

Small and Medium Sized Business Recovery Program – Additional Information

Responses to questions from Treasury Board members

s.12

Confidential Advice for Cabinet

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TREASURY BOARD STAFF BRIEFING NOTE

REQUEST NO.: -

MINOR MEETING DATE: -

TITLE: SMALL & MEDIUM SIZED BUSINESS RECOVERY GRANT PROGRAM

s.12

2020-10-19 9:33 AM

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CONTEXT:

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DISCUSSION:

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OPTIONS:

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RECOMMENDATION AND RATIONALE:

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TREASURY BOARD STAFF BRIEFING NOTE

REQUEST NO.: **TBD**

MINOR MEETING DATE: **TBD**

s.12

TITLE:

ISSUE SUMMARY:

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RECOMMENDATION:

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2020-10-20 8:25 AM

CONTEXT:

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DISCUSSION:

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OPTIONS:

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RECOMMENDATION AND RATIONALE:

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Small and Medium Sized Business Recovery Grant Program

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TREASURY BOARD MINUTE

CLIFF NO: 397336

MINISTRY REQUEST NO.: 21-21

TREASURY BOARD MEETING DATE: DECEMBER 18, 2020

TITLE: PROGRAM DESIGN CHANGES – SMALL & MEDIUM-SIZED BUSINESS RECOVERY GRANT

ISSUE SUMMARY:

s.12

TREASURY BOARD DECISION:

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OTHER CONSIDERATIONS:

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TB Meeting Date: December 18, 2020
397336

Confidential

Honourable Ravi Kahlon
Minister of Jobs, Economic Recovery and Innovation
Room 301 Parliament Buildings
Victoria BC V8V 1X4

Honourable Melanie Mark
Minister of Tourism, Arts, Culture and Sport
Room 151 Parliament Buildings
Victoria BC V8V 1X4

Dear Colleague:

Re: Program Design Changes – Small & Medium-Sized Business Recovery Grant

I am writing to inform you that Treasury Board has approved the request to make the following changes to the Small & Medium-Sized Business Recovery Grant Program (the “Program”):

s.12

Sincerely,

**Ministry of
Finance**

Treasury Board

Mailing Address
PO Box 9469 Stn Prov Govt
Victoria BC V8V 9V8

Location Address:
1st Floor – 617 Government St
Victoria BC

Selina Robinson
Chair

See Attachment

See Attached Distribution List

Distribution List:

cc: Bobbi Plecas
Deputy Minister
Ministry of Jobs, Economic Development and Competitiveness

Neilane Mayhew
Deputy Minister
Minister of Tourism, Arts, Culture and Sport

Joanna White
Assistant Deputy Minister and Executive Financial Officer
Ministry of Jobs, Economic Development and Competitiveness

David Curtis
Assistant Deputy Minister and Executive Financial Officer
Minister of Tourism, Arts, Culture and Sport

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TB Meeting Date: December 18, 2020
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QUESTIONS & ANSWERS

Relaunch Small and Medium-sized Business Recovery Grant Ministry of Jobs, Economic Recovery and Innovation

Key Messages:

- The B.C. government is making enhancements to the Small and Medium Sized Business Recovery Grant program that will make it easier for businesses to qualify for these important grants.
- We have been listening to businesses and stakeholders and working with them to expand the eligibility criteria so that more businesses are able to access the grant program.
- We have made several adjustments including a simplified application process and streamlined criteria that will make it easier for businesses to apply and get funding that will help them get back on their feet.
- This means even more businesses that have been impacted by the pandemic will be eligible to receive between \$10,000 and \$30,000 in a non-repayable grant — as many businesses cannot afford to take on more debt at this time.
- We also have increased the additional amount available to tourism related businesses for up to \$15,000 on top of the base grant.
- Our number one priority now is to get the money out the door to eligible businesses.
- This pandemic is something no one anticipated and something we have not lived through before. There is no formula on how to respond to the many variables it has brought our way.
- Since the outset of this pandemic our government has said we will be there for people and businesses. If a program needs to be reviewed or expanded so it better achieves the outcomes, we all want, then we are ready and willing to do that work.
- One of our most valuable assets in B.C. are our businesses and the people who operate them, and we remain steadfast in our committed to helping them.

