



News Release

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The Government Paid Millions of Dollars in COVID-19 Support to Ineligible Businesses: Auditor General

(TORONTO) Provincial economic aid to businesses impacted by the COVID-19 pandemic was provided without consultation or good criteria, and resulted in hundreds of millions of dollars going to ineligible recipients, while there was no help for others that needed it, says Auditor General Bonnie Lysyk in her *2021 Annual Report*.

“The province wrote off \$210 million of Ontario Small Business Support Grants paid to ineligible recipients,” said Lysyk. “Given the amount of money, the absence of better controls or assessment processes is troubling.”

Ontario announced \$51 billion in economic supports from 2020 to 2024. Neither short- nor long-term objectives were established for this money.

The audit found:

- **The Ontario Small Business Grant** offered two payments of \$10,000 to \$20,000 each to businesses with fewer than 100 employees who were required to close down and experienced a revenue decline of more than 20%. More than \$210 million was paid to ineligible recipients, and the province has chosen not to attempt to recover any of this money. Hard hit businesses in the accommodation and other services sectors were left out of the grant. In addition, 46% of businesses that received a grant were paid about \$714 million more than they lost because the minimum grant awarded was \$10,000. The province does not know how much money has actually been received by businesses because it has not been keeping track of all payouts.
- **The Ontario Together Fund** provides funding to businesses to develop products to help Ontario’s emergency response, such as ventilators, masks and sanitization products. Recipients could receive up to \$2.5 million. Fifteen out of the 54 projects are now delayed because the province did not have consistent monitoring processes to ensure projects were on track with their deliverables. A contract worth \$1.8 million was awarded to a business that went bankrupt.
- **The Property Tax and Energy Cost Rebates** program reimbursed businesses for property tax and energy bills paid during the period they were required to close; \$16 million in rebates were given to more than 3,000 ineligible recipients.

The report also notes that the province did not clearly communicate the basis for public health restrictions or inform businesses in advance of imposing or relaxing restrictions that affected their operations. Business operators often did not have sufficient time to prepare for closing or reopening their operations. More than two-thirds of respondents to our audit survey stated that they did not have sufficient time to adapt to the restrictions. Many restaurant owners, for example, lost thousands of dollars because they had to throw out food.

“I understand that the government was dealing with an unprecedented crisis,” said Lysyk. “But even in a crisis, systems should be in place to make sure that only eligible businesses receive taxpayer dollars, and program funds reach those who need it most.”

The audit report contains eight recommendations for improvement.

-30-

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