

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

FINAL REPORT: STUDY OF THE RECOMMENDATIONS RELATING TO THE *ECONOMIC AND FISCAL UPDATE ACT, 2020* AND THE IMPACTS OF THE COVID-19 CRISIS ON CERTAIN SECTORS OF THE ECONOMY

1st Session, 42nd Parliament
69 Elizabeth II

ISBN 978-1-4868-4780-8 (Print)
ISBN 978-1-4868-4782-2 [English] (PDF)
ISBN 978-1-4868-4784-6 [French] (PDF)
ISBN 978-1-4868-4781-5 [English] (HTML)
ISBN 978-1-4868-4783-9 [French] (HTML)

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

The Honourable Ted Arnott, MPP
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Finance and Economic Affairs has the honour to present its
Report and commends it to the House.

A handwritten signature in blue ink, reading "A Sandhu", with a long horizontal flourish extending to the right.

Amarjot Sandhu, MPP
Chair of the Committee

Queen's Park
October 2020

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS MEMBERSHIP LIST

1st Session, 42nd Parliament

AMARJOT SANDHU
Chair

JEREMY ROBERTS
Vice-Chair

IAN ARTHUR

DAVID PICCINI

STAN CHO
Willowdale

MIKE SCHREINER

STEPHEN CRAWFORD

SANDY SHAW

MITZIE HUNTER

DONNA SKELLY*

SOL MAMAKWA

DAVE SMITH
Peterborough—Kawartha

NON-VOTING MEMBERS

STEPHEN BLAIS

LAURA MAE LINDO

CATHERINE FIFE

KALEED RASHEED

RANDY HILLIER

JOHN VANTHOF

ANDREA KHANJIN

*DONNA SKELLY was replaced by LOGAN KANAPATHI on September 14, 2020.

JULIA DOUGLAS
Clerk of the Committee

ISAIAH THORNING and CHRISTOPHER TYRELL
Clerks pro tem. of the Committee

ALEX ALTON, LAURA ANTHONY, PIA ANTHONY MUTTU,
JASON APOSTOLOPOULOS, SUDE BELTAN, MONICA COP,
DMITRY GRANOVSKY, SANDRA LOPES, ANDREW MCNAUGHT,
ERICA SIMMONS and MICHAEL VIDONI
Research Officers

CONTENTS

INTRODUCTION	1
EXECUTIVE SUMMARY	2
COMMITTEE RECOMMENDATIONS	11
WITNESS LIST	12
APPENDIX 1 – FIRST INTERIM REPORT: <i>ECONOMIC AND FISCAL UPDATE ACT, 2020</i>	
APPENDIX 2 – SECOND INTERIM REPORT: ECONOMIC IMPACT OF COVID-19 ON TOURISM	
APPENDIX 3 – THIRD INTERIM REPORT: ECONOMIC IMPACT OF COVID-19 ON CULTURE AND HERITAGE	
APPENDIX 4 – FOURTH INTERIM REPORT: ECONOMIC IMPACT OF COVID-19 ON MUNICIPALITIES, CONSTRUCTION AND BUILDING	
APPENDIX 5 – FIFTH INTERIM REPORT: ECONOMIC IMPACT OF COVID-19 ON INFRASTRUCTURE	
APPENDIX 6 – SIXTH INTERIM REPORT: ECONOMIC IMPACT OF COVID-19 ON SMALL AND MEDIUM ENTERPRISES	
APPENDIX 7 – DISSENTING OPINION OF THE NEW DEMOCRATIC PARTY MEMBERS OF THE COMMITTEE	
APPENDIX 8 – DISSENTING OPINION OF THE LIBERAL PARTY MEMBERS OF THE COMMITTEE	
APPENDIX 9 – DISSENTING OPINION OF THE GREEN PARTY MEMBER OF THE COMMITTEE	

INTRODUCTION

Following the onset of the COVID-19 pandemic in the winter of 2020, and the subsequent declaration of a province-wide emergency on March 17, two motions adopted unanimously in the House authorized the Standing Committee on Finance and Economic Affairs to

1. conduct a review of Bill 188, the *Economic and Fiscal Update Act, 2020*; and
2. study the impact of the COVID-19 crisis on various sectors of the provincial economy.

In accordance with its terms of reference,¹ the Committee held virtual public hearings in June, July, and August 2020 and issued six interim reports, as follows:

- *First Interim Report: Economic and Fiscal Update Act, 2020*
- *Second Interim Report: Economic Impact of COVID-19 on Tourism*
- *Third Interim Report: Economic Impact of COVID-19 on Culture and Heritage*
- *Fourth Interim Report: Economic Impact of COVID-19 on Municipalities, Construction and Building*
- *Fifth Interim Report: Economic Impact of COVID-19 on Infrastructure*
- *Sixth Interim Report: Economic Impact of COVID-19 on Small and Medium Enterprises*

This document is a compilation of these reports and constitutes the Committee's Final Report. The six interim reports are reproduced in Appendices 1 to 6.

Each interim report is summarized in the Executive Summary that follows.

The Committee wishes to express its appreciation to all of the individuals and organizations who took the time to share their views and personal experiences. In addition, the Committee would like to thank the legislative staff who supported its work.

¹ The Committee's terms of reference are reproduced in Appendix A to each interim report.

EXECUTIVE SUMMARY

This section summarizes the testimony received during public hearings held in June, July, and August 2020 and reported in the Standing Committee's six interim reports. More than 500 witnesses made presentations through the virtual hearings process. In addition, the Committee received over 130 written submissions from individuals and groups who did not appear before the Committee.

It should be noted that the summary does not include Committee recommendations; these appear in the last section of each interim report (as reproduced in Appendices 1 to 6).

First Interim Report: *Economic and Fiscal Update Act, 2020*

On June 1, 2020, the Committee held one day of hearings to fulfill the first part of its mandate, which was to consider the *Economic and Fiscal Update Act, 2020*, together with letters filed by party leaders and independent Members containing recommendations relating to the Act.

As provided in its terms of reference, the Minister of Finance appeared as the Committee's first witness. Describing the COVID-19 crisis as an "extraordinary threat" to the health of Ontario's economy, the Minister reported that over one million jobs had been lost in March and April of 2020, and outlined a series of measures the government has taken to address the crisis. These include frontline worker compensation, healthcare capacity expansion, and commercial rent assistance.

Committee members questioned the Minister on a variety of topics, focusing on the importance of financial assistance in the face of uncertain times. Topics of discussion included direct assistance to businesses (rent subsidies, tax deferrals, support for reopening costs) and individuals (regulation of insurance premiums, reduced electricity costs). The Minister also responded to questions about the effect of anti-black racism on access to business loans and the impact of the pandemic on Indigenous communities.

In concluding remarks, the Minister provided an update on the phased reopening of the economy and new workplace safety guidelines, and emphasized that testing and contact tracing will be essential preconditions for restarting the economy. He also noted that the government has created contingency and reserve funds to meet additional spending requirements.

Ontario's Financial Accountability Officer (FAO) appeared as the Committee's second witness. The FAO shared his projections, forecasting a drop of 9% in Ontario's GDP in 2020, and a deficit of \$41 billion for the 2020-21 fiscal year. Committee questions focused on discrepancies between figures for pandemic-related spending, as reported by the government and the FAO; the FAO's

modelling methodology; and the Province's contingency funding. The Committee also asked the FAO to track and analyze bankruptcies in the province, and to provide information on pandemic-related spending at each level of government.

Second Interim Report: Economic Impact of COVID-19 on Tourism

Ontario's tourism sector comprises a variety of activities across the province, including the hospitality industry (hotels and restaurants), tour operators, events and attractions (museums, festivals, theatres, and amusement parks), lodges, outfitters, campgrounds, and transportation services.

In her opening statement to the Committee, the Minister of Heritage, Sport, Tourism and Culture Industries described a sector that has been "shattered." Whereas tourism in pre-pandemic Ontario had registered a "spectacular" economic and social bottom line, Ministry figures showed sector losses of at least \$20 billion since the economic shutdown. According to one study, four of the hardest hit industries fell within the Ministry's purview—transportation and sightseeing tours; air transportation; accommodations and food services; and arts, recreation and entertainment.

The Minister outlined several steps the Ministry has taken to address the effects of COVID-19, including initiating telephone town halls with thousands of stakeholders, working with Destination Ontario and other organizations to develop a tourism marketing plan, and continuing to flow funds to the tourism sector.

As a concluding observation, the Minister suggested that the everyday realities of COVID-19 (social distancing, bans against mass gatherings, and the fear and stigma associated with a return to dining in restaurants or attending festivals and sporting events) may necessitate long-term and fundamental changes to the tourism sector.

According to stakeholders surveyed by the Tourism Industry Association of Ontario in the spring of 2020, the greatest risks facing tourism businesses included uncertainty around when and how they will be able to reopen, lack of clarity on travel restrictions, ineligibility for government financial assistance, and insurmountable debt levels and severe disruptions to cash flow. These concerns surfaced throughout the hearings.

For example, stakeholders reported that the early reopening stages were marked by confusion, inconsistency, and uncertainty regarding reopening dates and the criteria and standards that had to be met in order for a business to reopen.

Tourism businesses in the border communities of Niagara Falls and Northwestern Ontario said that uncertainty about the lifting of travel restrictions had a crippling effect on operators who rely on American visitors.

Other testimony focused on the nature of government financial relief that has been made available to pandemic-affected businesses. Although appreciative of this support, stakeholders said the programs were not tailored to the seasonality or other unique aspects of the tourism sector, with the result that many businesses were not eligible for assistance. Moreover, much of the aid on offer is repayable, and may only add to the borrower's financial burden.

Unions representing thousands of workers in restaurant and food services, as well as the airport, hotel, and car rental industries, testified that those who have been laid off or had their hours of work reduced as a result of the pandemic may need training to meet the post-pandemic requirements of their jobs, or to move into emerging areas of employment.

Several groups stressed that access to reliable and affordable broadband internet and cell phone service in rural, northern, and Indigenous communities will be key to the survival and growth of the tourism sector outside of urban Ontario. They urged cooperation with the federal government in the development of broadband services.

Ontario's Indigenous sport body, as well as the province's main Indigenous tourism organization, reported that they are struggling to cope with the effects of COVID-19. A recovery plan for these activities and businesses, they said, may require resources above and beyond what has been made available to non-Indigenous recipients of government support.

The Committee also received a number of industry-specific submissions. Grape growers, wine producers, and craft brewers—all of which reported major losses early in the pandemic—proposed regulatory and policy changes to support these industries. Similarly, organizations representing the aviation industry said that COVID-19's impact on the industry "has been nothing short of devastating." The Committee was asked to consider several measures the province could take to assist this federally regulated industry.

Finally, according to the operator of a long-running camp in Muskoka, "Ontario's century-long history of providing a rewarding summer camp experience to over 400,000 Ontario children each year is now in peril." He proposed a revenue-based funding model to ensure the survival of these camps.

Third Interim Report: Economic Impact of COVID-19 on Culture and Heritage

Witnesses from the multifaceted culture and heritage sector included umbrella organizations for dance, theatre, visual arts, and publishing; artists and arts and culture organizations, arts councils and galleries, magazine and book publishers, libraries, tourism organizations, sports organizations, municipalities, venues; animation, film and television companies; museums, heritage sites and organizations; film, theatre, music, dance and other festivals, and many more.

In a report to the Committee, the Financial Accountability Office of Ontario estimated that tourism, culture and heritage activities directly contributed approximately \$28.1 billion to the Ontario economy in 2019. The sector indirectly contributed \$15.6 billion in economic benefits through the provincial supply chain. In total, tourism, culture and heritage activities generated \$43.7 billion in economic activity in 2019, representing 4.9% of Ontario's GDP.

In her presentation to the Committee, the Minister of Heritage, Sport, Tourism and Culture Industries said that along with its significant contribution to the Ontario economy, this sector is vital to social cohesion and overall wellbeing. "Culture, heritage and sports are what makes our communities come alive," the Minister explained, but these same sectors "were hit first, hardest, and will take the longest to recover" from the COVID-19 shutdown and its aftermath. The Minister outlined a number of funding initiatives and regulatory changes undertaken to help the sector adapt to the COVID-19 environment.

Although the culture and heritage sector has made the transition to online programming with the creativity and innovation that is its hallmark, witnesses described the "devastating," "seismic," and "catastrophic" impact of the COVID-19 shutdown. The abrupt loss of revenue streams and employment affected culture, heritage, and sports organizations and businesses large and small in every part of the province. Non-profit organizations that derive most of their revenues from ticket sales, philanthropic donations and sponsorships saw this revenue vanish overnight. Many organizations and companies had to lay off staff, while other staff and executives took substantial pay cuts.

Virtually all witnesses noted an urgent need for emergency financial support for culture and heritage organizations as well as for individual artists and culture workers. Witnesses also suggested encouraging private philanthropy through matching donation programs and tax credits.

Many culture and heritage attractions, festivals, live performances and events across the province depend on large audiences and gatherings. The sector is a core driver of tourism, attracting thousands of visitors from across Ontario, Canada, the United States and other countries, and generating significant economic and employment benefits for local communities.

As Ontario reopens, however, physical distancing requirements that reduce the maximum allowable capacity for venues and events, and limits on other large gatherings, will hinder the sector's recovery. Witnesses from the sector indicated that they are eager to "confidently reopen when the time is right" but explained that they need sector-specific public health guidance, along with financial assistance, to protect the health and safety of patrons, clients, employees, and the public.

Presenters from across the culture and heritage sector described the steep learning curve and heavy financial costs of suddenly having to move programming online, and outlined requests for funding for digital infrastructure including new technology, expertise, and organizational resources.

Ontario's film and television industry ranks third in North America. Presenters explained that one of the most significant hurdles for the resumption of film and television production is the lack of insurance to cover COVID-19-related production shutdowns. These witnesses emphasized the need for government support regarding insurance as well as via tax credits and incentives.

Ontario's heritage sector includes hundreds of small community-based and volunteer-run museums, sites, festivals, and organizations. The Committee heard that this sector contributes to education, economic development, and community vitality across the province. The sector typically attracts thousands of tourists and visitors from across North America but the shutdown has meant a loss of revenue from visitors, tours, and events.

Witnesses suggested that targeted investments to develop digital infrastructure and events, and to fund conservation and restoration work on deteriorating heritage buildings, would help to kick-start local economies. The Committee also heard requests to give municipalities the authority to exempt museums, as well as heritage buildings and sites, from property taxes. Other witness recommendations included the creation of incentives and tax credits to encourage private sector donations, and rapid granting programs to address the immediate and significant loss of revenue during the COVID-19 shutdown.

Fourth Interim Report: Economic Impact of COVID-19 on Municipalities, Construction and Building

Municipalities

Ontario's 444 municipalities are responsible for many "on the ground" services, including public transit, fire and police services, public health, and social housing. Municipalities provide the largest share of funding for many of these services. Local governments collectively spend more than \$64 billion every year on public services, with as much as 80% of this funding derived from municipal "own-source revenues," such as property taxes, user fees, and non-tax revenue (e.g., parking fines). Provincial and federal government grants and subsidies are the second largest contributor to municipal revenues.

In his presentation to the Committee, the Minister of Municipal Affairs and Housing emphasized that collaboration with municipalities was key to the Province's early response to COVID-19, and said that continued cooperation with municipal partners will be important as the Province moves into the economic recovery phase. The Minister then outlined several steps his Ministry has taken to address the effects of COVID-19 at the local level. These include passing (with

unanimous consent) the *Municipal Emergency Act, 2020*, regular conference calls and virtual meetings with mayors across the province, and a temporary pandemic pay increase for front-line workers, which helped deliver services in emergency shelters and supportive housing facilities.

