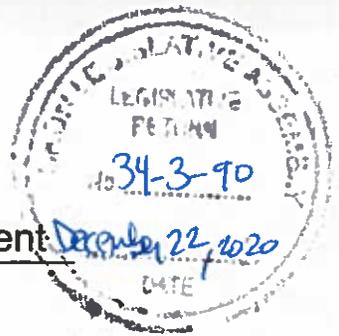


LEGISLATIVE RETURN



SUBMITTED BY: Hon. Mr. Pillai, Minister of Economic Development

1. On \_\_\_\_\_,

asked the following question during the Oral Question Period at page(s) \_\_\_\_\_ of Hansard

submitted the following written question – WQ No. \_\_\_\_\_

gave notice of the following motion for the production of papers – MPP No. \_\_\_\_\_

RE: \_\_\_\_\_

OR

2. This legislative return relates to a matter outstanding from discussion with Mr. Istchenko, Member for Kluane on November 30, 2020 related to:

Bill No. 205  Second Reading  Third Reading

Committee of the Whole: Vote 07

Motion No. \_\_\_\_\_ RE: Business Relief Program

at page(s) 2116 of Hansard.

The response is as follows:

Question -

Let's start by getting an explanation about how the program works. I was looking for the minister — but with time restraints, I just see that we probably don't have enough time. One question that I wanted to ask about this program is a little bit about the limits. Are we correct in stating that a business that is accessing the program to the maximum extent of \$30,000 a month will run out of eligibility after three months? The government has announced an extension of this program, but it did not lift the total maximum limit of \$100,000. Can the minister explain that decision? Some businesses have asked why the total limit didn't also increase. Who in the department is authorized to approve applications and distribute money? Is there a written policy also in place for this program? Have businesses been denied funding? Were they permitted to appeal the process, and what is that process like? What sort of metrics is the government collecting? Can the minister give us an overview of the uptake of the program — how many businesses have accessed it and at what levels have they accessed it? From what we have heard, many businesses that accessed this program also frequently access a federal program through CanNor. This is one of the questions we get quite a bit. Can the minister tell us about the information sharing?

The response is as follows:

The program is administered by Department of Economic Development in accordance with the Financial Administration Manual.

Additional information is attached to this response.

December 22, 2020

Date

Signature

**Additional Yukon Business Relief Program (YBRP) information:**

Under the program, eligible businesses may receive funding to reach their financial break-even point up to a maximum of \$30,000 per month. The maximum amount that any business can claim from this program is \$100,000. A business that claims the maximum amount of \$30,000 a month for three months can still claim up to \$10,000 in a subsequent month.

The Yukon Business Relief Program is administered in partnership with Canadian Northern Economic Development Agency's (CanNor's) Northern Business Relief Fund. The coordination between the two programs happens automatically provided the business, on its application form, has permitted information sharing between the two governments.

There is a written policy in place for the program and the policy is attached to this return.

Businesses denied funding can appeal the decision. The Deputy Minister receives appeals made regarding decisions pursuant to this program.

The government is collecting a number of metrics regarding the program including those pertaining to fund utilization, number of businesses accessing the program and distribution of support across various sectors of the Yukon economy.

To assess the impact of the program, in October 2020, the Yukon Bureau of Statistics conducted an email survey of 423 businesses that have received funding from the Yukon Business Relief Program. 283 businesses (67%) completed the survey and 40% of the respondents said the YBRP funding was either very important or critical to the finances of their business

As of December 16, 2020 there have been 528 applications and over \$6 million in funding approved to support Yukon businesses. A sector-specific and location-specific breakdown of the program's utilization is provided below.

