



Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

By: Libro Credit Union

August 6th, 2020

List of Recommendations

- **Recommendation 1:** The Government must ensure that adequate funding be made available to support every Canadian in having the ability to access a Covid-19 vaccine once available.
- **Recommendation 2:** The Federal Government must consider longer term transition programs for workers and businesses beyond just CERB to E.I. Considerations for entrepreneur grants and loans for starting businesses should be a priority to kickstart the economy.
- **Recommendation 3:** The Government should consider providing funding in the amount of \$2 billion for farmers and producers across Canada as additional stand-alone Covid support. These funds are needed until agricultural risk management programs are modernized and enhanced.
- **Recommendation 4:** CEBA 3.0 frustrations are causing headaches for financial institutions due to eligibility and administrative changes. We are calling for a simpler approach to the administrative portion to ensure faster access to funds.
- **Recommendation 5:** The Government should provide additional funding to the Government's International Student Strategy (2019-2024) and look to capitalize on current international policy that pushes back on international students and travel for education.
- **Recommendation 6:** Increase available funding through the Universal Benefit Fund in the amount of \$2 billion for shovel ready projects and rapid infrastructure deployment opportunities. This would be on top of the already \$6 billion committed over 10 years.
- **Recommendation 7:** The Commercial Rent Assistance Program needs to be redesigned immediately as current policy design is failing small business owners. Funds should flow directly to tenants and a transition rent support program should be considered.
- **Recommendation 8:** Speed up the allocation and spend of the \$755 million-dollar Social Enterprise Fund to social enterprises that are ready to assist and support Canadians.
- **Recommendation 9:** Support the Canadian Credit Union Association (CCUA) specific sector requests.

Introduction

The Government must consider future actions, decisions and budgets within the lens of a prolonged Covid environment. Future waves and spikes must be accounted for in budget allocations, preparations and modelling relating to programs and decisions. The Finance Committee's discussions and debates will be critical to the success of future programs and initiatives for all Canadians.

[Libro Credit Union](#) is pleased to share context and information surrounding our list of recommendations. Libro is a leading credit union located in southwestern Ontario. We have over one hundred thousand Owners (members) who entrust us with their personal, business, wealth, and community banking needs. Our services include a full suite of financial services and products through a coaching model. We have been serving southwestern Ontario for over 75 years and are focused on driving prosperity in southwestern Ontario.

Recommendation #1

The Government must prepare funds in advance for purchasing Covid vaccines for every Canadian. The availability of mass vaccines is critical to the health of Canadians and will be critical to the sustainability of our economic recovery. The price tag for this will be costly but must be considered in advance to ensure that Health Canada and procurement services can act quickly when the opportunity to purchase becomes available.

Recommendation #2

At time of writing the Government is considering a transition from the CERB to employment insurance, in parallel with a new benefit for gig and contract workers. We applaud the Government on their desire to support all Canadians with transitional benefits and for initial support through the CERB. Our economic restart will be slow and protracted, and the budget must consider low short-term GDP growth. Transitional programs will still be needed to help those who are working less, have reduced hours, experience sales declines, or are transitioning employment.

Transitional income programs/benefits/initiatives should:

1. Ensure that Canadians are incentivised to work, while not being penalized at the same time by losing out on all benefit programs. Considerations for how workers access funds while increasing work hours is critical to ensuring the kickstart of our economy.
2. Support small business and government by reducing administrative burdens and cost. Program design must be simple and easy for business owners to support through established channels such as CRA, financial institutions (credit unions and banks), or employment insurance.
3. Be universal in its application and focus on supporting directly the impacted party or individual.

Guaranteed Entrepreneurship Loan Program

Libro believes that a simple way to kick start the economy is through a new government guaranteed entrepreneurship loan program. To date the Government has supported businesses that already exist. This initiative would focus on new entrepreneurs entering the marketplace. Banks and credit unions would underwrite and administer the loans and the government would guarantee a portion (75% initially). Financial institutions would provide a small fee back to the government to support up front

cost and risk and after a period (to be determined) the risk would shift 100% back over to the financial institution. Access to capital will be critical to moving us forward. Many channels will be dried up or tightened, this program supports that need to ensure new growth. This framework has been used provincially in Nova Scotia through credit unions with positive results and low loan losses. We believe the program can easily be replicated across Canada through all financial institutions.

Recommendation #3

The federal governments response to the agricultural sector has been limited in many cases and has not provided the new funding needed. Commitments to AgriRecovery and personal protective equipment programs are helpful but doesn't go far enough and creates more confusion. Based on initial CFA and sector estimates billions are still needed.

The standing committee on Agriculture and Agri-Food has been reviewing and hearing testimony related to enhancements and the modernization of agriculture risk management programs. We will not elaborate on the testimony in this consultation however, it is important to note that programs are not being utilized by producers and policy design is failing farmers within these programs. AgriStability and AgriRecovery are two perfect examples of how funding doesn't reach farmers effectively, is often too little too late, or the administrative burden is too high.

