assist clients interact with governments, public sector agencies, regulators, and in engaging the public.

- Established in 1998, we have one of the largest – and the most effective – independent government relations and strategic communications firms in the country.



- We possess considerable experience, focus and success with all three levels of government across Canada. The Sussex team has extensive capabilities in wide variety of sectors, including energy and the environment, natural resources, infrastructure, land use development, financial services and Indigenous relations.

- We have senior associates and principals that have individually decades of experience in Canadian politics, amongst all major political parties, and are subject matter experts in specific areas of public policy.

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COVID-19 Federal & Provincial Responses

- Phase 1: containment and suppression
 - Whole of government approach.
 - Focus on GoC business continuity and sourcing critical supplies (ventilators, N95 masks, hand sanitizer, etc).
- Phase 2: mitigate widespread economic fallout
 - Individuals: faster access to EI, increasing Canada Child Benefit, mortgage support, Emergency Support Benefit, Emergency Care Benefit, etc.
 - Businesses: wage subsidies, work-Sharing program, Business Credit Availability Program, deferred taxes.
- Phase 3: address sectoral impacts
 - Preference is to use broad tools, but there is a recognition that some sectors will be particularly hard hit (retail, hospitality, air travel, oil & gas, etc).
- Phase 4: recovery stimulus
 - Accelerating and expanding existing funding programs; developing new ideas; working directly with project proponents on tailored solutions.

Webinar Agenda

1. *Supports for Businesses:*

- Overview of the Canada Emergency Wage Subsidy
- Canada Emergency Business Account & other lending programs

2. *Tax Measures*

3. *Supports for Individuals: Canada Emergency Response Benefit*

4. *MHTSCI 10-point action plan*

Information on all measures introduced by federal, provincial and municipal governments can be found at: www.sussex-strategy.com/covid19

Support for Businesses: Canada Emergency Wage Subsidy

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- Coverage: 75% of an employee's salary on the first \$58,700 earned, back dated to March 15.
- Eligibility: Eligible employers would include individuals, taxable corporations, partnerships consisting of eligible employers, non-profit organizations and registered charities, that are facing a 30% or greater revenue decline because of COVID-19, on a month-by-month, year-over-year basis, or as compared to the average monthly revenue in January and February of this year. For March, the 30% revenue decline benchmark will be 15%. Revenues can be measured on an accrual accounting (as they are earned) or cash accounting (as they are received) basis.
- The subsidy is open to all businesses operating in Canada except public entities like Crown Corporations and Municipal Governments.
- Effective Date & Length: The program will be in place for a 12-week period, from March 15 to June 6. Businesses will need to reapply for the subsidy each month. Applications are via a Canada Revenue Agency online portal. More details to follow.
- Call to action: Now is the time to engage with government on program criteria if you have concerns.
- Further details pending the passage of legislation, which is expected when Parliament resumes (imminent, though date remains uncertain). For more information, [click here](#).

Support for Businesses: Canada Emergency Business Account ⁷

- How it works: Interest-free loans of up to \$40,000 to small businesses and not-for-profits, to cover operating costs for a period where revenues have been temporarily reduced, due to economic impacts of COVID-19.
 - Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000).
- Eligibility: To qualify, small businesses and not-for-profits will need to demonstrate they paid between \$50,000 and \$1,000,000 in total payroll in 2019.
- Implemented by: eligible financial institutions in cooperation with EDC; businesses should work with their current financial institutions.
- Funding: \$25 billion available for interest free loans of up to \$40,000.
- Effective Date: The program will roll out in mid-April.
- Call to Action: Contact your financial institution directly as banks are disbursing the loans directly. Some have already began making loans available as of April 6, like [RBC](#).

Supports for Businesses: Other Lending Programs

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Co-Lending Program for Small and Medium Enterprises:

- Intended to provide additional liquidity support for Canadian businesses. Brings BDC together with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements. Up to \$6.25 million per loan. Eligible financial institutions will conduct the underwriting and manage interface with their customers ([See more](#)).

Business Credit Availability Program (BCAP):

- Improve access to financing for credit-worthy Canadian businesses with viable business models whose access to financing would otherwise be restricted. EDC is supporting all exporting companies by offering their bank a guarantee on loans of up to \$5 million. BDC is offering working capital loans of up to \$2 million with flexible repayment and flexible repayment terms, such as postponement of principal payments for up to 6 months ([See more](#)).

Supports for Businesses: FedDev Ontario

- FedDev Ontario: Offering supports for tourism operators, SMEs or organizations that have received RDA funding and are being affected by COVID-19.