Q&A:

1. What eligibility criteria changed?

- No two businesses operate in the same manner and they have different ways of record keeping and reporting.
- We have made several adjustments to make the grant program more flexible to meet the operating conditions of various businesses.
- We have lowered the requirement for businesses to be in operation from three years to 18 months at the time of application. Right now, that means that businesses in operation 9 months before the pandemic can apply to the grant program.
- The requirement to list a variety of remittance accounts like, the registration numbers for the goods and services tax, provincial sales tax and WorkSafeBC have been removed.
- Instead of requiring a revenue loss of 50% or more, the criteria has been reduced to 30% at the time of application.
- Applications can now be submitted by sole proprietors, with fixed costs.
- Businesses that are temporarily closed or seasonal are now eligible for the program.
- For more information on eligibility criteria and to apply, visit www.BCBusinessRecoveryGrant.com

2. Why change from three years to 18 months – why not just remove the operation criteria, period?

- We have made significant adjustments to make the Small and Medium Sized Recovery Grant program accessible for many more B.C. businesses.
- We are confident these changes are going to make a difference to many businesses.
- It is always important, as we considered these adjustments, to ensure public accountability.
- One way to achieve that was by keeping a reasonable timeline for the business to be operational.

- We heard from businesses that were doing very well before the pandemic, but they were outside of the three-year operation requirement. This made them ineligible for the grant.
- After review, we determined that a requirement of 18 months will allow many more businesses to apply while still providing the public accountability for these investments.
- Right now, that means that businesses in operation 9 months before the pandemic can apply to the grant program.

3. Why did you wait so long to make these changes and further impact B.C. businesses? By not having a Minister in place, were you unable to make any decisions on the program?

- The Small and Medium Sized Business Recovery Grants were not held up in anyway due to the election.
- We have hard working public servants who have been committed to launching this program and getting the funding out the door as quickly as possible.
- The program was put in place quickly after the September 17th Stronger BC announcement, with applications open on October 9th.
- This pandemic is something we never anticipated and something we have not lived through before. There is no formula to how to respond to the many variables it has brought our way.
- But we are learning, we are listening, and we have been nimble, bringing the streamlined criteria into place quickly.
- One of our most valuable assets in B.C. are our businesses and the people who operate them, and we remain steadfast in our committed to helping them.

4. What funding is available?

- A business can receive \$10,000 - \$30,000 in non-repayable grants.
- An extra \$5,000 to \$15,000 is available for businesses in the tourism sector.

5. Why a recovery grant ?

- We know that many businesses have accessed federal loan programs to help get them through this challenging time.
- For many, taking on more debt with another loan is simply not an option.
- The grant will provide businesses with one-time funding that will help them regain their footing on the path to economic recovery.
- The grant does not need to be paid back.

6. How soon will these changes be in effect?

- The changes will be in place on December 21, 2020.

7. If I have already submitted my application, do I have to apply again?

- You do not need to resubmit your application again.
- Any applications received prior to the program changes will be reviewed under new program criteria.
- Businesses that have already been approved for funding will receive additional funding increases if eligible.

8. How will you encourage increase applications for this grant program?

- We will work with community level organizations and stakeholders and business associations like the Chamber of Commerce, the BC Restaurant and Foodservices Association and the BC Hotel Association to share the news about the changes to the Small and Medium Sized Recovery Grant program.
- We will also communicate directly with business owners to let them know about the changes.
- And, we will work within our own B.C. government channels to raise awareness about the grant program changes.