According to the Minister, the provincial government has provided \$450 million to municipalities so far, including \$350 million for the Social Services Relief Fund and \$100 million for public health expenditures municipalities have made as a result of the pandemic. In addition, the Province joined the Federation of Canadian Municipalities in calling on the federal government for emergency funding. Ontario's position is that it should receive a per capita share.

Municipal representatives outlined the frontline support they have been delivering to their communities during the pandemic. As described to the Committee, municipalities—despite best efforts to mitigate losses—are experiencing budgetary shortfalls due to the severe impact of the pandemic on municipal revenue sources and a sudden increase in operating costs to maintain public health protocols. In many cases, municipalities have had to dip into capital reserves to pay for pandemic-related operating expenses.

Witness testimony stressed that local governments have a limited capacity to raise funds and are prohibited by law from running operating deficits. In the absence of adequate federal-provincial emergency relief, municipal councils will be forced to consider a number of difficult options, including property tax increases, cuts to services, more layoffs, and postponement of capital projects. Municipalities are seeking additional revenue generating powers and emergency funding from the Province.

In July 2020, the federal government announced the Safe Restart Agreement, a \$19 billion program to help provinces and territories safely restart their economies over the following six to eight months. The Ontario government subsequently announced up to \$4 billion in one-time assistance to Ontario's 444 municipalities.

Construction and Building

Ontario's diversified construction and building sector includes many trades directly engaged in construction activities. Related subsectors include building material producers and distributors, trucking, professional services, real estate, finance, planning, and engineering. Statistics Canada estimated that as of March 2020, 563,000 Ontarians worked in the construction sector.

In his testimony to the Committee, the Minister reviewed several measures that have been taken to ensure that construction activities continue during the pandemic. Among other things, the Ministry imposed temporary restrictions on municipal noise by-laws to allow for longer construction days and staggered shifts. Amendments to the Building Code have allowed inspectors to continue to review permits and conduct inspections. Initial restrictions on construction were

incrementally eased, so that as of May 2020, all types of essential construction activity are permitted.

The Minister also outlined housing-related initiatives that have been introduced in response to the pandemic. These include \$350 million in social service relief for housing partners, and a moratorium on residential evictions. An investment of \$150 million in housing and homelessness supports will be made through the Social Services Relief Fund.

Stakeholders testified to the effects of COVID-19 on the construction sector. They described a general slowdown in construction activity, project delays, extra costs due to safety measures, and supply chain disruptions for critical building components. Some noted the uncertainty that prevails within the sector about whether major infrastructure work will proceed as planned. Many witnesses suggested that investments in housing would not only address longstanding housing shortage concerns, but would also act as a driver of economic recovery. Embedded taxes, fees, and charges were flagged as barriers to development, particularly in housing.

Fifth Interim Report: Economic Impact of COVID-19 on Infrastructure

As in other areas of the economy, the shutdown necessitated by COVID-19 has exacted a toll on the province's infrastructure sector. One consequence of the resulting economic uncertainty is that the Ontario government has had to reassess its infrastructure priorities, as the Minister of Infrastructure highlighted in her testimony to the Committee.

A decision that has already been made, she noted, is to accelerate major public infrastructure projects. In addition, the province has assured municipalities and other infrastructure partners that the government remains committed to key infrastructure programs, and intends to proceed with 37 major public-private partnership (P3) projects that are currently in the P3 "project pipeline."

The Minister also addressed the so-called "digital divide," a situation that predates the pandemic, but which has become one of the province's pressing infrastructure issues. Ministry figures show that up to 12% of Ontarians (1.4 million people) living mostly in rural, remote, or northern areas lack high-speed internet service (broadband). "Now, more than ever," the Minister said, reliable broadband is an essential service for those living and working outside of urban Ontario.

Although telecommunications is largely a federal responsibility, the Minister underscored that the Province and municipalities have a role to play in developing broadband service in Ontario. She highlighted two provincial programs that will fund broadband infrastructure in under-serviced areas.

Infrastructure Ontario (IO), the Ministry agency that oversees procurement for major public infrastructure projects and manages the government's real estate portfolio, outlined for the Committee how the agency has been supporting the Province's response to the COVID-19 crisis. IO also noted that its immediate priorities are to maintain and accelerate critical health care projects in its pipeline, and to maintain the momentum for critical transit projects.

Stakeholder testimony addressed a variety of topics. One organization presented several options for restoring certainty and stability to the infrastructure sector. Many witnesses, including home builders, the waste management industry, and municipalities, made proposals for cutting red tape as a way to kick-start the economy. Internet service providers identified red tape around access to utility poles and other municipal infrastructure as a barrier to the development of broadband service in rural communities. Several rural municipalities testified that their top priority is being able to maintain basic infrastructure, such as roads and bridges.

One of the trends revealed during the hearings is that residents and community groups are becoming more involved in the planning and implementation of projects. Witnesses asked the Committee to consider ways of entrenching community participation in project development. Testimony also revealed that the pandemic has reinvigorated advocates for a greener economy. Green infrastructure and "active transportation" were the subject of several presentations.

A number of community-based groups observed that COVID-19 has exposed pre-existing deficiencies and inequalities in the areas of social services and affordable housing. Their request is that priority be given to infrastructure projects that factor these issues into the planning process. Similarly, the pandemic was described as an opportunity to invest in the development of the skilled trades. Several witnesses commented on the importance of promoting the skilled trades as a career for youth, the marginalized, and women.

Indigenous organizations requested funding for Indigenous-owned businesses, support for Indigenous housing, and training to support the development of professional technical capacity in Indigenous communities. A specific request was made for assistance with the construction of a new instructional building for the First Nations Technical Institute.

Executives from the nuclear industry urged continued support for this sector, noting that nuclear power has proven to be a low-cost, clean, and reliable source of electricity throughout the pandemic. The industry was also described as a major employer that can play an important role in an economic recovery.

The last section of the report, "Changing the Way We Do Things," sets out a number of regulatory and policy changes proponents say would make it easier to

identify priority projects, assist in the move to a greener economy, and generally make the infrastructure process more efficient.

Sixth Interim Report: Economic Impact of COVID-19 on Small and Medium Enterprises

The impact of the COVID-19 pandemic on Ontario's small and medium enterprises (SMEs) has been widespread and devastating. Many witnesses stated that SMEs were "the least prepared for" and "the most affected by the pandemic."

The Minister of Economic Development, Job Creation and Trade explained that with support from the \$50-million Ontario Together Fund, manufacturers have quickly pivoted to produce supplies and equipment needed in hospitals, long-term care homes, and other critical public services. The Province hopes to restore consumer confidence through the Ontario Made program (administered by Canadian Manufacturers & Exporters), which helps consumers support homegrown manufacturers, and through the creation of a new agency, Invest Ontario, which promotes Ontario as an attractive investment destination.

These initiatives were described as essential by the Associate Minister of Small Business and Red Tape Reduction, who explained that organizations with fewer than 100 employees have a significant impact on Ontario's economy. They account for 98% of all businesses in the province, employ 2.4 million people, and produce 40% of the province's GDP. The Ministry consulted with the sector in 80 virtual roundtables and the Associate Minister identified three key issues facing small business: cash flow and liquidity, consumer confidence, and the continuation of government supports.

Business owners related the mental and emotional toll that they are experiencing due to the threat of losing their life's work and livelihood. The Committee heard about companies that were unable to open following the initial shutdown and about those who reopened, but could not recoup sufficient revenues to replace the lost income and accumulated expenses. Not-for-profit organizations described the challenges of dealing with increased demands for their services while receiving fewer private donations.

While grateful for current government relief programs, SMEs asked for a more streamlined applications process, extensions for the duration of the pandemic, industry-specific grants and loans, and bankruptcy protections from personal guaranteed loans. Witnesses were particularly concerned about the limitations of the Canadian Emergency Commercial Rent Assistance program, which they recommended should provide rent relief directly to tenants. Witnesses reminded the Committee that female, Indigenous, Black and minority-owned businesses face unique barriers, and suggested that initiatives targeting these groups could pay larger economic and social dividends. Organizations representing specific

industries also provided the Committee with an overview of issues and recommendations to revitalize their sectors.

A common concern echoed throughout the testimony was how to rebuild consumer confidence to encourage Ontarians to resume their normal activities. SMEs explained that they often felt frustrated and confused by the public health guidelines. Witnesses noted that inconsistent business classifications as “essential” or “non-essential” unduly favoured large business. SMEs appreciated the government’s recent efforts to reduce the regulatory burden for small businesses. However, witnesses stressed that further streamlining of regulatory processes is both “revenue neutral” and essential to Ontario’s economic recovery.

A number of witnesses noted that this unprecedented time presents an opportunity to do things differently to spur economic growth. For example, the Province could invest in manufacturing to strengthen the supply chains of essential goods and services, and work to reduce interprovincial and international trade barriers. Some witnesses proposed that government procurement be simplified, made more transparent, and be more inclusive of SMEs. A number of sectors were highlighted as a potential focus of procurement efforts, including advanced manufacturing, technology and health sciences.

Other testimony focused on supporting start-ups and entrepreneurial talent through direct financing and tax incentives to spur private sector investment. The Committee was informed that Ontario needs to place more value on companies rich in intellectual property and develop an intellectual property strategy. The Committee also received testimony about the importance of retaining and attracting highly skilled labour.

With improved government support and policies, the Committee learned that SMEs have the resilience and agility to bounce back and seize the opportunities that this crisis presents.

COMMITTEE RECOMMENDATIONS

The Standing Committee on Finance and Economic Affairs recommends that:

1. The Province should increase funding for the Tourism Development Fund.
2. The Province should increase funding for Ontario festivals in 2021.
3. The Province should increase funding for the Experience and Explore program so that the age cap on children who can enter for free can be raised.

WITNESS LIST

Organization/Individual	Date of Appearance
Financial Accountability Office of Ontario	Written Submission

APPENDIX 1
FIRST INTERIM REPORT:
ECONOMIC AND FISCAL UPDATE ACT, 2020

CONTENTS

INTRODUCTION	1
COMMITTEE MANDATE	1
BACKGROUND	2
<i>Ontario's Action Plan: Responding to COVID-19 (March 2020 Economic and Fiscal Update)</i>	2
Bill 188 (the <i>Economic and Fiscal Update Act, 2020</i>)	6
Letters Filed by Party Leaders and Independent Members	6
WHAT THE COMMITTEE HEARD	7
Minister of Finance	7
Financial Accountability Officer	12
COMMITTEE RECOMMENDATIONS	14
APPENDIX A: TERMS OF REFERENCE*	
APPENDIX B: LETTERS FILED BY PARTY LEADERS AND INDEPENDENT MEMBERS	
APPENDIX C: SUBMISSION OF THE FINANCIAL ACCOUNTABILITY OFFICER	

INTRODUCTION

The Standing Committee on Finance and Economic Affairs is pleased to present its first interim report on the *Economic and Fiscal Update Act, 2020*, and the impact of the COVID-19 crisis on the Ontario economy.

This document addresses the first part of the Committee's mandate, which is to consider the *Economic and Fiscal Update Act, 2020*, together with letters filed by party leaders and independent Members containing recommendations relating to the Act.

In accordance with the Committee's terms of reference, the Minister of Finance appeared as the Committee's first witness on June 1, 2020. Ontario's Financial Accountability Officer also made a presentation and answered questions.

The interim report summarizes the testimony of these witnesses, and sets out the Committee's comments and recommendations.

Further interim reports will follow over the course of the summer as the Committee moves on to study the impact of the COVID-19 crisis on specific sectors of the economy. A final report will be tabled in the fall of 2020.

COMMITTEE MANDATE

Motions adopted unanimously by the House on March 25 and May 12, 2020 established a two-part mandate for the Committee.

When the House passed Bill 188, the *Economic and Fiscal Update Act, 2020*, on March 25, 2020, it also adopted a motion providing that party leaders and independent Members may file letters with the Speaker, setting out their recommendations for economic and fiscal measures that should be included in the Bill. The motion further provided that when committees of the Legislature resume, the Standing Committee on Finance and Economic Affairs would be authorized to consider the Act, together with the letters filed by the leaders and independent Members, and that the Minister of Finance would be the Committee's first witness when it commenced its review.

The motion passed on May 12, 2020, authorized the Committee to begin consideration of the matters that had been referred to it on March 25. In addition, it empowered the Committee to study the impact of the COVID-19 crisis on specific sectors of the provincial economy, including "measures which will contribute to their recovery." The sectors identified in the motion are:

- tourism;
- culture and heritage;
- municipalities, construction and building;
- infrastructure;
- small and medium enterprises; and

- other economic sectors selected by the Committee.

The Committee is specifically authorized to release interim reports, as it sees fit. Interim reports are to be presented to the House, and a copy of each report is to be provided to the Chair of Cabinet's Ontario Jobs and Economic Recovery Committee. Interim reports will not be placed on the Orders and Notices paper for further consideration by the House, and the Government will not be required to table a comprehensive response to them.

A final report will be tabled, and a copy delivered to the Chair of the above-noted Cabinet committee, by October 8, 2020.

Appendix A to this report reproduces the Committee's mandate in full.

BACKGROUND

Ontario's Action Plan: Responding to COVID-19 (March 2020 Economic and Fiscal Update)

As a result of the global impact of the COVID-19 pandemic, the economic outlook used to develop the 2020 Ontario Budget was revised. In response to the revised outlook, and the health and economic consequences of the crisis, on March 25, 2020 the Ontario government released *Ontario's Action Plan: Responding to COVID-19 (March 2020 Economic and Fiscal Update)*.

The Ministry of Finance has posted two documents on its website: the *March 2020 Economic and Fiscal Update* and *Ontario's Action Plan: Responding to COVID-19*. The main provisions of these documents are outlined below.

Economic and Fiscal Update

The *Economic and Fiscal Update* provides a one-year outlook based on economic projections as of March 2020, and focuses on the effects of the coronavirus pandemic on the Ontario economy, and the fiscal remedies proposed by the government. The Update was released instead of a full budget. A full, multi-year budget will be introduced in the Legislature by November 15, 2020.

Key numbers in the Update are as follows.

Fundamentals, Revenues and Expenses

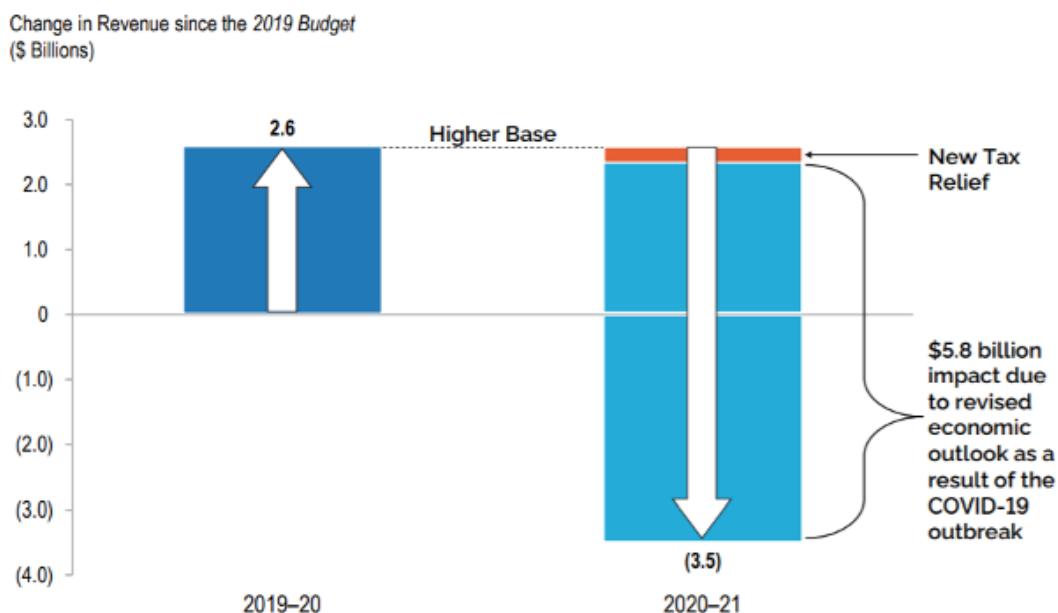
The Ontario Ministry of Finance reports that real Gross Domestic Product (GDP) increased by 1.6% in 2019. The Ministry is forecasting real GDP to remain unchanged in 2020, and to increase by 2% in 2021. The forecast assumes an improvement in economic growth starting in the second half of 2020. The province added over 200,000 jobs in 2019, with the unemployment rate steady around 5.6%. Employment growth is expected to slow in 2020, with the unemployment rate projected to increase to 6.6% and remain at that level through 2021.