**Actual payments by community as of December 15, 2020:**

Community	Amount Paid (\$)	Amount Paid (%)
Whitehorse	\$5,023,203	83%
Dawson City	\$274,770	5%
Watson Lake	\$272,806	5%
Haines Junction	\$178,809	3%
Carmacks	\$87,863	1.5%
Teslin	\$48,917	1%
Faro	\$37,224	<1%
Destruction Bay	\$31,842	
Beaver Creek	\$23,865	
Braeburn	\$9,907	
Carcross	\$8,414	
Burwash Landing	\$7,207	
Marsh Lake	\$6,413	
Mayo	\$5,902	
Old Crow	\$3,607	
Keno	\$1,931	

Tagish	\$1,870	
Eagle Plains	\$1,484	
<b>TOTAL:</b>	<b>\$6,026,036</b>	

**Actual payments by industry as of Dec 15, 2020**

Accommodation and food services	\$2,438,514	40 %
Retail trade	\$1,477,618	25 %
Transportation and Warehousing	\$592,747	10 %
Professional scientific and technical services	\$262,028	4 %
Health and social assistance	\$232,855	4 %
Real estate and rental and leasing	\$227,045	4 %
Construction	\$241,567	4 %
Arts entertainment and recreation	\$151,631	3 %
Other services (except public administration)	\$140,481	2 %
Manufacturing	\$113,421	2 %
Mining, quarrying and oil and gas extraction	\$59,256	1%
Wholesale trade	\$43,823	<1%
Information and cultural industries	\$36,538	<1%
Administrative and waste remediation	\$23,207	negligible
Agriculture, forestry, fishing, hunting	\$52,542	negligible
<b>TOTAL:</b>	<b>\$6,026,036</b>	

**\*\*Tourism is not identified as a separate sector – it consists primarily of accommodation, food services, transportation, recreation, cultural industries, educational services, fishing and hunting.**

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# Yukon Business Relief Program

## Program Guidelines

Revised as of September 2, 2020 - extension

### Purpose

The Yukon Business Relief Program assists Yukon businesses to remain financially solvent with limited revenue due to the COVID-19 pandemic. The program focuses on providing assistance to cover fixed costs (e.g., commercial rent/lease payments, utilities and business insurance) that will help businesses survive and be in a position to resume normal business activities when the threat to public health eases. The program is intended to align with business relief programs by the federal government.

### Program extension

The Yukon Business Relief Program has been extended and continues its partnership with Canadian Northern Economic Development Agency's (CanNor's) Northern Business Relief Fund. Businesses will continue to apply through Yukon government for support from either or both programs. This coordination happens automatically provided the business, on its application form, has permitted information sharing between the two governments.

For expenses during the May 23, 2020 – March 31, 2021 extension period, applications will first be assessed for support under CanNor's Northern Business Relief Fund to determine whether they may be eligible.

If they have received \$100,000, the maximum level of support they can receive from CanNor's Business Relief Program, they may be transferred back to the Government of Yukon, and will be assessed using the same criteria as CanNor – the program is open to all Yukon businesses who are operating at a deficit.

Businesses are not eligible for CanNor's Northern Business Relief Fund due to the following reasons:

- have eligible fixed costs of less than \$625 per month
- those that employ more than 100 people
- home-based businesses

For the months of June and July these businesses will be assessed by demonstrating a 30% revenue loss rate for each month. From August 1, 2020 to March 31, 2021 these businesses will be assessed using profit and loss.

Businesses who were deemed ineligible for reimbursement from CanNor's Northern Business Relief Fund due to being profitable, should be advised that we are also using the same criteria as CanNor – the program is open to all Yukon businesses who are operating at a deficit.

Businesses who did not apply to CanNor may be eligible to apply to YG for costs incurred after August 1, 2020. No claims for retroactive expenditures will be eligible.

**Eligible organizations**

This program is open to all Yukon businesses, including home-based businesses, except those listed as ineligible below.

A Yukon Business means a business that meets three of the following criteria:

- o Has an office with a physical address in Yukon;
- o Is subject to the Yukon Income Tax Act;
- o Is registered as per the Business Corporations Act or the Partnership and Business Name Act, where applicable; and/or
- o Has a valid municipal business licence, where applicable.

Businesses that owe money to Government of Yukon may also eligible for this support. Where the reconciliation of phase one payments resulted in an overpayment to a business, this overpayment may be deducted from subsequent payments.