We recommend that \$2 billion be considered in the 2021 budget as additional Covid support for the agricultural community. These funds will help to offset rising costs of labour, personal protective equipment and impacts due to Covid.

Recommendation #4

CEBA 3.0 changes have created challenges for financial institutions. The new reporting mechanisms and finance processing requirements have created burden and headaches for our team. This launch has not been as successful as CEBA 1.0 and 2.0 and frustration is mounting for many small business owners who can't access funds or are being rejected due to personal accounts or new eligibility requirements. There is also frustration in wait times for flow of funds. We would recommend a simpler approach to moving funds should CEBA expand or be transitioned into another program.

Recommendation #5

Recent U.S. policies have created an opportunity for Canada to recruit and retain more talent from international countries through immigration and the international student program. As the battle for top talent and knowledge rises now is the time for Canada to capitalize on regressive policy south of the border. We recommend additional funds be placed into the International Education Strategy Program with a specific focus on fast tracking students into Canadian universities and colleges, along with setting up connections to local businesses with co-op job placements and research opportunities. This opportunity may only be limited to the 2021 budget/school year due to travel restrictions, Covid surges and lower competition for international students. Canada must act quickly to seize the opportunity in 2021.

Recommendation #6

The Universal Broadband Fund recently went through a consultation process through the Ministry of Innovation, Science and Industry. This fund supports rural Canadians with critical broadband infrastructure needs. Business cases are hard to make without government support in low density rural locations. With increasing work from home environments across Canada this infrastructure is more critical than ever before. Fibre optic connections offer sustainability and vitality for rural communities as more workers look for affordable home prices, attractive communities and life outside of Canada's major cities post Covid. Numerous new businesses will start up in rural communities that will be critical to our economic recovery and restart.

We recommend renewed commitment to the Canada Connectivity Strategy with an additional \$2 billion added on for the 2021 budget to speed up shovel ready projects, and incentivize new projects awaiting additional funds. A portion of this new funding should be earmarked for "finale mile projects" to ensure those in the most remote locations can still have adequate access to internet infrastructure when/where possible.

Recommendation #7

The CECRA for small business has not been effective and is creating gaps for too many small business owners. At Libro we have had coaching conversations with business owners concerned about rent and unable to take part in the program due to eligibility or landlord choices. The 25% loss of revenue for landlords is also problematic as it simply downloads the burden from one business owner to another. Internal data from the government suggests that the program is well underutilized as most funds earmarked for this program remain untouched. This program needs to be reconsidered immediately.

We recommend that a new program:

- Run through tenants only to simplify funding
- Increase eligibility by dropping the 70% revenue reduction requirement to a lower %
- Simplify administrative processes for tenants to access funds

With lagging sales and continued concerns around Covid numbers it is imperative that this program be reimagined quickly to support small business with monthly rent help. Even some form of rent support helps so long as it is accessible to the tenant.

Recommendation #8

Sources of capital are drying up for social enterprises as Covid-19 has taken its toll on all sectors. We are recommending that the government expedite the delivery of the Social Finance Fund over the next two years due to the high demand. Libro works with several social enterprises across southwestern Ontario who could significantly benefit from this fund by helping local businesses, networks and agencies rebuild and recover post Covid. This is a simple and effective way for governments to work with established parties to get innovation and projects moving quickly across Canada.

Recommendation #9

The Canadian Credit Union Association (CCUA) is the trade associations for credit unions across Canada. They support advocacy and government relations for both federal and provincial credit unions.

CCUA is advocating for the following sector items:

- Equal access and consideration for new benefit programs for credit unions
- Changes to paper statement requirements
- Thresholds changes for single member resolutions (From 1 to 500 members)
- Changes to member registries requirements
- Partnership around credit union educational opportunities for federal employees
- Update the Income Tax Act to create a new definition for credit unions
- Ensure credit unions have a seat at the table as the government considers consumer directed finance (open banking) policy and frameworks

CCUA will be responding to the FINA consultation and is open to discussing with the committee any areas its expertise can assist with.

Conclusion

As the Government considers new programs to help Canadians it is important that credit unions are engaged early on as millions of Canadians bank with a credit union. One example was early in the process for CEBA loans credit unions were left out from discussions which created a significant gap for small business owners. We need to ensure these gaps don't occur in future programs and benefits that flow through financial institutions. Credit unions are capable and ready to support government in any program or benefit for Canadians.

We would like to take this opportunity to thank the Finance Committee and government for their work over the past few months. Libro would be happy to speak to and support any of our recommendations at the request of the committee or provide further information on the guaranteed entrepreneurship loan program. Thank you for your considerations of our recommendations.

Sincerely,



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