The total revenue for 2019-20 is expected to be \$156.7 billion, with the primary sources of income (in order of magnitude) being Personal Income Tax, Sales Tax, and Federal Transfers. Revenue is forecast to decrease to \$156.3 billion in

2020-21, mostly as a result of lower corporate and income taxes collected, as well as less income from Government Business Enterprises (GBEs). The drop in revenue is expected to be somewhat offset by an increase in Federal transfer payments. Overall, projected revenues for 2020-21 are \$3.5 billion lower than the 2019 Budget projection, with the negative impact of COVID-19 estimated at \$5.8 billion (see Figure 1).

Figure 1: Revenue Adjustment, 2020-21

Estimated Revenue Impact of the COVID-19 Outbreak

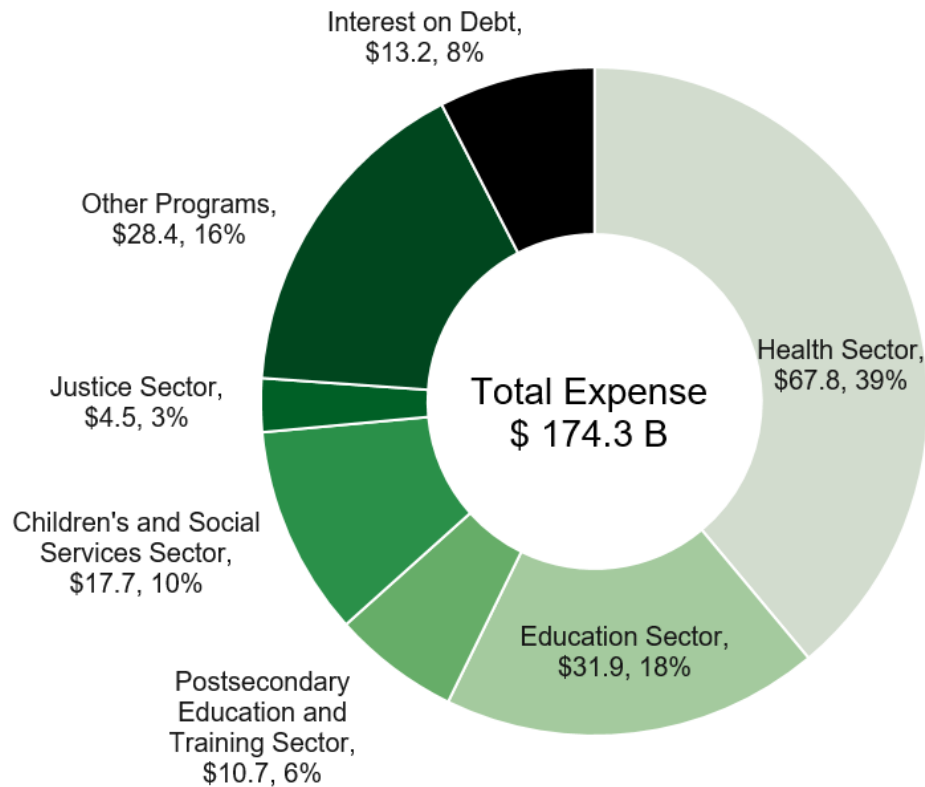


Note: Numbers may not add due to rounding.
Source: Ontario Ministry of Finance.

Source: Ministry of Finance, *March 2020 Economic and Fiscal Update*, p. 25

Expenses are estimated to total \$165.7 billion in 2019-20, and increase to \$174.3 billion in 2020-21 (see Figure 2 for breakdown). The growth in expenses is attributed mainly to the health sector, where additional funding (\$0.9 billion in 2019-20 and \$3.3 billion in 2020-21) is expected in response to the COVID-19 outbreak. Other sectors receiving additional funding as a result of the pandemic include the Children's and Social Services sector, the Justice sector, Education and Post-secondary Education, as well as Other Programs (See Figure 2).

Figure 2: Projected Expenses, 2020-21 (\$Billion)



Source: Data from *March 2020 Economic and Fiscal Update*, chart by Legislative Research and Legislative Library

Net Debt and Deficit

The net debt for 2019-20 is estimated at \$355.2 billion, increasing to \$379.2 billion in 2020-21. The interest payment to service the debt was \$12.6 billion in 2019-20 and is expected to increase to \$13.2 billion in 2020-21 (representing 7.6% of total expenses). The net debt-to-GDP ratio for 2019-20 is expected to equal 39.9%, and is forecast to grow to 41.7% in 2020-21.

The Ministry is projecting a deficit of \$9.2 billion in 2019-20, and a further deficit of \$20.5 billion in 2020-21. The sharp increase in the deficit is expected as a result of higher program spending, alongside lower expected revenues following the economic downturn caused by the COVID-19 pandemic. The government borrowed a total of \$36 billion in 2019-20.

Tax-Related Measures

The government is proposing new tax-related measures to address the financial hardship experienced by individuals and businesses during the COVID-19 pandemic, including:

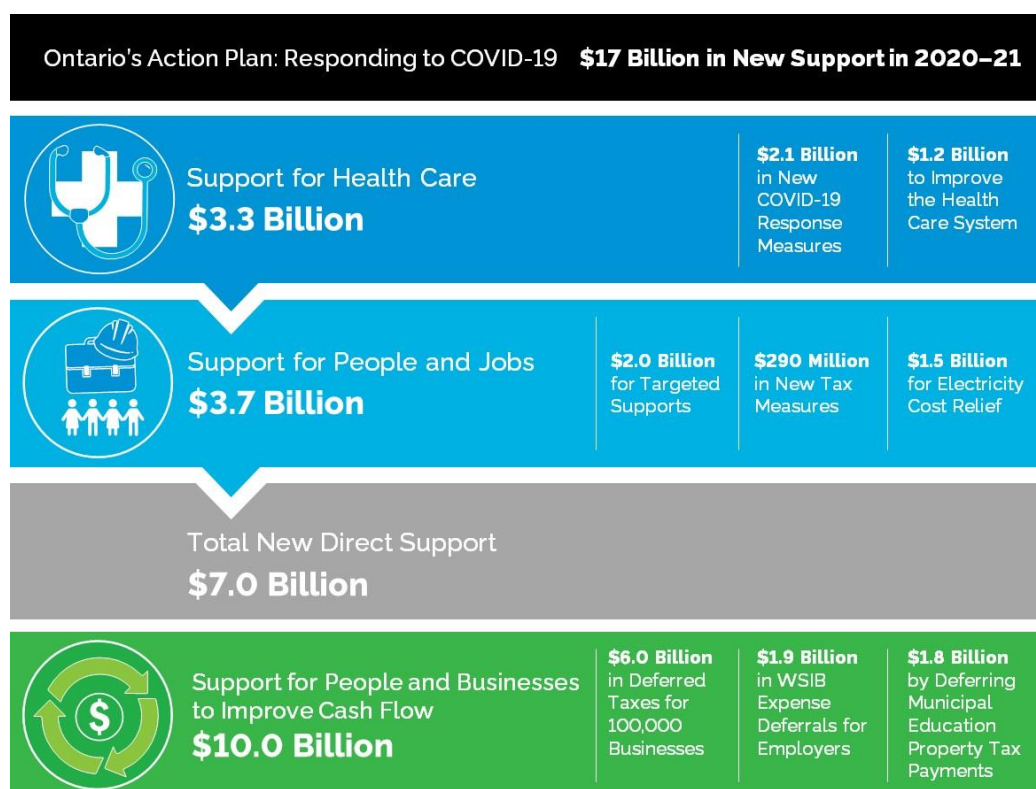
- *A temporary doubling of the employer health tax exemption* — the Employer Health Tax (EHT) exemption will be retroactively increased from \$490,000 to \$1 million for 2020, returning to the current level in 2021. The change will result in 57,000 businesses paying less EHT.

- *Providing interest and penalty relief* — starting April 1, 2020, for a period of five months, penalties and interest will not apply to businesses that miss filing or remitting provincially administered taxes. The measure is expected to provide up to \$6 billion in liquidity support for 100,000 businesses in Ontario.
- *Introducing the Regional Opportunities Investment Tax Credit* — a new, 10% refundable Corporate Income Tax credit for capital investments between \$50,000 and \$500,000, subject to some conditions is being introduced.
- *Postponing planned property tax reassessment* — the reassessment scheduled for spring 2020 is postponed. Assessments for the 2021 taxation year will continue to be based on the same valuation date that was in effect for the 2020 taxation year.

Ontario's Action Plan

At the heart of *Ontario's Action Plan: Responding to COVID-19* is the government's stated \$17 billion in supports, comprised of \$7 billion for health care and support for people and jobs, and \$10 billion in tax credits and tax deferrals. The main elements of the Action Plan are highlighted in Figure 3.

Figure 3: Highlights of Ontario's Action Plan: Responding to COVID-19



Source: *Ontario's Action Plan: Responding to COVID-19*

Bill 188 (the *Economic and Fiscal Update Act, 2020*)

Bill 188, the *Economic and Fiscal Update Act, 2020*, was introduced, passed, and received Royal Assent on March 25, 2020. The legislation implemented several measures aimed at mitigating the effects of the COVID-19 crisis, including measures mentioned in the *Economic and Fiscal Update March 2020* and *Ontario's Action Plan: Responding to COVID-19*.

In addition to amendments to the *Employer Health Tax Act* (doubling the exemption amount for employers) and the *Taxation Act, 2007* (establishing the Regional Opportunities Investment Tax Credit), Bill 188

- enacted the *Hearings in Tribunal Proceedings (Temporary Measures) Act, 2020*, which enables administrative tribunals to determine the way in which they hold hearings; the key provision states: “A tribunal may conduct a hearing in person, electronically, in writing or by a combination of any of them, as the tribunal considers appropriate”;
- amended the *Ontario Guaranteed Annual Income Act* to provide that the maximum amount payable to low income seniors is doubled for the six-month period beginning April 1 and ending September 30, 2020; and
- enacted the *Ontario Loan Act, 2020*, authorizing the province to borrow a maximum of \$31.2 billion.

Letters Filed by Party Leaders and Independent Members

The House motion of March 25 provides that the Committee’s review is to include consideration of letters from the party leaders and independent Members, “containing their recommendations to the Minister of Finance with respect to the economic and fiscal measures they proposed to be included in the provisions of Bill 188.”

Three party leaders and one independent Member filed letters with the Speaker in late March 2020. The main recommendations contained in these letters are noted below; the letters themselves are reproduced in full in Appendix B.

Letter from the Leader of the New Democratic Party

The letter groups recommendations under four main headings:

- *Bolstering our healthcare system*, including an immediate boost to hospital funding for the coming year by a minimum of \$1 billion, a halt to all plans for public health restructuring, and dedicated funding for childcare for health care and essential workers.
- *Supporting households*, including the establishment of an Ontario Emergency Income program to support households experiencing unemployment or lost income, and interest-free utility bill deferrals for people in financial need.
- *Bolstering small and medium-sized businesses*, including working with other levels of government to halt the collection of all payroll, property, sales, and income taxes from small and medium-sized businesses.

- *Support for municipalities*, including ensuring that municipalities that defer the collection of property taxes may also defer the payment of taxes owed to the province.

Letter from the Leader of the Ontario Liberal Party

The letter focuses on three areas: health and safety, economic security, and economic recovery. Specific proposals include a crack-down on price gouging, removal of barriers to community-spread COVID-19 testing, testing of all long-term care home staff, financial relief for low income wage earners, suspension of provincial payroll taxes, further relief from electricity prices, a clear strategy for preserving the school year, and more funding for mental health programs.

Letter from the Leader of the Ontario Green Party

Recommendations address the need for a basic income, manufacturing solutions to increase public health supplies, enhanced wage support for businesses and non-profits, job-protected sick leave, childcare for essential service workers, deferral of residential and commercial rent, electricity bill, and municipal education tax payments, an emergency response plan for shelters and prisons, an emergency fund for municipalities and Indigenous communities, and a stabilization fund for food security organizations.

Letter from Independent MPP

MPP Randy Hillier would like the Committee to examine four aspects of Bill 188 and the *Economic and Fiscal Update*: the government's forecasts; the \$4.8 billion in reserve funds; the \$32 billion in authorized borrowings; and the implications for personal privacy.

WHAT THE COMMITTEE HEARD

Minister of Finance

The Minister of Finance, the Honourable Rod Phillips, appeared before the Committee on June 1, 2020.

At the outset, and on a personal note, the Minister observed that the COVID-19 crisis "is an extraordinary threat to the health of the economy of Ontario, the biggest that we've faced in my lifetime. It demands an extraordinary response from all of us, because we are all in this together."

After reviewing key aspects of the *Economic and Fiscal Update* and *Ontario's Action Plan*, the Minister informed the Committee that the government will be releasing its next update before August 15, and that a multi-year budget will be presented to the Legislature by November 15, 2020.

The Minister outlined a series of measures the government has taken since *Ontario's Action Plan* was released last March. These include:

- expanding hospital capacity to deal with the COVID-19 outbreak, including thousands of acute and critical care beds and ensuring that hospital staff are available to deal with surges of patients;
- providing frontline workers with a temporary pandemic pay of \$4 per hour on top of regular wages;
- providing monthly lump sum payments of \$250 for four months to frontline workers who work more than 100 hours per month;
- providing emergency funding of up to \$12 million to immediately expand online and virtual mental health supports;
- creating the \$20-million Ontario COVID-19 Rapid Research Fund (currently supporting “15 high-quality and promising proposals to prevent, detect and treat COVID-19”);
- doubling the amount paid to low-income seniors under the Guaranteed Annual Income System for a period of six months to cover essential expenses during the pandemic (see Bill 188); and
- contributing \$241 million to the Canada Emergency Commercial Rent Assistance program, which will provide relief to small businesses and their landlords.

The Minister also provided an update on the work of the Ontario Jobs and Recovery Committee (OJRC), a Cabinet committee convened by the Minister at the Premier's request and comprised of the ministers responsible for those areas of the economy that have been most affected by the pandemic.¹ According to the Minister, the OJRC's “first order of business” is to plan for the reopening of the economy. Toward this end, it has sought the advice of businesses, unions, not-for-profit organizations, and individuals. In addition, a new digital consultation initiative will allow for direct consultation with the public.

On a sobering note, the Minister reported that 402,800 Ontarians had lost their jobs in March, and that a further 689,200 had been lost in April. “Those job numbers,” he said, “underscore the significant economic impact of COVID-19 and serve as a stark reminder of the personal impacts that this crisis is having, in addition to those who have been affected by the health issues related to the virus.”

¹ The members of the OJRC are: Minister of Finance (Chair); Minister of Economic Development, Job Creation and Trade; President of the Treasury Board; Minister of the Environment, Conservation and Parks; Minister of Municipal Affairs and Housing; Minister of Transportation; Deputy Premier and Minister of Health; Minister of Agriculture, Food and Rural Affairs; Minister of Energy, Northern Development and Mines and Minister of Indigenous Affairs; Minister of Natural Resources and Forestry; Minister of Infrastructure; Minister of Heritage, Sport, Tourism and Culture Industries; Minister of Government and Consumer Services; Minister of Labour, Training and Skills Development; and the Associate Minister of Small Business and Red Tape Reduction.