The following business groups are presented in approximate ranking of impact to due COVID-19 and exposure to the public with front-line workers. They have different levels of eligibility within the program. All businesses are capped at \$30,000 per month. Total level of support for businesses is now capped at \$100,000 for the program period.

Eligible organizations	Level of eligibility (%)
Group 1: Businesses ordered to close (e.g., bars, personal care services)	100
Group 2: Eating out/going out businesses (e.g., food services, motion picture exhibition, arts, performing arts, amusement and recreation industries)	100
Group 3: Retail	100
Group 4: Accommodation (e.g., RV parks, traveller accommodation)	100
Group 5: Transportation (e.g., air transportation, truck transportation, taxi and limousines, scenic and sightseeing transportation)	100
Group 6: Rental and other services (e.g. automotive equipment rental and leasing, rental and leasing)	100
Group 7: Professional, scientific and technical services	75% April – July; 100% August - March
Group 8: Admin and support, waste management and remediation services	75% April – July; 100% August - March
Group 9: Construction	75% April – July; 100% August - March

Group 10: Wholesale trade	75% April – July; 100% August - March
Group 11: Manufacturing (e.g., food and beverage manufacturing, fabricated metal and machinery manufacturing)	75% April – July; 100% August - March
Group 12: Natural resources (agriculture, forestry, fishing and hunting, support activities for mining, quarrying)	75% April – July; 100% August - March

### **Demonstrating 30% revenue loss**

Phase one applicants must be able to demonstrate that they have experienced a minimum of 30% loss in gross revenue in March, April, and or May 2020 (when comparing revenues generated in 2019) due to the COVID-19 pandemic. Any unique, negative business impacts due to COVID-19 pandemic may need to be assessed on a case-by-case basis.

For those that are eligible for support in June and July, including: those that have eligible fixed costs of less than \$625 per month, those that employ more than 100 people, and home-based businesses, applicants will be required to demonstrate a 30% drop in revenue (year over year) for each and every month of the extension period.

For businesses that have rapidly expanded between February 2019 and March 2020, the 30% loss of revenue may be demonstrated by comparing the revenues generated in February 2020 to revenues in March 2020. In this situation, the business could provide a comparison of its revenues for February 2020 and March 2020 to demonstrate the 30% or greater loss in revenue.

For accommodation bookings and tourism rentals, losses in anticipated revenues can be calculated by comparing cancelled March, April or May 2020 bookings to cancelled bookings in March, April or May 2019 and highlighting an increased cancellation of reservations.

For businesses that are franchisees, the applicants also need to provide their franchise agreement to facilitate an accurate assessment of their eligibility and level of support in order to ensure that identical costs are not being supported by two separate funding sources.

Funding received from other Yukon Government funding programs (such as the Temporary Support for Special Events Cancellation fund) will be considered revenue in the month in which it is received for purposes of the revenue calculation required during the extension of the Yukon Business Relief Program.

## **Operating Deficits**

Starting August 1, all applicants will be asked to demonstrate that they are operating in a deficit position **INSTEAD OF A 30% REVENUE LOSS**. If a client returns to a minor level of profitability (no more than 10% of the businesses fixed costs), some discretion will be left to the department staff to assist the business.

Specific examples where such discretion might be useful include when a business receives some government subsidy (such as the Canada Emergency Wage Subsidy), reports this subsidy as part of its revenues, turns a small profit because of including the subsidy and thus becomes ineligible for further support. Specific businesses that might be most impacted by such situations include car dealerships, hotels and other short-term accommodation providers, art galleries etc.

Businesses who are ineligible for the CanNor program will be required to provide a quarterly forecast of profit/loss (i.e. income versus expenses) to be assessed.

Businesses who max out of the CanNor program will be required to update their income and expense forecast before receiving further funding from the department.

Proof of payment of eligible expenses and verification of income will be required on a quarterly basis, prior to releasing further funding. Businesses may be required to repay funding if adequate proof of payment and income verification is not received within 30 days of the end of each quarter.