9. How do you determine what range of funding from the \$10,000 – 30,000 a business will receive?

Base grant, based on total revenues

Pre-COVID revenue	Grant amount
Up to \$100,000	\$10,000
\$100,001 to \$1,000,000	\$15,000
\$1,000,001 to \$2,000,000	\$20,000
\$2,000,001 to \$3,000,000	\$25,000
More than \$3,000,000	\$30,000

Tourism Top-Up, based on:

Number of pre-COVID B.C. residents employed	Grant top-up amount
0 to 1	\$5,000
2 to 4	\$10,000
5 to 149	\$15,000

10. What size does the business need to be to qualify?

- The business must employ between two and 149 people in B.C. for at least four months of the calendar year. This includes businesses that had employees prior to COVID (February 1, 2020).
- Or, the business can be a sole proprietor with fixed costs.

11. How can a business use the money?

- This money is intended to support businesses through this difficult time and to give them the ability to get their business back on its feet.
- Businesses can purchase anything from equipment to ecommerce support to help them get their business back on track.

12. Is a recovery plan still required?

- Yes, the recovery plan is still an eligibility requirement, but it has been streamlined.
- The recovery plan template has been reduced to a simple two-page form, where the business is asked to detail how they will spend the grant funds.
- The program covers \$2,000 in consulting so businesses can get expert advice on how best to plan for their recovery.
- The Small and Medium Sized Business Recovery Grant is set up to help businesses succeed for the long term.
- The recovery plan becomes a valuable tool to help a businesses demonstrate the steps they can take to help keep their business viable.
- The recovery plan template can be accessed through the Stronger BC website or at <https://www2.gov.bc.ca/gov/content/economic-recovery/business-recovery-grant>

13. If asked about professional service providers:

- The professional services providers were engaged through a B.C. government expression of interest via Small Business BC.
- Professional services provider are approved to provide professional services up to \$2,000 per small or medium-sized business, with this amount will be paid directly to the provider.
- A professional service provider is assigned to the business through Small Business BC and they will help guide you through that process.
- The business can also prepare their recovery plan with support from their own service provider.

- The B.C. government will provide up to \$2,000 to the service provider, on behalf of the business, to develop the recovery plan.
- However, the service provider must register with Small business BC at: expressionofinterest@smallbusinessbc.ca

14. Does this simplified process mean that applications will be approved more quickly? What do you expect the timeline to be from application to funding be received by the business?

- The B.C. government has a dedicated team of professionals reviewing all applications.
- Once an application has been reviewed by the public service to ensure that it meets the eligibility criteria, applicants will be matched with a professional service provider.
- The provider will help develop a recovery plan within the expected time frame of two-weeks.
- Grant funding will be disbursed as soon as possible upon the completion of the recovery plan.

15. To-date, how many businesses have applied for/received the grant?

- Since the intake opened on October 9, 2020, over 1,500 applications have been received.
- B.C. government staff are working on those applications now.

16. Can a business receive funds from the Small and Medium-Sized Business Recovery Grant if they received federal funding?

- Generally, yes. Businesses should be able to benefit from programs provided by the Government of Canada and the B.C. government.

17. Can you apply if you are thinking of selling your business?

- The program is intended to develop recovery plans that will support businesses to remain in operation, and wherever possible, retain their employees until COVID-19 restrictions are behind us.

18. When does the program expire?

- The program will run until March 31, 2021.

19. What happens if all of the grant funding isn't allocated by March 31?

- Right now, our focus is getting these grants to as many eligible businesses as possible.
- We will continue to review the program to assess how it is meeting its objectives.

20. Who was consulted on these changes?

- We have been listening to businesses and stakeholders and working with them to expand the eligibility challenges so that more businesses are able to access the grant program.
- We have met with the BC Chamber, the Canadian Federation of Independent Business, Members of the Small Business Roundtable, the BC Hotel Association, BC Restaurant and Foodservices Association, ABLE BC, and Restaurants Canada.
- Collectively, these organizations know firsthand the concerns that their membership had with the program's eligibility criteria.
- They are supportive of expanding the eligibility criteria.

21. Why isn't anything immediately available for businesses now?

- The Small and Medium-Sized Business Recovery Grant program is open for application right now.
- There are also other measures in place to help businesses find their feet and build their confidence.
 - We're providing a temporary PST rebate on select machinery and equipment to make it easier for businesses to make the kinds of investments that will allow them to grow and become more productive.