Minister Phillips concluded his opening remarks with some clarifications of the government's framework for reopening the province, announced at the end of April. Currently, the province is in the first stage of the three-stage reopening plan. In this first stage, businesses such as golf courses, nurseries, and marinas, as well as retail stores with a street entrance have been allowed to reopen. Certain health and medical services, and work at all construction sites has also resumed.

Before moving to the next stage, there must be progress in controlling the pandemic for a two- to four-week period. Within each stage, businesses will be permitted to open if they meet public health guidelines. To assist businesses in this regard, the government has published more than 90 workplace safety guidelines.

The Minister stressed that the reopening process will be guided by advice from Ontario's public health officials.

Questions from the Committee

Committee members questioned the Minister on a wide range of issues. Questioning related specifically to the *Economic and Fiscal Update* included the following:

- *Commercial Tenancies* — To date the main support for commercial tenancies has been the Canada Emergency Commercial Rent Assistance (CECRA) program. Ontario's contribution to the program is \$241 million. CECRA provides forgivable loans to landlords to cover 50% of monthly rent owed by small business tenants during the three-month period of April, May, and June 2020; tenants are responsible for covering up to 25% of rent. CECRA is a voluntary program, and according to feedback received by some Committee members, the early signs are that commercial landlords are reluctant to participate. The Minister was therefore asked if the government is prepared to take action beyond its participation in CECRA; for example, would it consider an Ontario commercial rent subsidy, a freeze on commercial rents, and/or a temporary ban on commercial tenancy evictions? The Minister responded that it is too early to say whether CECRA is working, since it was launched only at the end of May. He said that first indications are good, as in its first few days the program received over a thousand applications from landlords. The Government will continue to monitor program participation.
- *Tax Payment Deferrals* — Ontario's Action Plan provides \$10 billion in deferrals, including \$6 billion in deferrals of most provincial taxes for 100,000 businesses. Deferrals are for a period of five months, and are intended to improve the cash flows of Ontario businesses. According to one Committee member, "the business community is not impressed with deferred payments. They just see that as debt that will be like an albatross around their neck in six months, and that will compromise our ability to recover as an economy." By contrast, another member quoted the following statement from the Ontario Chamber of Commerce: "A six-month deferral on WSIB premiums for employers will provide relief to many businesses struggling to keep their lights on. Similarly, the deferral of the 10 provincially-administrated taxes from April 1 to August 31 will help support businesses as they try to stay afloat." The Minister was asked if he believes deferrals are an adequate form

of support in the longer term, and whether the government would consider either extending deferral periods or implementing a debt forgiveness program. The Minister responded that the deferral program has, in fact, “been widely heralded by the business community as an appropriate support.” He also stressed that relief measures such as the tax payment deferral program have been implemented in coordination with all levels of government, and have been undertaken, in part, at the request of Canadian businesses, which have told governments, “please, be clear and be coordinated as much as you can.”

- *Costs of Reopening* — Committee members have heard from small business owners that they may need assistance in covering the costs of reopening. The cost of fitting taxi cabs and restaurants with plexiglass was cited as one example. Asked if the government would consider dedicated funding to assist with these costs, the Minister said this is “one of the most important issues” businesses will face as the economy reopens, and noted that the government has provided a range of support in this regard, including funding the allocation of personal protective equipment (PPE) to private businesses. In addition, the Ministry of Finance has provided information to small and large businesses on best practices for reopening (the Minister referenced 90 guidelines for this in his opening remarks). The agriculture sector has received over \$2 million in supports to ensure continued operations in current conditions.
- *Insurance* — Committee members noted that one of the side-effects of the economic shutdown has been a dramatic decline in the types of activities covered by insurance; for example, fewer people are driving to work. As a result, it might be assumed that insurance companies have seen a sharp drop in claims and claims costs. The Committee therefore asked the Minister if he would be considering regulatory measures requiring insurers to provide premium relief for businesses such as taxi cab companies that are simply “trying to stay alive.” The Minister agreed that the insurance industry “needs to do more,” and said that this is why the government recently met with industry representatives to find out why drivers were not receiving rebates. When the industry said that rebates required regulatory changes, the government responded within a week. Seven of the 14 companies that account for 97% of the province’s auto insurance market are now offering rebates. The Minister also assured the Committee that the government “will continue to apply the appropriate pressure and we will continue to make the point that the customers at the auto insurance companies now will be their customers in the future. Driving behaviour has clearly changed and we expect to see action.”
- *Anti-Black Racism* — Committee members report hearing from Black business owners that anti-Black racism has historically made it difficult for these businesses to access capital, and that the current pandemic has only heightened concerns around this issue. The Committee asked if the government would consider a designated emergency fund to help these businesses survive the economic shutdown. The Minister in response noted that he had recently participated in a round table with the Premier and the Canadian Black Chamber of Commerce to discuss a range of options, including the possibility of a designated emergency fund. He acknowledged

that anti-Black racism is an issue in Ontario and said that the government will be considering all options as the situation evolves.

- *Indigenous Communities* — The Minister responded to a request for an update on direct funding programs for Indigenous communities in the Far North. To date, the government has provided a total of \$37.8 million in support, including \$16.4 million in emergency funding through the Ministry of Indigenous Affairs for food, household goods, critical supplies, and transportation. An additional \$10 million has been provided through the Ministry of Children, Community and Social Services to support Indigenous communities and agencies, and a further \$11 million through the Ministries of Municipal Affairs and Transportation to support Indigenous people living off-reserve.
- *Education* — According to the *Economic and Fiscal Update*, funding for the education sector is projected to increase by \$100 million in 2019–20 and by \$500 million in 2020–21, mainly to support higher student enrolment and investments in child care programs. The Committee asked how the COVID-19 crisis might affect these numbers; for example, has the government considered the fact that social distancing protocols may require smaller, not larger, class sizes, or that school facilities such as washrooms may require modification? The Minister agreed that the province will need to “adapt and adjust” to the evolving situation in the education sector and to “keep parents directly informed with regard to how we are going to proceed, how our classes are going to proceed and how they are going to be done safely.” The August update will provide additional information.
- *Electricity Rates* — The *Economic and Fiscal Update* indicates that “additional funding” will support electricity cost relief programs, including the Ontario Electricity Rebate for eligible residential, farm, and small business consumers. Committee members questioned whether this “additional funding” is, in fact, new funding, given that it was announced in January 2020. According to the Minister, the additional funding is \$1.5 billion in new money in this fiscal year, and is in addition to the funding necessary to cover the elimination of time-of-use pricing. The funds announced in the March update bring the total hydro subsidy to \$5.6 billion, and are intended to assist Ontarians who will be spending more time at home during the pandemic and therefore using more electricity.
- *Testing and Contact Tracing* — As noted by the Minister, one of the key pre-conditions for restarting the economy is ensuring that the province is meeting its COVID-19 testing targets, and that it is able to conduct adequate contact tracing, especially in the event of a “second wave” or “flare ups.” The Minister expressed support for a national approach to contact tracing, including a possible contact tracing application (app). Knowing that these measures are in place, he said, will go a long way towards restoring consumer confidence. Committee members asked if “cuts” to the public health budget in 2019 have made it more difficult for the province to meet these goals. The Minister responded that the government has “provided \$100 million of direct additional support through our municipal partners as part of the quarter of a billion dollars that was provided to municipalities, and an additional \$60 million to support the broader public health initiative.”

- *COVID-19 Contingency Fund* — The *Economic and Fiscal Update* establishes a COVID-19 health sector response contingency fund of \$1 billion, “for any emerging needs to support the Province’s timely response to the outbreak.” Asked for more details on the purpose of this fund, the Minister noted that when the government was preparing its one-year update, “we knew less than we know now” about how the pandemic would unfold. Accordingly, it was decided that there should be adequate resources to address a rapidly changing environment, particularly in the area of health. For example, the fund could support the purchase of additional PPE and additional COVID-19 testing. The Minister also noted the government has created a \$1.3-billion general contingency fund and a \$2.5-billion reserve fund, “larger than it has ever been in the history of this province.” These funds will support additional spending requirements in health and other vital areas, as well as help address pressures on the revenue side.
- *Effect of Global Markets* — In light of the global nature of the COVID-19 crisis, the Committee asked: To what extent is an economic recovery in Ontario dependent on global markets? The Minister prefaced his response by conceding that Ontario “is very, very reliant on global trade and, in particular, reliant on trade with the United States”; for example, he noted that Ontario is the number one trading partner for 19 states. Cabinet’s Jobs and Recovery Committee, he said, is well aware of the importance of our relationship with the United States, and is conducting an analysis of how to sustain the supply chain between Ontario and US jurisdictions. At the same time, the Minister emphasized that “we will never again be caught in a situation where we are dependent on a border to get the vital PPE that’s needed to Ontario health care professionals and others.”

Financial Accountability Officer

Ontario’s Financial Accountability Officer (FAO), Peter Weltman, appeared before the Committee on June 1, 2020, as the Committee’s second witness (the FAO’s submission is reproduced in Appendix C).

The Financial Accountability Office of Ontario (Office) provides analysis of the provincial economy and the government’s fiscal position, as well as projections on the financial impact of its policies and programs. The Office supports MPPs and encourages transparency in budgeting and financial reporting. The FAO presented the Committee with a point-in-time overview of Ontario’s economic and budget outlook that he said can be used as a baseline for measuring future developments. The outlook is heavily dependent on the pace and timing of the reopening of the economy in the months ahead.

The FAO projected that real Gross Domestic Product (GDP) would decline by 9% in 2020, and partially rebound, by 8.5%, in 2021. This projection is based on the assumption that the current shutdown continues into the summer, and is gradually lifted throughout the fall. On the labour market front, data from March and April suggest that 2.2 million Ontario workers have been affected by the pandemic-related shutdown, with 1.1 million losing their jobs, and a further 1.1 million having their working hours reduced. Consequently, the unemployment rate in Ontario reached 11.3% in April.

The shutdown is expected to affect Ontario's fiscal position in two ways: loss of tax revenue from business shutdowns and loss of jobs, and increased spending in response to the pandemic. The overall impact is a budget deficit of \$41 billion (5% of GDP) in 2020-21. The deficit is expected to decrease to \$25.3 billion in 2021-22 (\$37 billion if the recovery is slow), with cumulative debt reaching \$435 billion by the end of the 2020-21 fiscal year. The increase in debt is projected to result in Ontario's debt-to-GDP ratio rising to 48.7% in 2021-22. Lower interest rates will reduce the province's borrowing costs, with debt servicing payments increasing by 4.5%.

Committee members inquired about the apparent discrepancy between figures reported by the government and the FAO for direct funding amounts in response to the pandemic, and the expected deficit. As noted earlier, in March 2020 the government reported \$7 billion in direct supports in response to the pandemic. An independent FAO analysis stated that \$4.5 billion of that amount was new, direct funding in response to the pandemic; however, the remaining \$2.6 billion (funding for hospitals and electricity bill subsidies) was said by the FAO to be ongoing funding, which had been earmarked for the 2019-20 fiscal year prior to the pandemic. In addition, some funds were provided to reverse cuts to healthcare and public health announced in the 2019 Budget.

The FAO also stated that some of the inconsistency in the reporting of the deficit could be the result of the government publishing its outlook a few months earlier than the FAO, before additional financial data became available. The FAO is currently working on producing a document detailing how the government borrows money, as well as a regional demographic breakdown of the effects of the electricity subsidy on household finances.

The Committee also requested details on the FAO's modelling methodology. The FAO explained that his Office takes into account programs implemented by the federal government to address the pandemic, and incorporates factors such as the federal wage subsidy into its projections. Further, the FAO is implementing a gender-based analysis, assessing the impact of the pandemic on jobs, broken down by gender. The Committee heard that the hardest-hit sectors of the economy are "public-facing" (retail, restaurants, hospitality), where women, immigrants, and youth comprise a relatively higher proportion of employment.

Asked to elaborate on the province's contingency funding, the FAO said that the term can refer to two types of funds: a "contingency fund" is held at the Treasury Board and is used to supplement programs requiring extra funding; "unallocated funds" are also given to ministries to hold in reserve. The FAO will be providing quarterly spending updates that will specify amounts spent in different areas. The 2019 Q4 report is expected in early July, with the 2020 Q1 report to follow later in the summer. Commenting on the importance of regular financial reporting, the FAO said that transparency is a critical link to maintaining the trust between governments and their citizenry. The FAO agreed with the Committee that performance measurement should include factors beyond just the amount of money spent, including for example, factors such as service levels.

Responding to Committee questions on "fiscal capacity," the FAO explained that the term refers to the limit of how much a government can borrow before its bonds become unattractive to investors. The FAO said that the federal government has a significantly higher fiscal capacity than the Province.

The Committee requested that the FAO

- track and analyze bankruptcies that occur in the Province during the Committee's period of study, also tracking the themes covered in the study, and provide the Committee with this information; and
- provide the Committee with a breakdown of Ontario and federal government pandemic responses, focusing on the proportion of investment made by each level of government.

COMMITTEE RECOMMENDATIONS

The Standing Committee on Finance and Economic Affairs recommends that:

1. The House should partake in the opportunity to contribute to the consultations of the Ontario Jobs and Recovery Committee, and host local consultations to determine the impact of the COVID-19 crisis and how the government can best support an economic recovery, and report to the Minister of Finance on the number and results of those consultations.
2. The Province should continue to work collaboratively with the federal government and municipalities to address the effects of the COVID-19 crisis, with an emphasis on those areas of the economy most affected by it.
3. The Government should provide the Legislative Assembly of Ontario and the public with regular fiscal updates as it responds to the changing nature of the COVID-19 crisis.