## **Other requirements:**

- All applications must be received by April 15, 2021.
- The program is expected to have some flexibility to allow staff to apply judgement to unusual situations and to react to changing circumstances as the pandemic progresses.
- Applicants must provide all required documentation for their application to be considered.
- Funding recipients will be required to provide proof of fixed costs incurred during the program period (e.g., electrical bills, rent receipts).
- Proof of Good Standing with Yukon Corporate Registries.
- Recipients will be required to submit documentation showing that the funding was utilized to cover the eligible costs identified in the relevant application within thirty days of receipt of funding.
- All funding decisions are subject to final approval from the Government of Yukon.

## **Ineligible organizations**

The following organizations are excluded from this program:

- Government of Yukon and its corporations;
- Government of Canada and its corporations;

- Yukon First Nation governments and their corporations;
- Municipalities;
- Religious organizations; and
- Not-for-profits.

This program also excludes businesses that belong to any of the following industries as classified under the North American Industry Classification System (NAICS):

- Finance and insurance;
- Real estate;
- Utilities;
- Telecommunications; and
- Mines.

**Eligible costs:**

Eligible business costs, that are core to the business will be covered by the program and include:

- Commercial rent or lease;
- Water, sewage and waste disposal;
- Electricity and heating fuel;
- Telephone, cable, internet and satellite;
- Software, data services, and subscriptions;
- Business insurance;
- Mortgage interest on owned business premises
- Accrued monthly property taxes;
- Pest control;
- Licenses, including business licenses, professional licenses, liquor licenses ;
- Aviation insurance;
- Annual mechanical costs for aviation companies;
- Vehicle leasing for vehicles used solely by the business;
- Animal feed/veterinary costs for dog mushing/horse camps; and  
Payments on assets (vehicles, machinery etc.) acquired prior to March 1, 2020.

Additionally, in the case of home-based businesses:

- Mortgage interest or rent costs accepted by the Canada Revenue Agency as attributable to the operation of the home-based business.
- Home-based businesses must provide proof of "business use of home expenses deductions" as accepted by the Canada Revenue Agency (e.g., portion of rent, property insurance, utilities and interest on mortgages deducted under the business use of home expenses) from their 2018 tax filings.
- New home-based businesses without 2018 tax filings may provide 2019 tax filing documentation as proof of eligibility.

**Ineligible costs:**

Ineligible business costs that are not covered by the program include:

- Mortgage principal payments for home businesses. For example, if a software company is run out of the residence of the business owner, any mortgage payments for that property would not be covered by the program.
- Mortgage principal payments on owned business premises
- Any costs that have already been covered by insurance.
- Any expense not listed under eligible costs covered by the program.

#### **Phases:**

- The program initially covered eligible costs incurred from March 23, 2020 to May 22, 2020.
- Program extension: The program has since currently extended to cover eligible costs incurred over two more months (May 24, 2020 to July 23, 2020).
- Program extension 2: The program has currently been extended to March 31, 2021 with changes to the program guidelines.

#### **Available funding**

- Funding is available to cover specific fixed costs of \$30,000 per month per business to a total of \$100,000 per business.
- For businesses eligible (using the revenue test) for June and July, funds issued will be paid at 75% of the total approved amount and will be subject to a holdback of 25%.
- From August 1<sup>st</sup>, businesses will be advanced 100% of their eligible fixed costs for three months in advance. Upon receipt of documentation to support the previous advance, a further advance for the next three months (or two months in the case of the final program period) will be paid.

#### **Reporting**

- Applicants must provide proof of payment of eligible expense invoices within 30 days of receipt of funds from Government of Yukon. Yukon government may, at its option, recover funds advanced if proof of payment is not provided.
- After 60 days, the file will be closed and archived. Once a file is deemed to be closed, it will be removed from the SharePoint site and appropriately filed.

#### **Roles and Responsibilities**

The program will be delivered by the Government of Yukon through the Department of Economic Development.

##### **Minister of Economic Development**

- The Minister may amend the program within the overall scope and budget of the program.

##### **Deputy Minister of Economic Development**

- The Deputy Minister will receive appeals made regarding decisions pursuant to this program.