- We have a new hiring incentive rebate. Employers that hire new people or bring people back who lost their jobs during the height of the pandemic measures is eligible for a credit equal to 15% of any increase in total payroll in the last quarter of 2020.
- We deferred the planned carbon tax rate increase to April 1, 2021.
- Employer Health Tax quarterly instalment dates have been extended so that businesses will have more access to cashflow during recovery and more time to determine their annual payroll.
- These actions build on the measures we already introduced as part of the COVID-19 Action Plan, including:
 - Extending a number of taxation deadlines for businesses, including the employer health tax, PST, hotel tax, tobacco tax, motor fuel tax and carbon tax to Oct. 1, 2020.
 - Reducing most commercial property tax bills by an average of 25%.
 - Postponing late penalties for commercial property taxes, which gives businesses and landlords more time to pay their reduced property tax bill without penalty.
- These are all important steps that have helped businesses and will help many businesses get back on their feet, create good jobs for people and set us up for recovery in the longer term.

22. If asked about the Tourism Sector?

- We're acting quickly on the recommendations of the Tourism Task Force to provide further relief for people in the tourism sector.
- On Dec. 22, we announced \$105 million in dedicated relief funding for the tourism sector.
- This includes \$100 million in relief funding dedicated to the tourism sector under the Small and Medium Size Business Recovery Grant program.
- The Ministry of Jobs, Economic Recovery and Innovation has made several adjustments to the grant program, including a simplified application process and streamlined criteria that will make it easier for businesses, particularly those in the hard-hit tourism sector, to apply and get funding that will help them get back on their feet.

- We are also allocating \$5 million in relief funding to be administered through Indigenous Tourism BC for Indigenous tourism, one of the fastest growing sectors of the industry.
- Thousands of B.C. tourism businesses will be eligible to receive up to \$45,000 to help pay their rent or lease costs, move to more online services, or modify their operation to increase safety and improve consumer confidence.
- This additional funding responds to requests from the industry for financial support to the tourism workforce and to help businesses stay afloat until its safe again to travel.

Appendix A – Previous vs. Streamlined Criteria

Current Eligibility Criteria	Streamlined Eligibility Criteria
Business must be currently operating	Businesses that are currently operating, temporarily closed or seasonal are eligible for the program. This change is aligned to the Tourism Taskforce recommendations.
Maintains a variety of remittance accounts and numbers including: CRA; GST; PST; Worksafe Registration; Municipal & Regional District; Business licence	Applicants are still required to provide Notices of Assessment for the 2018 and 2019 years.
3 years in operation	Business operating as of July 1, 2018 to meet 18 months of operations prior to COVID. This change is aligned to the Tourism Taskforce recommendations.
Employs between 2 and 149	<ul style="list-style-type: none"> - The Business employs between 2 and 149 people in B.C. for at least four months of the calendar year. This includes businesses that had employees or contracted staff prior to COVID. - Or, the business can be a sole proprietor with contracted staff or can be a sole proprietor with fixed costs.
Continue to earn 50% or less in revenue	Expanded to be 30% or less in revenue.

Current Eligibility Criteria	Streamlined Eligibility Criteria
Prior to COVID, had positive cash flow for the last financial statement.	Criteria stays the same.
Disclose all federal funding	Criteria stays the same, but is not mandatory.
Tourism Top Up	Increase Tourism top up to maximum of \$15,000 and expand the definition of Tourism. This change is aligned to the Tourism Taskforce recommendations.
Financial records submission	Reducing the number of financial records that are needed. Financial Records to determine program eligibility (at stage 1) will also be used to determine Recovery Plan approval (at stage 2). This will streamline process for applicants.
Has accessed federal supports	Criteria stays the same but is not mandatory
Recovery plan submission	Criteria stays the same, but the plan is vastly streamlined.
Must be matched to a government-identified service provider	Can also use personal service provide however the B.C. government will not cover the costs.
Service providers	Criteria stays the same.

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