APPENDIX A:
TERMS OF REFERENCE*

That the Leaders of the parties represented in the Legislative Assembly as well as Independent Members may file copies of letters with the Speaker, who shall cause them to be laid upon the Table, containing their recommendations to the Minister of Finance with respect to the economic and fiscal measures they proposed to be included in the provisions of Bill 188, and such letters shall be deemed to be referred to the Standing Committee on Finance and Economic Affairs; and

That when the committees of the Legislature resume meeting, the Standing Committee on Finance and Economic Affairs shall be authorized to consider the Party Leader and Independent Member letters, together with An Act to enact and amend various statutes as passed by the Legislature today, with the first witness during such consideration to be the Minister of Finance;

** Votes and Proceedings, March 25, 2020, 42nd Parliament, 1st Session*

That, notwithstanding any Standing Order or Special Order of the House, the Standing Committee on Finance and Economic Affairs, and all other committees when they are authorized to resume meeting pursuant to the Order of the House dated March 19, 2020, are authorized to use electronic means of communication when meeting, and committee members, witnesses, and/or staff are not required to be in one physical place, in accordance with the following guidelines:

- a) The electronic means of communication is approved by the Speaker;
- b) The meeting is held in a room in the Legislative Building, and at least the Chair/Acting Chair, and the Clerk of the Committee are physically present;
- c) Other Members of the committee participating by electronic means of communication, whose identity and location within the Province of Ontario have been verified by the Chair, are deemed to be present and included in quorum;
- d) The Chair shall ensure that the Standing Orders and regular committee practices are observed to the greatest extent possible, making adjustments to committee procedures only where necessary to facilitate the physical distancing and electronic participation of Members, witnesses, and staff; and

That, notwithstanding the Order of the House dated March 19, 2020, the Standing Committee on Finance and Economic Affairs is authorized to meet at the call of the Chair to consider its Order of Reference dated March 25, 2020, respecting the *Economic and Fiscal Update Act, 2020* (Bill 188); and

To study the impacts of the COVID-19 crisis on the following sectors of the economy and measures which will contribute to their recovery:

- a) Tourism
- b) Culture and Heritage
- c) Municipalities, Construction, and Building
- d) Infrastructure
- e) Small and Medium Enterprises

f) Other economic sectors selected by the Committee

- The committee shall study Bill 188 and each specified economic sector for up to 3 weeks with one additional week allotted for report-writing for each.
- The Sub-committee on Committee Business shall determine the method of proceeding on the study, and at its discretion, may extend each sectoral study by one week where a public holiday may fall during the scheduled time for the sectoral study.
- The Legislative Research Service shall make itself available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- That in accordance with s. 11 (1) of the *Financial Accountability Officer Act* the Financial Accountability Officer shall make the resources of his office available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- The time for questioning witnesses shall be apportioned in equal blocks to each of the recognized parties and to the Independent Members as a group.
- The Committee may present or, if the House is not sitting, may release by depositing with the Clerk of the House, interim reports, and a copy of each interim report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and
- The Committee shall present or, if the House is not sitting, shall release by depositing with the Clerk of the House, its final report to the Assembly by October 8, 2020 and a copy of the final report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and

That notwithstanding Standing Orders 38 (b), (c), and (d) the interim reports presented under this Order of Reference shall not be placed on the *Orders and Notices Paper* for further consideration by the House nor shall the government be required to table a comprehensive response; and

That notwithstanding Standing Orders 116 (a), (b) and (c), the membership of the Standing Committee on Finance and Economic Affairs for the duration of its consideration of the Order of Reference provided for in this motion shall be:

Mr. Sandhu, Chair [Sub-committee Chair]

Mr. Roberts, Vice-Chair

Mr. Arthur

Mr. Cho (Willowdale) [Sub-committee Member]

Mr. Crawford

Ms. Hunter [Sub-committee Member]

Mr. Mamakwa

Mr. Piccini

Mr. Schreiner

Ms. Shaw [Sub-committee Member]

Ms. Skelly [Sub-committee Member]

Mr. Smith (Peterborough—Kawartha)

Ms. Andrew (non-voting member)

Mr. Blais (non-voting member)

Ms. Fife (non-voting member)

Mr. Hillier (non-voting member)

Ms. Khanjin (non-voting member)

Mr. Rasheed (non-voting member)

Mr. Vanthof (non-voting member); and

That, should the electronic participation of any voting Member of the Committee be temporarily interrupted as a result of technical issues, a non-voting Member of the same party shall be permitted to cast a vote in their absence.

**Votes and Proceedings, May 12, 2020, 42nd Parliament, 1st Session*

APPENDIX B:
LETTERS FILED BY PARTY LEADERS AND INDEPENDENT MEMBERS



Queen's Park

Room 381, Main Legislative Building /
Pièce 381, Édifice de l'Assemblée législative
Queen's Park, Toronto, ON M7A 1A5
☎ 416-325-8300 📠 416-325-8222
✉ ahorwath-qp@ndp.on.ca

Hamilton Centre

20 Hughson St. S., Suite 200
Hamilton, ON L8N 2A1
☎ 905-544-9644 📠 905-544-5152
✉ ahorwath-co@ndp.on.ca
andrea Horwath.ca

Sunday, March 22, 2020

**To: Doug Ford, Premier of Ontario
Rod Phillips, Minister of Finance
Paul Calandra, Government House Leader**

From: Andrea Horwath, Leader of the Official Opposition New Democrats

Subject: New Democrat Suggestions for the Financial Statement

On Friday, the Government House Leader informed New Democrat House Leader Gilles Bisson that the government would be willing to accept suggestions with regards to the upcoming Financial Statement provided they were delivered before the end of the weekend.

New Democrats support the Finance Minister's decision not to present a full Budget given economic uncertainty amidst the COVID-19 pandemic. However, the government should act urgently to bolster healthcare funding to fight the pandemic, protect Ontario's economy and support families and businesses facing significant economic disruption.

This submission lays out key measures the government should urgently take to address the current crisis.

Bolstering our healthcare system

Our health care system needs immediate investment and support. In last year's Budget, the government's healthcare investment barely kept pace with inflation and hospital funding was effectively frozen. The Financial Accountability Office analysis noted that the 2019 budget cut overall health spending by \$2.7 billion over the next two years as compared to the 2018 budget plan. We now need urgent investment:

- **Immediately enhance hospital funding for the coming year by a minimum of \$1 billion.** The Ontario Hospital Association indicated in their pre-Budget submission, before the COVID-19 outbreak, that this amount (a 4.85 per cent increase in hospital sector funding) was needed simply to address underlying inflationary pressure, and the need to increase service volume and create capacity at the local level.¹

¹ See Ontario Hospital Association, 2020 Pre-Budget submission <https://www.oha.com/Bulletins/OHA%20Speaking%20Remarks%20-%202020%20Ontario%20Budget%20Consultation%20Jan%2017%202020.pdf>

Andrea Horwath



Leader of the Official Opposition
Chef de l'Opposition officielle
MPP / Députée, Hamilton Centre

Queen's Park

Room 381, Main Legislative Building /
Pièce 381, Édifice de l'Assemblée législative
Queen's Park, Toronto, ON M7A 1A5
☎ 416-325-8300 📠 416-325-8222
✉ ahorwath-qp@ndp.on.ca

Hamilton Centre

20 Hughson St. S., Suite 200
Hamilton, ON L8N 2A1
☎ 905-544-9644 📠 905-544-5152
✉ ahorwath-co@ndp.on.ca
andrea Horwath.ca

- **Halt all plans for public health restructuring and increase financial support.** Provide 100 per cent provincial funding to public health units, so that they are not relying on municipalities for 30 per cent of their funding, especially while municipalities have paused revenue tools like property tax payments.
- **Create a fund to recruit back and retain Personal Support Workers (PSWs), many of which have left the profession.** The PSW shortage in Ontario was already hurting home care and long-term care before the COVID-19 outbreak. Now it risks hindering COVID-19 containment efforts. Trained PSWs have left the field for other professions² and now urgently need to be encouraged to return. Wage and benefit enhancements with longer-term plans to provide greater job stability would help achieve this.
- **Offer dedicated funding for child-care and other supports for health care, emergency and any other workers deemed essential.** The Government's new *Employment Standards Amendment Act (Infectious Disease Emergencies)* specifically reserves the right of the government to exempt any class of workers deemed essential. New Democrats agreed to this provision but now it is incumbent on us as a province to provide whatever support these essential workers need as they do their part in this pandemic.
- **Provide necessary funding in-home and community care to ensure no disruption to critical services like dialysis and cancer treatment.** The Government has announced plans to ramp down non-urgent services in hospitals and free up hospital beds by moving patients to community settings. While it is important that hospitals get all the resources they need to respond to COVID-19, the government still needs to ensure they will not reduce or cut critical, lifesaving services provided in the community.
- **Set aside additional, dedicated funding to enact measures to protect seniors.** Seniors are a vulnerable population measures here should include:
 - Enhanced supports for screening at all centres that provide health care services to seniors (long-term care homes, retirement homes, supportive housing, and assisted living)
 - Ensure that seniors have access to medication they need and that they may receive at home, so they do not put themselves at risk by going in public to get their medication.

Supporting Households

The COVID-19 pandemic has had a devastating impact on millions of Ontario households and the overall economy. Economists estimate that we are now seeing the highest number of Employment Insurance claims ever and the largest employment drop in Canadian history³. Urgent action is needed to supplement federal support that will not be adequate or timely enough to meet people's needs:

² See Ontario Health Coalition Report "Caring in Crisis: Ontario's Long-Term Care PSW Shortage" <https://www.ontariohealthcoalition.ca/wp-content/uploads/final-PSW-report.pdf>

³ See comments by Professor Trevor Tombe, Associate Professor University of Calgary <https://twitter.com/trevortombe/status/1241061606353596418>

Andrea Horwath



Leader of the Official Opposition
Chef de l'Opposition officielle
MPP / Députée, Hamilton Centre

Queen's Park

Room 381, Main Legislative Building /
Pièce 381, Édifice de l'Assemblée législative
Queen's Park, Toronto, ON M7A 1A5
☎ 416-325-8300 📠 416-325-8222
✉ ahorwath-qp@ndp.on.ca

Hamilton Centre

20 Hughson St. S., Suite 200
Hamilton, ON L8N 2A1
☎ 905-544-9644 📠 905-544-5152
✉ ahorwath-co@ndp.on.ca
andreahorwath.ca

- **Establish an Ontario Emergency Income program to provide households experiencing unemployment or lost income.**
 - With an Ontario Emergency Income, any household experiencing unemployment or reduced income would be able to apply for a one-time \$2,000 cheque or direct deposit.
 - Individuals already enrolled in support programs, including Ontario Works, Ontario Disability Support Program, Employment Insurance, and the federal Emergency Care Benefit should be automatically enrolled.
 - Families with dependents would qualify for an additional \$250 per child.
 - Payments should be received by April 1, making it possible for monthly expenses due on the first of the month to be paid.
 - Enrollment should be available by phone and online to anyone who declares a need.
 - People who take advantage of the fund that have not lost their job or had their income reduced will have payments clawed back on their provincial taxes. New Democrats are ready to work with the government and the Ministry of Finance to determine exact criteria.
 - This emergency benefit will help households in the immediate term. The government should then work with the federal government to bring in a program for ongoing income support for Ontarians throughout the COVID-19 pandemic.
- **Order all utilities to provide interest-free bill deferrals of up to six months to anyone who cites financial need, with penalty-free repayment plans.**
- **Immediately cancel Time Of Use hydro billing.**
- **Take whatever steps are needed, including legislation, to ensure that no one can be evicted for any reason during the pandemic, nor punished in any way for missing a rent payment.** Despite government measures to stop eviction proceedings, many tenants are worried about falling into arrears. Moreover, some tenants report that landlords have issued eviction notices regardless of government action. The Government should work with rent banks and financial institutions to institute grants and interest-free loans to ensure no one loses their home or sees living conditions affected because of the pandemic and should institute legislation to ensure those protections.
- **All programs and all funding to agencies and organizations currently being funded through transfer payments should be automatically renewed for the upcoming fiscal year so that staff can be retained and people's needs are met.** This should be communicated immediately to the broader public sector, including non-profit agencies and organizations.
- **Create a new stabilization fund for the non-profit sector to provide financial support for non-profits like food banks.** Food banks and other non-profits are reporting declining revenues and increasing need. Their efforts are vital at this time.
- **Designate immediate emergency funding for the shelter system, outreach and harm reduction to ensure that vulnerable populations have the support they need to stay healthy and enforce social distancing instructions.**



Queen's Park

Room 381, Main Legislative Building /
Pièce 381, Édifice de l'Assemblée législative
Queen's Park, Toronto, ON M7A 1A5
☎ 416-325-8300 📠 416-325-8222
✉ ahorwath-qp@ndp.on.ca

Hamilton Centre

20 Hughson St. S., Suite 200
Hamilton, ON L8N 2A1
☎ 905-544-9644 📠 905-544-5152
✉ ahorwath-co@ndp.on.ca
andrea Horwath.ca

Bolstering small and medium-sized businesses

- **Enhance wage subsidies.** The federal government has offered a 10 per cent wage subsidy program for small businesses. Many small businesses have noted that this amount will not be sufficient to maintain employment. The province should institute a substantial top-up, so employers can afford to maintain staff on the payroll while business is hampered.⁴
- **Working with other levels of government, immediately halt the collection of all payroll, property, sales, and income taxes from small and medium-sized business; including ceasing issuing penalties and fines on taxes owed and limit audits for the remainder of the year fiscal year.** Canadian Manufacturers and Exporters have indicated this measure will help businesses who have been hit with severe economic disruption.
- **Institute a utility payment freeze for small and medium-sized businesses.**
- **Postpone tourism and marketing fees for businesses in the hospitality sector.** The Ontario Chamber of Commerce has recommended this measure to support the hospitality sector.
- **Dedicate additional resources to ensure the food supply chain is maintained and responsive to shortages, including direct support to growers and animal agriculture.**
- **Create a remote-work set up fund for small-businesses — which could help them with things like setting up an online retail operation, or buying laptops and software for their workforce.**
- **Work with the insurance industry and the Financial Services Regulatory Authority to institute an auto-insurance grace period for taxis and car-sharing drivers.**

Support for municipalities

Municipal governments have limited revenue tools and fiscal capacity, yet the services they provide will be vitally important to Ontarians during the COVID-19 pandemic.

- **For municipalities that institute property tax deferrals, ensure the flexibility to defer their remittance of relevant taxes to the province.**
- **As previously noted, provide 100 per cent provincial funding to public health units, so that they are not relying on municipalities for 30 per cent of their funding, especially while municipalities have paused revenue tools like property tax payments.**

⁴ See comments from the Canadian Federation of Independent Business to Global News
<https://globalnews.ca/news/6696920/ottawa-wage-subsidy-too-low-small-business-cfib/>



March 25, 2020

The Honourable Rod Phillips
Minister of Finance
7 Queen's Park Crescent, 7th floor
Toronto, Ontario
M7A 1Y7

Dear Minister,

Prior to the COVID-19 crisis confronting us, Ontario families had been working hard and playing by the rules. And then they were sideswiped by this terrible virus. They need their government to be there for them and I believe it's my responsibility to make sure that the Ontario government rises to the occasion to do what it can to support Ontario families and businesses.

There are three priorities through which I am measuring the effectiveness of today's economic update from the Ontario government. And those are:

The health and safety of Ontarians;
The economic security of Ontarians in the short and medium term;
The recovery of the Ontario economy so that it can once again create the jobs and opportunities our families are counting on.

From the very beginning, I have been determined to work with the government, collaboratively, to help the people we are honoured to serve.

Ontario must take measures now to protect the economic well-being of workers and businesses. Last week, I wrote to you to advocate you match the 10% federal wage subsidy, dollar for dollar. I stand by that but urge you now to consider even more funding to protect jobs and keep food on the table. This is not in the economic and fiscal update that was tabled today – I urge you to take action before it is too late.

I will re-iterate that I hope you study these recommendations carefully. These measures have not been included in today's legislative package:

Stop price gouging. Use the Emergency Management and Civil Protection Act to stop retailers from gouging customers on items such as Lysol wipes, toilet paper and more.

Remove barriers to testing. While we recognize there is a backlog that must be cleared, we recognize that **COVID-19 is affecting more and more Ontarians through community spread. The current testing regulations must be changed to reflect that.**

Test all staff in long-term care facilities. We must work quickly to protect our seniors. In communities where community spread is detected, immediately move to test all staff in vulnerable facilities.

Provide help and support to Ontario's most vulnerable. Leverage existing programs to provide immediate financial relief to those on Ontario Works and ODSP, create a program to support workers who are being hit the hardest (retail, minimum wage earners), and appoint an ombudsperson responsible for responding to the needs of the most vulnerable during this crisis.



Introduce a six-month suspension of provincial payroll charges (like WSIB and Employer Health Tax premiums) for businesses with up to 300 employees, and make it retroactive to January 1st, 2020. This should be a suspension of charges – not a deferral.

Provide Ontarians further relief on electricity prices by temporarily removing distribution and regulatory charges.

Permit licensed establishments providing take-out and delivery services to temporarily sell alcohol.

Be clear about how to preserve the school year using whatever innovative techniques are required, because Ontario cannot afford to fail our students who need to keep learning.

Dramatically scale-up funding to finally provide universal mental health support and treatment. It's become clear that the impact of this crisis on our mental health will be considerable and we will need this support in order to weather the storm.

We look forward to your response to these recommendations. Ontario must do everything it can to weather this storm.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven Del Duca'.

