

April 29th, 2020

Mr. Bill Morneau, Minister
Department of Finance Canada
House of Commons
Ottawa, ON
K1A 0A6

Via email: bill.morneau@canada.ca

Dear Minister Morneau,

RE: Eligibility for The Canadian Emergency Business Account (CEBA)

The Ontario Federation of Agriculture (OFA) is Canada's largest voluntary general farm organization, representing more than 38,000 farm family businesses across Ontario. These farm businesses form the backbone of a robust food system and rural communities with the potential to drive the Ontario economy forward.

OFA would like to thank you for the decisive actions taken by the federal government to provide financial relief to millions of Canadian families and businesses in response to the COVID-19 crisis.

One of the central emergency programs recently introduced is the Canadian Emergency Business Account (CEBA). These interest-free loans can act as a lifeline to many farm businesses struggling during the COVID-19 crisis. However, two of the eligibility requirements under the program are making it impossible for many farm businesses who are in desperate need of liquidity, to access these funds.

1. The requirement for \$20,000 - \$1,500,000 in company payroll.
2. The requirement for applicants to have a business bank account set up with the financial institution they are applying through.

Loosening payroll eligibility requirements

Many farms in Canada are family businesses. Often a farm business may employ little or no non-family labour. Small farms are particularly reliant on family labour to run the business.

Instead of paying salaries, family members often receive financial compensation using the profits of the business. Since the sharing of profits is not considered a payroll expense, many family-run farm businesses will be ineligible for the CEBA.

Furthermore, when farms employ non-family labour it is often through independent contractors and custom workers. This contract work is completed on a seasonal basis or as needed throughout the production cycle. These labour costs are not counted on the payroll.

To ensure all family farm businesses have access to the CEBA during these difficult times, we ask that the eligibility requirements for the CEBA be amended to allow profits of sole proprietorships and partnerships as well as dividends paid from Canadian Controlled Private Corporations to be considered paid employment income for the purposes of qualifying for the CEBA.

Exempting agricultural businesses from the requirement of having a business bank account

The requirement that applicants of the CEBA have a business bank account is preventing many small farm businesses from accessing the funds in the program. Since many small farm businesses do not have a business account set up, they are denied access to the program. To make matters worse, these are often small farm businesses with limited access to liquidity and therefore are in most need of programs like the CEBA.

To ensure all farm businesses have access to the CEBA, we ask that an exemption be provided to the requirement to hold a business account for businesses that claim farm income on their tax return.

Alternatively, the program guidelines could be amended to recognize an Agri-Invest account as a business account for the CEBA program. This option is not ideal as it would still exclude smaller farm businesses that do not participate in the Agri-Invest program.

OFA and all our farm family businesses appreciate the support of the federal government during this difficult time. We expect these recommendations will be given the considerations they deserve, and we look forward to working with you to ensure a speedy economic recovery in Canada.

Sincerely,



Keith Currie
President

cc: Justin Trudeau, Prime Minister of Canada (justin.trudeau@parl.gc.ca)
Chrystia Freeland, Deputy Prime Minister and Minister of Intergovernmental Affairs (Chrystia.Freeland@parl.gc.ca)
Marie-Claude Bibeau, Minister of Agriculture and Agri-Food Canada (Marie-Claude.Bibeau@parl.gc.ca)
Doug Ford, Premier of Ontario (doug.fordco@pc.ola.org)
Ernie Hardeman, Minister of Agriculture, Food and Rural Affairs (ernie.hardemanco@pc.ola.org)
OFA Board of Directors