If you are a tourism operator or small- or medium- sized business or organization and have received RDA funding and COVID-19 is affecting your operations, you are encouraged to contact your local RDA office. Your local RDA office can review your situation and provide guidance.

If you are a tourism operator or small- or medium- sized business or organization impacted by the sudden shifts in the economy and need pressing assistance, the RDAs could assist you with:

- Access to federal funding to help you stay in business.
- Advice and pathfinding services to other federal programs and services available.

Call to action: Get in touch FedDev Ontario to inquire on services available. Consideration for funding is given on a case-by-case basis. Call: 1-866-593-5505 or reach out via [email](#).



Tax Measures - Federal

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- *Income Tax Deferral*: Allow all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after March 18 and before September 2020. No interest or penalties will accumulate on these amounts during this period.
- *Audit Deferral*: CRA will not contact any small or medium-sized businesses to initiate any post-assessment GST/HST or Income Tax audits for the four weeks beginning March 18. For the vast majority of businesses, the Canada Revenue Agency will temporarily suspend audit interaction with taxpayers and representatives.
- *Deferral of Customs Duty & Sales Tax for Importers*: Imported goods by businesses are generally subject to the GST, at a rate of 5 percent, as well as applicable customs duties, which vary by product and country of origin. While the vast majority of imports enter Canada duty-free, some tariffs remain, especially on consumer goods.
- *Deferral of Sales Tax Remittances and Customs Duty Payments*: The Government is deferring Goods and Services Tax/Harmonized Sales Tax (GST/HST) remittances and customs duty payments to June 30, 2020.
- For more information, click [here](#).

Tax Measures - Provincial

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- Employer Health Tax Exemption: Private-sector employers with annual payrolls up to \$5M will be exempt from Employer Health Tax (EHT) on the first \$1M of total Ontario remuneration for 2020.
 - Maximum EHT relief for 2020 is \$19,500 (normally would be \$9,945)
 - Expected 30,000 employers won't pay any EHT in 2020 and further 27,000 will pay less EHT in 2020 as a result.
- WSIB Payment Deferral: Open to all employers covered by WSIB, no need to opt-in.
 - Schedule 1 employers can defer reporting and payments to WSIB for 6 months (March 1 – August 31, 2020). No interest accrues and no penalties.
 - Schedule 2 employers can also defer payments for same period.
- Provincial Tax Deferrals: Interest and penalty-free deferral on remittance of certain provincially-administered taxes from April 1 – August 31, 2020, impacting about 100,000 businesses. Expected to provide liquidity relief of approx. \$6B.
- Electricity Relief for Small Businesses and Families: Those on time-of-use electricity pricing will be charged the off-peak power price (\$0.101/kilowatt-hour), 24 hours a day, 7 days a week from March 24 – May 8. Savings depends on usage.
- For more information, click [here](#).

Supports for Individuals: Canada Emergency Response Benefit

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- What it is: A taxable benefit that provides \$2,000 a month for up to four months for workers who lose their income as a result of the COVID-19 pandemic.
- Applicability:
 - workers who must stop working due to COVID19 and do not have access to paid leave or other income support.
 - workers who are sick, quarantined, or taking care of someone who is sick with COVID-19.
 - working parents who must stay home without pay to care for children that are sick or need additional care because of school and daycare closures.
 - workers who still have their employment but are not being paid because there is currently not sufficient work and their employer has asked them not to come to work.
 - wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for Employment Insurance.
- Eligibility:
 - residing in Canada, who are at least 15 years old.
 - who have stopped working because of COVID-19.
 - who had income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application.
- Effective Date: Applications opened on April 6, 2020.
- For more information, click [here](#).

Ministry of Heritage, Sport, Tourism and Culture Industries

10-point action plan

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1. Tourism Development and Recovery Fund (increased from \$500K to \$1.5M)
2. Launched Music Together (\$300K)
3. Destination Ontario post-pandemic campaign
4. Licensed bars and restaurants allowed to sell and deliver unopened alcohol
5. Developed lists of hotels to be used as medical sites if needed
6. Streamlining refundable film and TV tax credits; also contract and freelance workers now eligible for these
7. Retooling Ontario Music Fund (\$7M) to get money in artists' hands
8. Money for Quest for Gold and Sport Hosting events (\$10M) still available
9. Celebrate Ontario, Ontario Arts Council, Trillium Grant and Ontario Cultural Attractions Fund still to be paid out (\$200M)
10. Flowing funds to local libraries, community museums and government agencies and attractions

What's Not Yet Included

- Sector-specific measures for
 - Tourism
 - Hospitality
 - The Arts
 - Sports and entertainment
 - Festivals
 - etc.
- Rent relief
- Tax relief
- A plan for recovery and revitalization





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