Steven Del Duca

Queen's Park Office
Main Legislative Building, Unit 451
Toronto, ON M7A 1A8

416 325.4664
mschreiner@ola.org



Mike Schreiner, MPP
Guelph

Guelph Constituency Office
173 Woolwich Unit 102
Guelph, ON N1H 3V4

519.836.4190
mschreiner-co@ola.org

Premier Doug Ford
Legislative Building
Queen's Park
Toronto ON M7A 1A1
<premier@ontario.ca>

March 20, 2020

Dear Premier Ford,

There is no question that you have a tremendous amount of work on your desk right now as you guide our province through this unprecedented health crisis.

In the spirit of cross-party collaboration, and as I stated in the House yesterday, I am here, ready and willing to help the Government however I can to ensure we have the most comprehensive and effective response plan.

Below are the recommendations as influenced by my constituents and the public of Ontario writ large. I would encourage your team to review them and be in contact should they have any questions, need further information or need any assistance.

1. Basic income security payments

Experts say that we need to put money in people's pockets as quickly as possible in order to soften the blow to our economy. While the federal government has sped up access to EI and has announced emergency support payments for some, the reality is that it is not enough, especially for those who are in precarious jobs, self-employed, and on social assistance. Ontario has to fill in the gap. We need economic measures, such as a basic income, to ensure no one falls through the cracks under the weight of this pandemic.

2. Increase in public health supplies and support

I am aware of the dangerously low levels of necessary health supplies across the province. We must work across party lines to come up with manufacturing solutions if the issue is indeed a shortage of supplies. I have a distiller in Guelph who is manufacturing hand sanitizer and providing it for free, however this is not a financially viable situation for his business. I have also been in contact with a manufacturer in Guelph who has proposed modifying CPAP machines to make ventilators. I would be happy to ensure these connections and ideas are moving forward.

It is also highly recommended that assessment centres be moved away from hospitals. Hotels, dormitories, schools, convention centres could all be viable sites for the testing.

3. Cash flow support for businesses and nonprofits

Small businesses, charities and non-profits aren't sure if they have the financial means to survive prolonged closures. While the federal government is providing a 10% wage support, this simply isn't enough. Denmark is providing 75% wage support. I would implore the Ontario government to top up the Federal government's support to a more viable amount. It is also imperative that non-profits and charities are included as these are the organizations that we have and will continue to lean on to provide social supports for our communities.

4. Job protected paid sick leave

Recognizing the financial hit most businesses, and in particular small businesses have already taken by this crisis, I would encourage the government to provide monetary support to businesses for the direct purpose of compensating those who have been forced to take sick leave as a result of Covid-19. Job protection was an important first step, but paid sick leave is necessary.

5. Rent and mortgage payment delays for people, businesses and nonprofits

Appreciating that many large banks have provided mortgage deferrals, not all businesses and non-profits are benefiting from the deferrals. Further, while you have ordered the halt of evictions until further notice, we are receiving notice that landlords are continuing to evict for lack of payment, and further, that rent deferrals are not being offered despite the landlord receiving a deferral on their mortgage payment. This inequity should be addressed through legislation quickly.

6. Free childcare for all essential service workers

As Quebec has done, Ontario must provide free childcare for all essential workers. This is an imperative measure to ensure that our front-line workers, including those who are keeping our grocery stores and pharmacies operating, are able to do so.

7. Grace period on hydro and other utility bills

There has been significant interest from the community for a temporary freeze in the peak usage rate program for hydro. I would first recommend a holiday for hydro and provincially regulated utility bills during the pandemic. At the very least, I would recommend that consumers are given the option to *temporarily* opt out of the freeze on the peak usage rate for the period of the pandemic. This will provide essential relief for those with reduced incomes and cash flow.

8. Deferral of the payment of Municipal Education Taxes

In order to allow municipalities to have the financial flexibility to defer property tax payments by residents and small businesses, your government could defer the payment of Municipal Education Taxes from municipalities to the Provincial government.

9. Emergency response plan for shelters and prisons

Media today are reporting a confirmed case of Covid-19 of a correctional officer at the Toronto South Detention Centre. As you know, the prison population and its correctional staff are at an extremely high risk for contracting and spreading Covid-19. Homeless shelters in our community may be at an even higher risk. With our homeless, there are no options for self-isolation. We have been fielding calls from Guelph's homeless asking for a solution to their inability to isolate. Further, the homeless are being turned away from shelters and other services if they exhibit any signs of illness. They are being left without anywhere to turn. Municipalities need immediate funding to immediately address the homeless crisis. We need a plan for both of these communities immediately. For example, this could include using hotels or empty dormitories to allow members of the homeless population to isolate.

10. Emergency fund for First Nation communities

Our First Nation Communities require dedicated funding to assist them in tackling the crisis that will be exacerbated in many remote and fly-in communities. This includes the insurance of clean water and food delivery at reasonable prices. These communities should be consulted on the specific resources they require to weather this crisis.

11. Stabilization fund for food security organizations

Food banks and other food security organizations have a shortage of food supplies. Relying on public good will to donate is an insufficient response, especially with so many donors short on cash themselves. They must receive dedicated resources to ensure the vulnerable people in our society continue to be fed.

We have also been provided with the following practical recommendations and was encouraged by Mr. Calandra to forward them over.

1. Suspend limitation periods in the Limitations Act
2. Suspend LPAT limitation periods
3. Suspension of financial penalties with respect to missed timelines for building inspections
4. Provide daily public health information in multiple languages
5. Formally call for the closure of dental practices so they can seek access to pandemic insurance funds.

I welcome the opportunity to discuss these ideas with you further.

Sincerely,



MPP Mike Schreiner

Cc: Hon. Min. Christine Elliott, Ministry of Health <christine.elliott@ontario.ca>

Hon. Min. Rod Phillips, Ministry of Finance, <rod.phillips@pc.ola.org>

Hon. Paul Calandra, <paul.calandra@pc.ola.org>

Randy Hillier, MPP
Lanark-Frontenac-Kingston

Concerning Bill 188

Speaker Ted Arnott

In a motion adopted unanimously by the House on March 25th, it was agreed that all party leaders and Independent members of the House are permitted to table their concerns regarding Bill 188 with the Speaker and to be delivered to the Standing Committee on Finance and Economic Affairs to consider.

Please accept this letter in accordance with the motion dated March 25th 2020.

To SCOFEA

There are four constituent parts of Bill 188 that require Legislative oversight and I request the Standing Committee to examine these in detail. They are: the government's forecasts, the \$4.8 billion in reserve funds, the \$32 billion in authorized borrowings, and the impacts on personal privacy.

Currently the legislation as written and passed permits the government to access these funds/borrowings without any need to account for these expenditures or borrowings.

It is imperative that the government demonstrate its commitment to accountability and transparency. These funds/expenditures and borrowings must be utilized in a prudent manner and with the knowledge of the Legislature who agreed to the expedited passage of the Bill through unanimous consent.

The most practical manner that this can be achieved, being cognizant that the Assembly and its Committees may have little or no sittings days are thus:

1. That all Standing Committees of the House be permitted to use video conferencing and be streamed online publicly while the House is adjourned/in recess;
2. That whenever a Treasury Board authorization is issued to appropriate any portion of the reserve funds, all members of the SCOFEA and Independent members of the House are notified;

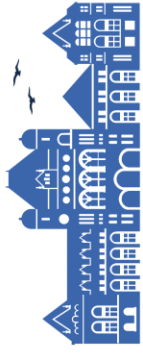
3. That the Minister(s) and Ministry(s) officials appear before the SCOFEA to explain the purpose for accessing these reserve funds and that those purposes be examined by the committee;
4. That the SCOFEA request a monthly report from the FAO regarding the reserve expenditures;
5. That whenever some or all of the borrowings are executed, that the President of the Treasury Board and the Minister of Finance appear before the committee to report on the amounts borrowed, terms of the borrowings, the purpose of the borrowings, and that the FAO also be requested to appear before the committee to provide an analysis of the borrowings and their impacts on the Government's budgetary forecasts/plans enunciated in Bill 188;
6. The House has instructed the Minister of Finance to appear before the SCOFEA regarding Bill 188, it is essential for the Committee to inquire and examine the revenue forecasts contained within Bill 188. Specifically, on how the Ministry determined that the forecasted GDP will remain constant in 2020/21 as in 2019/2020 although personal income taxes will drop, and corporate income and sales taxes reportedly will remain constant this year over last year;
7. In addition, I request the FAO appear before the committee to: a) provide their analysis on these forecasts; and b) any such other analyses the Committee determines are appropriate;
8. Lastly, it would be appropriate and I request that the Information and Privacy Commissioner attend SCOFEA and provide an analysis of the recent amendments under their jurisdiction contained in Bill 188.

Sincerely,

A handwritten signature in blue ink that reads "Randy Hillier". The signature is written in a cursive, flowing style.

Randy Hillier

APPENDIX C:
SUBMISSION OF THE FINANCIAL ACCOUNTABILITY OFFICER

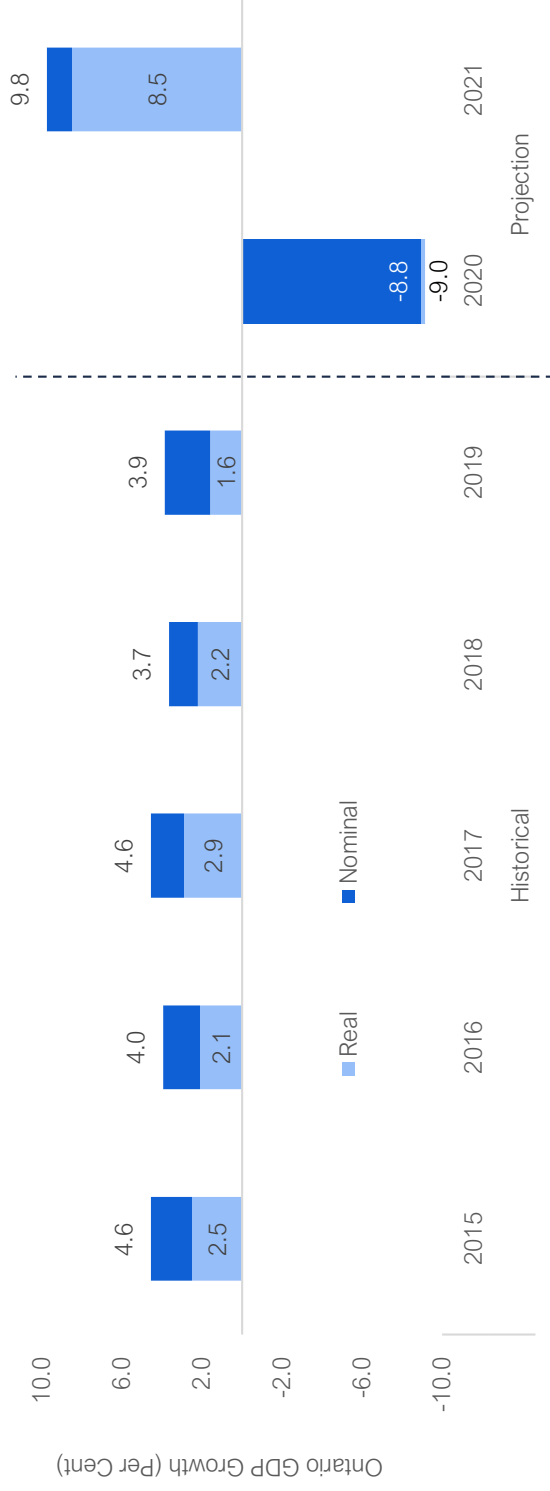


Presentation to the Standing Committee on Finance and Economic Affairs

June 1, 2020

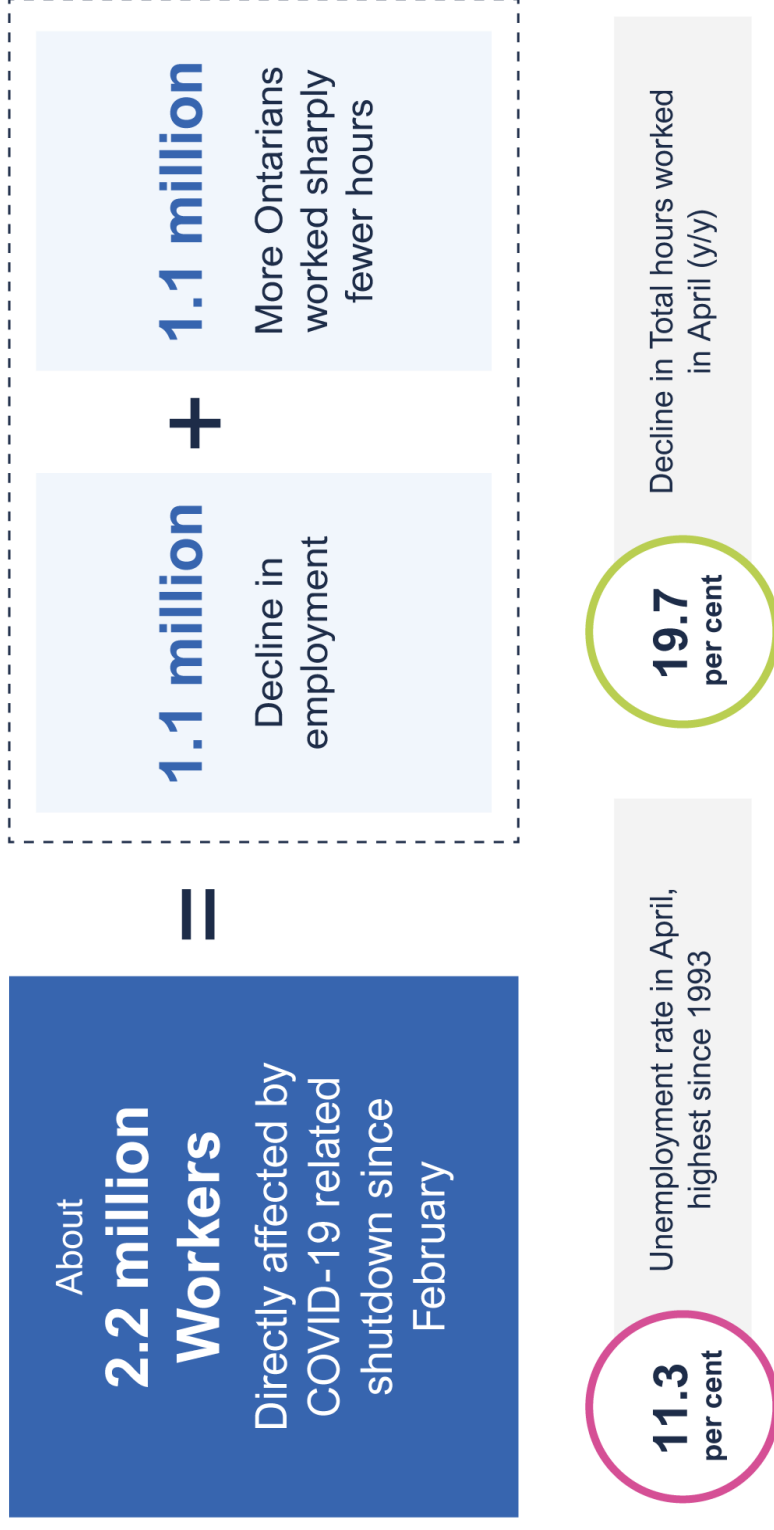
Pandemic has pushed Ontario economy into sharp recession

- Historic 9.0 per cent decline in real GDP expected this year.
- As containment measures are eased, economy will recover, with real GDP rising by 8.5 per cent next year.



Source: Statistics Canada, Ontario Economic Accounts and FAO.

