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COVID-19 Recovery for Small and Medium Enterprises (“SMEs”),
Standing Committee on Finance and Economic Affairs

Intro

- CEO of Best Bargains
- In Business for 29 years. 45% export based.
- I am here as a member of the Better Way Alliance, a growing group of small and mid-sized businesses and non-profits who employ 30,000 Ontarians. We are committed to decent working conditions for our staff. We know a living wage, fair scheduling and paid sick days are good for our businesses and good for our communities.

- To date, there has been a lot of lip service about supporting small business and Main Streets across Ontario.
- However, many of the programs offered by both federal and provincial governments often do not meet the needs and experiences of small businesses.

3 Areas of Focus

- Commercial rent
- Recognition that recovery will depend on SMEs that truly contribute to their local and provincial communities by creating good paying jobs and raising up working conditions:
 - Better tailored financial support
 - Inclusion in government programs and efforts to promote and sustain local and provincial business – like the Ontario Made campaign

Commercial Rent

CECRA/OCECRA

- By now, we all know that CECRA and OCECRA were not designed appropriately to help small business tenants.
- Fewer than 6% of Canadian small businesses are currently accessing CECRA
- Solutions include changing to sliding scale or more flexible requirements in terms of revenue loss as well as allowing tenants to apply and receive funding directly rather than relying on landlords.

Commercial Tenancies Act, R.S.O. 1990, c. L.7

- Severely outdated
- Not drafted in clear language and with no tenant information/advisory service, is hard and time consuming for SMEs to understand
- Contains very little protection for tenants on rent raises or lease terms
- Contributes to power imbalance between tenants and landlords/realtors

Updating the CTA

- Even before COVID-19, many small businesses that were vibrant hubs of community and economic activity were forced to close because of huge rent increases or disputes with landlords
 - Grinder Coffee closed Oct. 2019, after a tripling in rent
 - Cosmic Treats closed Aug. 2019, after their rent went from \$3,000 to over \$9,000 after the sale of their building
 - After 10 years, in Sept. 2019, Florabunda florists closed due to 53% rent hike
 - After 30 years, Broadview Bakery and Deli closed in Sept. 2019 due to a doubling in rent

Updating the CTA

- The BWA and I believe that updating this Act to make it more accessible for small businesses and to include key rights and obligations is an urgent priority to ensure a sustained recovery for Ontario's economy.

Updating the CTA

- caps on rent increases and other charges to tenants
- stronger protections against eviction and “renoviction”
- obligations for the landlord to pay for necessary maintenance and space upgrades or caps on costs permitted to be passed on to tenants
- a tribunal or dispute resolution mechanism in case of disagreement about the lease and information/advisory service
- charter of rights for tenants
- standardized leasing
- landlord licensing

Updating the CTA - priorities

- Financial Fairness and Budgeting
- **Caps on commercial rent increases**
 - These could be tied to:
 - the cost of inflation as per the CRA's CPI measure, or
 - a set percentage like 3%, etc.
 - Necessary for budgeting and planning
 - Enhances fairness for small business tenants

Updating the CTA - priorities

- Financial Fairness and Budgeting
- **Caps or prohibitions on additional expenses being passed on to tenants**
 - Operating adjustments
 - Repair and maintenance costs

Updating the CTA - priorities

- Enhancing clarity, transparency and access to information
 - On bills
 - On lease terms
 - On rights and responsibilities of both tenants and landlords

Updating the CTA - priorities

- Introducing a Commercial Landlord and Tenant Board
 - Similar to those that exist for residential tenancies
 - Provide information to tenants and landlords about rights and responsibilities to close knowledge gaps and clarify the law
 - Allows smaller disputes to be settled in an administrative tribunal, faster and at lower cost, instead of through costly and slow court processes

Ontario Made and Incentives for Manufacturing

Focus on Small Business

- Many of the federal and provincial COVID-19 programs benefit larger corporations and not small businesses
 - Tax deferrals and credits
 - Loan program for decent work employers
 - Ontario Made to support and promote business
 - Youth apprenticeship and internship programs that have recently been cancelled or capped like YES
 - Bringing back export and manufacturing focused grants & loans like the PEMD (cancelled in the early 2000s)

Healthy Working Conditions to Ensure Recovery

Workers' Issues

- The best way to ensure a safe and successful recovery is to support the workers who are making it happen
 - Paid sick days
 - Fair scheduling
 - Continued financial support