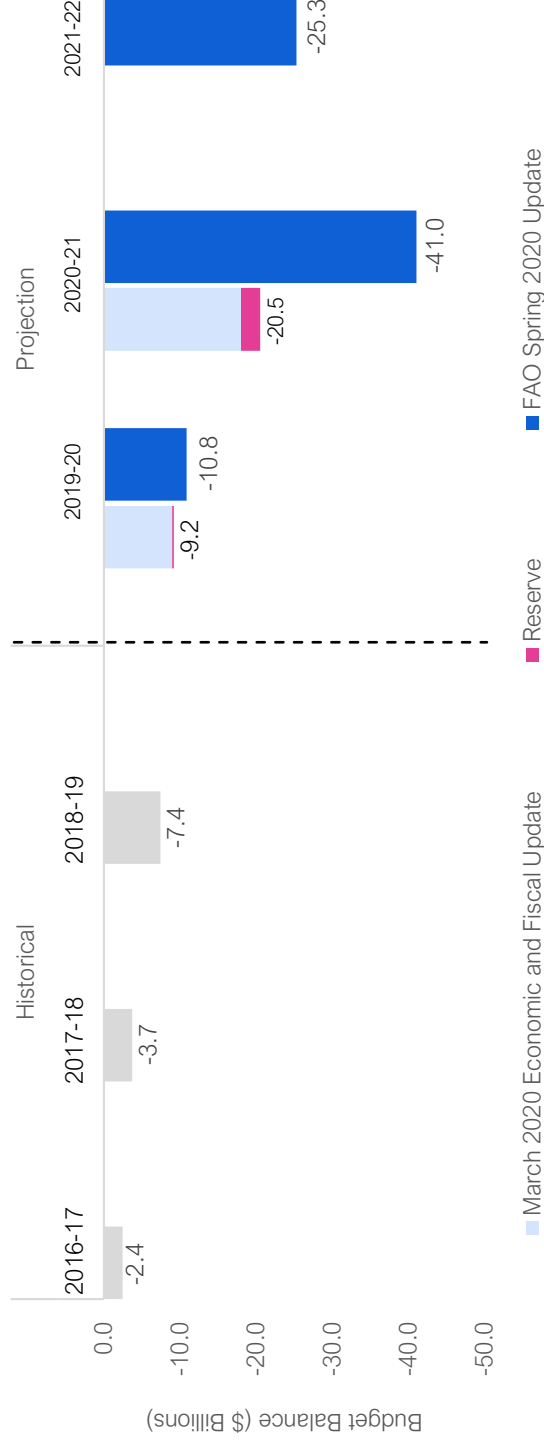
Pandemic shutdowns have directly affected one in three jobs in Ontario



Source: FAO.

FAO projects a record \$41 billion budget deficit in 2020-21

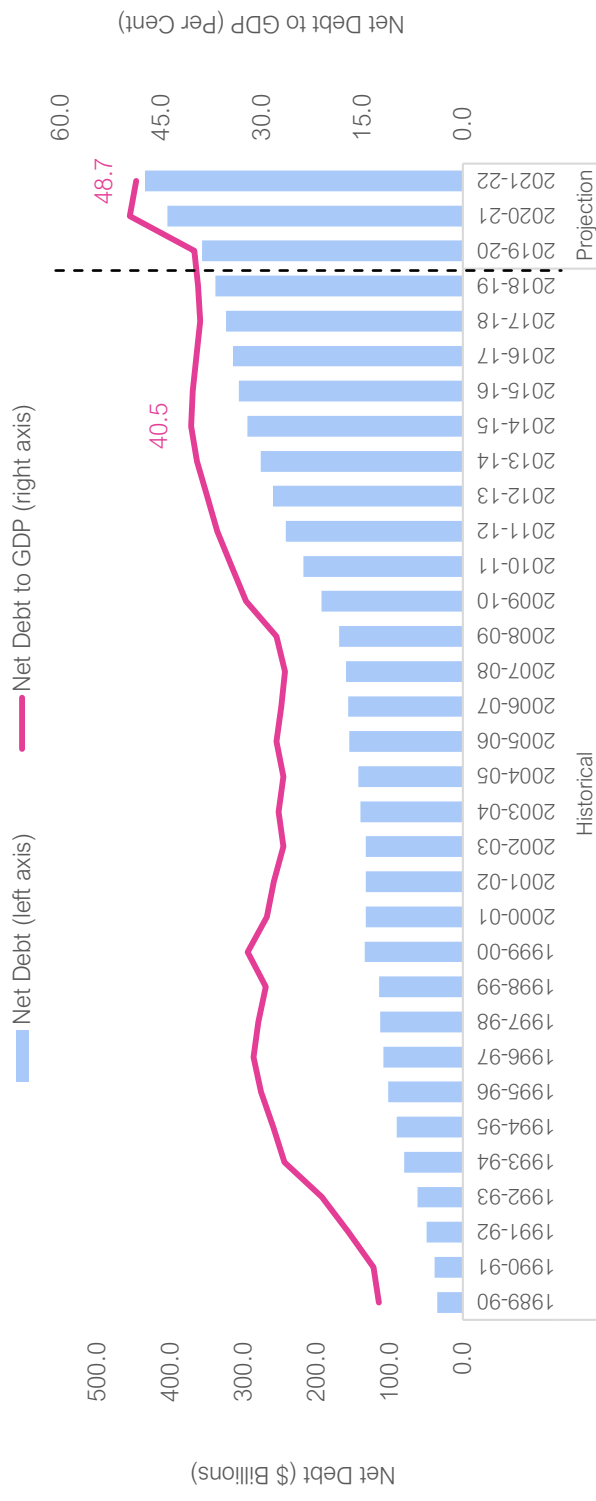
- FAO's \$41 billion deficit projection is double the government's March Update estimate.
- Deficit expected to decline to \$25 billion next year.



Note: The FAO's budget balance is presented before reserve. The government's budget balance projection, from the March Update, is presented including the reserve.
Source: Ontario Public Accounts, Ontario March 2020 Economic and Fiscal Update and FAO.

Ontario's debt burden will increase to record high

- Deficits lead to \$78 billion increase in provincial debt by next year.
- Net debt-to-GDP ratio of almost 49 per cent expected in 2021-22.



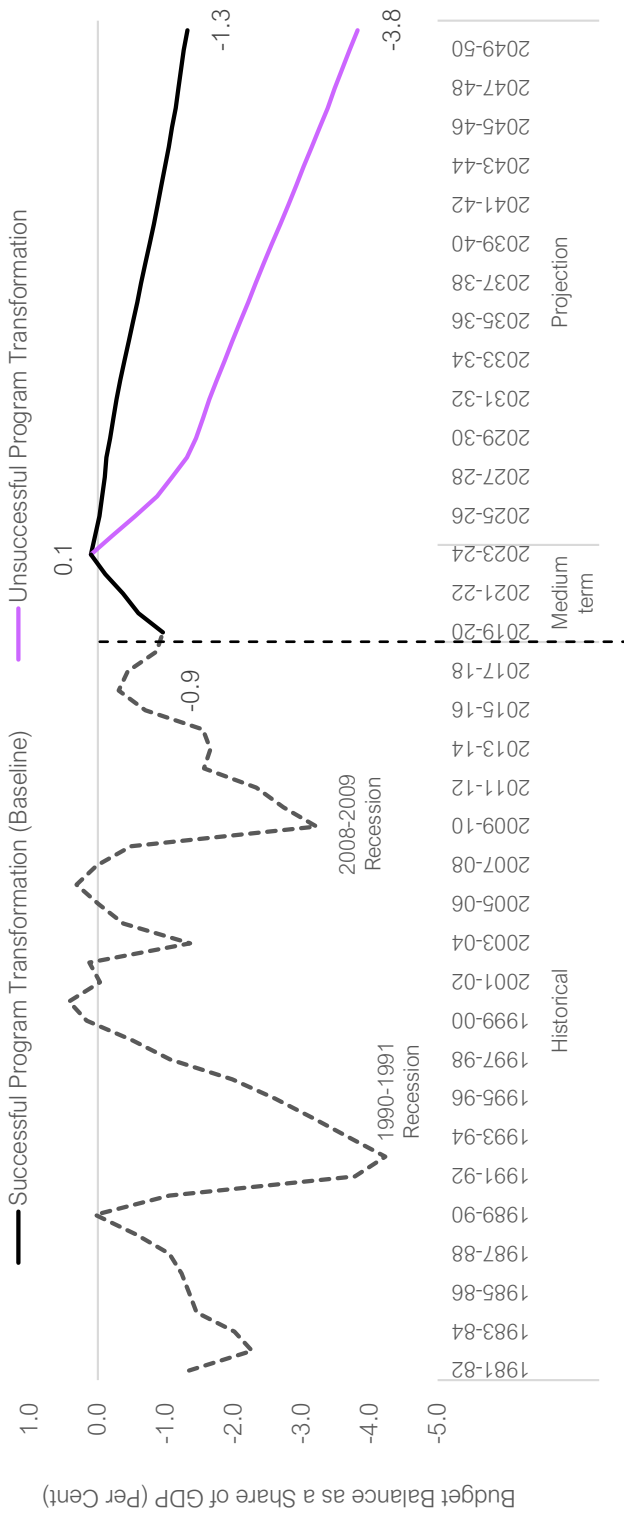
Source: Statistics Canada, Ontario Economic Accounts, Ontario Public Accounts, Ontario March 2020 Economic and Fiscal Update and FAO.

Questions?



Budget deficit projected to deteriorate over outlook

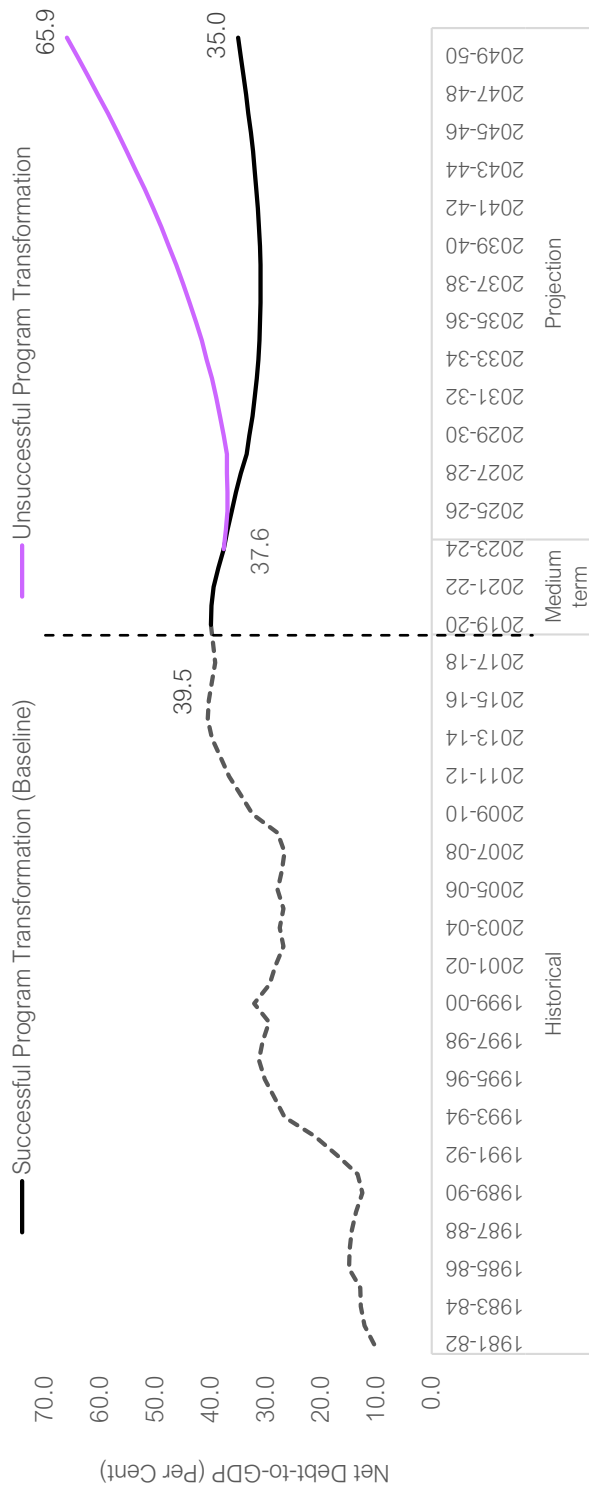
- Overall government spending will exceed revenues, resulting in growing deficits.
- Deterioration in the budget would be much more dramatic under the unsuccessful scenario, with a deficit of 3.8 per cent of GDP by 2050-51.
- Historically, Ontario has experienced deficits of this magnitude only during recessions.



Source: Ontario Public Accounts and Budgets, Statistics Canada and FAO.

Ontario's Debt-to-GDP could rise dramatically over the long term

- Successful program transformation: fiscal position would improve as net debt-to-GDP ratio reaches 35.0 per cent by 2050-51, below the current ratio of approximately 40 per cent
- Unsuccessful program transformation: fiscal position would be challenging as large budget deficits push Ontario's net debt-to-GDP ratio to 65.9 per cent by 2050-51



Source: Ontario Public Accounts and Budgets, Statistics Canada and FAO.

APPENDIX 2
SECOND INTERIM REPORT:
ECONOMIC IMPACT OF COVID-19 ON TOURISM

CONTENTS

INTRODUCTION	1
COMMITTEE MANDATE	1
MINISTRY UPDATE	2
IMPACT OF COVID-19	4
Travel Restrictions	7
RE-OPENING THE ECONOMY	8
FINANCIAL RELIEF	10
Eligibility	11
Repayable versus Non-Repayable	12
Witness Recommendations	13
COMMERCIAL RENT ASSISTANCE	14
THE IMPORTANCE OF TESTING AND CONTACT TRACING	16
WORKER PROTECTION AND TRAINING	16
BROADBAND AND CELL PHONE ACCESS	17
SPECIFIC INDUSTRY ISSUES	18
Indigenous Tourism and Sport	18
Grape Growers, Wine Producers, and Craft Brewers	19
Aviation	20
Children's Camps	21
COMMITTEE RECOMMENDATIONS	22
WITNESS LIST	24
APPENDIX A: TERMS OF REFERENCE*	

INTRODUCTION

The Standing Committee on Finance and Economic Affairs is pleased to present its Second Interim Report on the *Economic and Fiscal Update Act, 2020* and the impact of the COVID-19 crisis on the Ontario economy.

The report presents the Committee's findings and recommendations following its review of the impact of COVID-19 on Ontario's tourism sector. It reflects testimony received during public hearings held on June 4, 5, 11, 18, 19, and 22, as well as written submissions delivered to the Committee Clerk as of 5:00 p.m. on June 22, 2020.

At the Committee's request, the Minister of Heritage, Sport, Tourism and Culture Industries appeared as the first witness on June 4. Following the Minister's update, the Committee received submissions from dozens of organizations, businesses, and individuals from across the province, representing the broad range of activities that constitute Ontario's tourism sector.

Although at times troubling, their testimony revealed resiliency in the face of considerable adversity, and a determination to ensure that Ontario's tourism sector not only survives the current pandemic, but is restored to its place as a key driver of jobs and economic activity. The Committee is grateful to those who took the time to share their views and personal stories.

This report is an overview of the main issues raised during the Committee's public hearings. For details of witness submissions, and their responses to questions from Committee Members, readers are referred to the official record of proceedings, as reported in *Hansard*, and to the written submissions themselves.

Committee recommendations and a list of witnesses appear at the end of the report.

COMMITTEE MANDATE

Motions adopted unanimously in the House on March 25 and May 12, 2020, established a two-part mandate for the Committee.

On March 25, 2020, when the House passed Bill 188, the *Economic and Fiscal Update Act, 2020*, it also adopted a motion providing that party leaders and independent Members may file letters with the Speaker, setting out their recommendations for economic and fiscal measures that should be included in the Bill. The motion further provided that when committees of the Legislature resume, the Standing Committee on Finance and Economic Affairs would be authorized to consider the Act, together with any letters filed by leaders and independent Members, and that the Minister of Finance would be the Committee's first witness when it commenced its review.

The motion passed on May 12, 2020, authorized the Committee to begin consideration of the matters that had been referred to it on March 25. In addition, it empowered the Committee to study the impact of the COVID-19 crisis on specific sectors of the provincial economy, including “measures which will contribute to their recovery.” The sectors identified in the motion are:

- tourism;
- culture and heritage;
- municipalities, construction and building;
- infrastructure;
- small and medium enterprises; and
- other economic sectors selected by the Committee.

The Committee is specifically authorized to release interim reports, as it sees fit. Interim reports are to be presented to the House, and a copy of each report is to be provided to the Chair of Cabinet’s Ontario Jobs and Economic Recovery Committee. Interim reports will not be placed on the Orders and Notices paper for further consideration by the House, and the Government will not be required to table a comprehensive response to them.

A final report will be tabled in the House, and a copy delivered to the Chair of the above-noted Cabinet committee, by October 8, 2020.

The Committee’s mandate is reproduced in full in Appendix A to this report.

MINISTRY UPDATE

Ontario’s Minister of Heritage, Sport, Tourism and Culture Industries, the Honourable Lisa MacLeod, presented to the Committee on June 4, 2020.

The Minister prefaced her remarks with the following:

Because these are not normal times, I will not be sugar-coating what we’re dealing with. While COVID-19 has hit everybody hard, my ministry oversees sectors that have been shattered.

As outlined by the Minister, immediately prior to the onset of the COVID-19 pandemic, the tourism sector had registered a “spectacular” economic and social bottom line. In addition to \$75 billion in direct and indirect economic activity—including the employment of hundreds of thousands of people across the province—Ontario’s pre-pandemic tourism sector featured thriving sports, arts, and entertainment industries.



Today, “these people are hurting.” Ministry figures indicate sector losses of at least \$20 billion; and according to a report from the C.D. Howe Institute, four of the hardest hit industries fall within the Ministry’s purview: transportation and sightseeing tours; air transportation; accommodations and food services; and arts, recreation and entertainment. The Minister cited several examples of how the pandemic has affected these industries:

- Hotel occupancy in April 2020 stood at 13.8%, down from 62.5% a year earlier.
- Restaurants Canada estimates that the industry has lost 300,000 jobs in Ontario alone.
- The Conference Board of Canada reports that airlines have lost 13 million seats, including 11 million in April and May.
- Indigenous Tourism Ontario projects \$330 million in losses.
- Tourism Toronto estimates a \$5.6 billion loss; Ottawa projects at least \$1 billion in economic loss.
- The Tourism Industry Association of Ontario estimates that more than 65% of tourism industry operators are currently closed.

In the Minister’s assessment, COVID-19 represents a “triple threat”—a public health crisis, an economic crisis, and a social crisis. The latter, which is distinguished by social distancing requirements, bans against mass gatherings, and the fear and stigma associated with a return to dining in restaurants or attending festivals and sporting events, may necessitate fundamental changes to the tourism sector. According to the Minister:

None of us should be naive to the fact that there will be lasting damage, that many customers are rethinking their old habits, that restaurant and music venues will not be filled any time soon, and that with international travel restricted, we cannot expect a return to previous levels of foreign or domestic tourism any time soon.

The Minister outlined several steps her Ministry has taken to address the effects of COVID-19, beginning with the first signs of trouble in the early New Year:

- reviewing the SARS recovery model in January, including consultation with former tourism and culture ministers from the SARS crisis;
- assembling in February informal tables with stakeholders to assess data coming in from international partners;
- initiating telephone town halls with over 1,000 stakeholders; ministerial advisory committees with industries ranging from airlines and hotels to tourism leaders; and virtual town halls with Regional Tourism Organizations;
- appointing MPP Norm Miller to undertake a consultation throughout the province;
- tripling the Tourism Development and Recovery Fund, from \$500,000 to \$1.5 million;
- working with Destination Ontario, the Tourism Industry Association of Ontario, and 13 Regional Tourism Organizations to develop a marketing plan;
- allowing licensed restaurants to sell and deliver unopened alcohol;
- earmarking \$341 million to support hotels that are taking in the overflow from hospitals; and
- continuing to flow funds through agencies such as Destination Ontario.

In the medium-term, the Ministry will continue to support local recovery campaigns and promote digital tourism. To support a longer-term recovery, the Ministry is developing a five-year plan to “help us recover, rebuild and then re-emerge as a premier visitor destination in the world.”

IMPACT OF COVID-19

Ontario’s tourism sector encompasses a variety of activities across the province. The sector includes the hospitality industry (hotels and restaurants), tour operators, events and attractions (museums, festivals, theatres, and amusement parks), lodges, outfitters, campgrounds, and transportation services. Tourism businesses vary in size and breadth of operation and may be for-profit or not-for-profit.

Stakeholder testimony was clear: COVID-19 has had a devastating impact on all aspects of the province's tourism sector.

Over 300,000 hospitality employees are laid off or not working any hours. Some 50% of Ontario's hotels have been closed, and those staying open operate with skeleton staff largely accommodating essential service needs. We are seeing 94% year-on-year revenue declines. Nearly half of all single-unit restaurants are temporarily closed. Ontario's foodservice industry is on track to lose around \$7 billion in sales just this second quarter.

Ontario Restaurant Hotel and Motel Association

In 2019, the [Shaw Centre] hosted 455 events, generated 1,795 jobs, generated taxes in the amount of \$60 million . . . and injected \$150 million in total spending into the community. As a convention centre, we employ more than 300 employees, of which 95% have now received temporary lay-off notices. As of March 24, all events have been cancelled through to October, and we're now fielding cancellations for the end of the calendar year. Our building has been mothballed. . . . It is anticipated that the meetings and convention business will take three to four years to fully rebound. 2020 has devastated us as an industry, and waiting it out just to get to better times is financially challenging.

The Shaw Centre (Ottawa)

The TIFF September festival—the largest revenue driver for our organization—is now precariously positioned in a difficult economic environment. We are facing a COVID-19-induced revenue shortfall of \$25 million for this year alone . . . more than 50% of our operating budget. . . . TIFF's future is at risk . . . [a]nd it's not just TIFF. There are real impacts for our festival suppliers as well, which has a ripple effect across the economy. Suppliers will be renting less AV equipment, fewer tents for the street events, fewer bookings in restaurants and hotels, and so on.

Toronto International Film Festival

According to a May 2020 survey conducted by the Tourism Industry Association of Ontario (TIAO), more than 65% of tourism businesses are temporarily closed and 37% of seasonal businesses will be unable to open for the 2020 summer season. More than half (54%) of businesses surveyed said that current forms of government financial assistance are insufficient to ensure the survival of their operations.¹

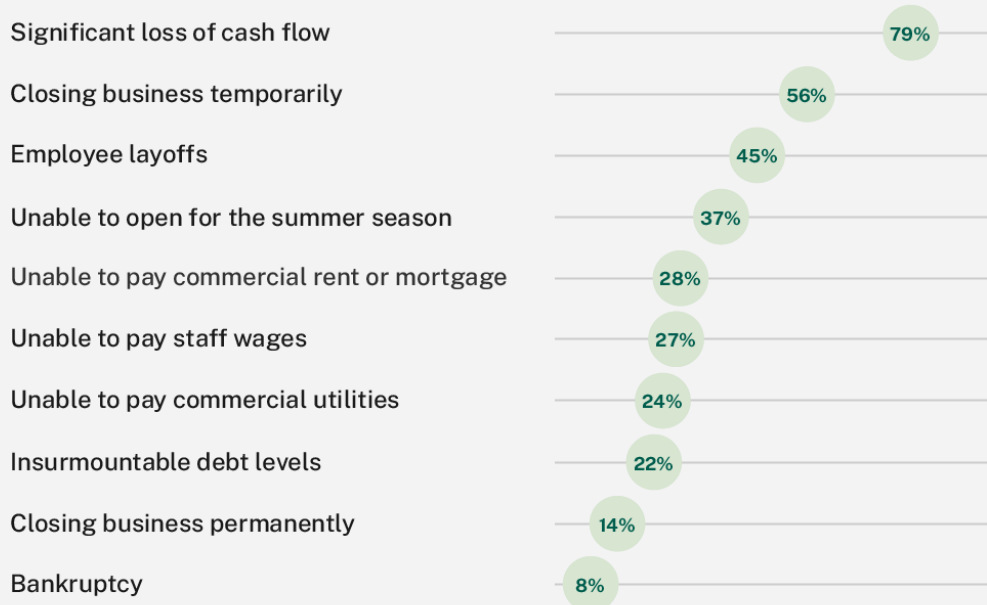
¹ TIAO Provincial Survey #5 Report, May 21st, 2020.

TIAO's survey found that the greatest risks facing tourism businesses are as follows:

- uncertainty around when and how they will be able to re-open;
- lack of information and clarity around the re-opening of borders;
- ineligibility for Canada Emergency Commercial Rent Assistance;
- ineligibility for other government aid programs;
- temporary closures becoming permanent;
- insurmountable debt levels and severe disruptions to cash flow;
- risk of bankruptcy; and
- insufficient government aid to ensure business viability.²

Reported Risks to Tourism Businesses

Percentage of survey respondents (%)



Source: Data from Tourism Industry Association of Ontario, *Survey 5*, May 2020.

Results based on 1,002 respondents province-wide. List above highlights the most frequent responses.

Graphic by Legislative Research

As outlined below, travel restrictions—and in particular, restrictions on non-essential travel between Canada and the United States—have had serious consequences for tourism in Ontario's border communities, and pose a continuing threat to recovery.

² Ibid.

Travel Restrictions

One of the first responses to the COVID-19 crisis in Canada was the imposition of travel restrictions. On March 20, the federal government announced that the Canada-US border would close to non-essential travel and that this closure would continue until at least July 21, 2020. The resulting loss of American visitors to Canada has decimated tourism businesses in the border communities of Niagara Falls and Northern Ontario.

In Niagara, home to some of the busiest land border crossings in North America, travel restrictions have crippled the region's tourism sector. With over 14 million visitors annually, it is often said that Niagara has one industry—tourism. Several witnesses described how the economic shutdown not only puts Niagara-area businesses at risk, but threatens “the very communities in which these people and businesses reside.” Close to 40,000 tourism-related jobs have been lost in the region, with many businesses struggling with property tax payments and no other options for generating revenue. According to the Niagara Falls Canada Hotel Association:

With the borders closed and international long-haul leisure tourism at a standstill, we have one market left to sustain us, and it's Ontarians. In short, we are on life support and you, the Ontario government, are holding the antidote.

In the north, resource-based tourism—lodges, resorts, campgrounds, cottage rentals, and outpost camps—has been hit particularly hard. These businesses cater to anglers, hunters, outdoor enthusiasts, and vacationers. As described by the Executive Director of Nature and Outdoor Tourism Ontario (NOTO), “as you move from northeast to northwest in Ontario, the percentage of US guests grows from 50% to 100%.” As well, “fishing accounts for 80% of all tourism revenues in this region . . . with ninety-nine out of every 100 guests at a fishing lodge in northwestern Ontario originating in the United States.”

Ordinarily, late spring and early summer are the most profitable times of the year for resort operators, as many US tourists come for the spring black bear hunt and the start of the fishing season. This year, businesses report a raft of cancellations from American guests, and do not expect to recoup these losses.

Another factor revealed to the Committee is that 15% to 20% of resource-based tourism businesses in Northern Ontario are American-owned and operated. These owners are not allowed into the country, and cannot prepare for re-opening. According to NOTO, American business owners “are being put at a significant disadvantage and are feeling as though they are being discriminated against.”

Operators located in the northwest also noted that marketing efforts this year focused mainly on US tourists who, as it turned out, could not travel to Canada. Although some businesses have been able to adapt by targeting potential customers

within driving distance, the majority do not have the funds for robust marketing campaigns aimed at the local population.

Two presentations in particular resonated with Committee Members and illustrated the immense difficulties Ontario's tourism sector faces. Michel LeFeuvre-Watson and her husband are the owner-operators of a resource-based, fly-in resort in Algoma District. As a seasonal business, revenues generated during the 20 weeks the lodge is open represent the family's annual income; 90% of the lodge's client base is American. This year, with no prospect of income from the spring black bear hunt, and the border closed to US visitors as the fishing season began, the business has already lost over \$500,000 in revenues. Michel estimates that it will take several years for the business to recover, and is worried about its ability to repay a \$40,000 Canada Emergency Business Account (CEBA) loan within two years:

Our family has been in the resource-based tourism field since 1946. We're very proud to be able to continue the tradition passed on to us by my husband's family. That being said, we are currently watching our business fail with the uncertainty of not knowing if and when we will be allowed to open for regular business. We worry that everything that we have built as small business owners over the years will be for naught if things do not change to allow us to operate.

Betty McGie is the owner-operator of a fly-in hunting and fishing resort near Wawa. Her father, Richard Arthur Wilson, started the business in 1946. Born to English immigrants in the railroad town of Oba, Richard served as a fighter pilot for the Royal Canadian Air Force during World War II. He was shot down three times but lived to return home and start the business with a single cabin at the age of 23. Today, Betty's resort operates for 110-120 days of the year. The vast majority of guests are repeat customers from the United States. According to Betty, "the current situation in the US and the closure of the borders has basically caused 100% loss of income to our businesses [and] Ontario residents are not going to fill this gap."

RE-OPENING THE ECONOMY

A consistent refrain from witnesses was the need for clarity around the re-opening process, and in particular, clarity with respect to re-opening dates and the criteria and standards that must be met in order to be able to re-open.

The [Oh Canada, Eh? dinner show] applied for various government loans, but it was not enough to keep the production company from financial distress. With no certainty of a re-opening timeline or if the formerly successful dinner show business model would be feasible under new public health requirements, the owners made this heart-breaking and difficult decision [to close production].

Attractions Ontario

Under these current restrictions, and without a clear timeline for these facilities to reopen, we have no clarity on when we may be able to become viable once again. Without swift action to provide customer insight and [a] path to financial viability, our pipeline of future business is eroding well into 2021 and beyond.

Fairmont Royal York Hotel

One aspect of this issue is the apparent confusion over re-opening rules. Resorts of Ontario, for example, said that while the industry welcomed the lifting of restrictions on short-term rentals announced in early June, resorts subsequently reported that OPP, municipal officials, and local public health units could not agree on whether short-term rentals were, in fact, permitted to open.

Similarly, Central Counties Tourism described how member businesses had submitted re-opening plans to the province for approval, only to be told that permission to re-open is at the discretion of local public health officials. Central Counties' Executive Director described the industry's concerns: "No one is saying no, but no one wants to say yes. . . . The clarity has to be there—someone to say, 'I'm the person. I'm the one who's saying yes or no.'"

Other witnesses described what they called a "patchwork" approach to re-opening across the province. For example, whereas the Toronto Zoo was allowed to re-open as a drive-through operation, African Lion Safari, located 100 kilometres to the west, was not allowed to do so, even though it pioneered this experience. In Northern Ontario, private operators watched as camping on Crown land resumed before private campgrounds, lodges, and trailer parks were permitted to open.

According to many within the tourism sector, re-opening by government decree is perceived as arbitrary. They say tourism businesses should be given more responsibility in the re-opening process, because these businesses know better than anyone what it will take to restore public confidence. The Royal York Hotel in Toronto, for example, pointed out that hotels were designated as an essential service at the start of the pandemic and have had more than enough time to adjust to the new circumstances:

Hotels have embraced all protocols and guidelines issued by the province and have further complemented these measures by preparing enhanced safety protocols. These additional protocols are in place today and demonstrate the readiness of hotels to accommodate guests, host events, welcome travellers and support businesses that rely on hotels each day.

Ottawa Tourism reported that its members are re-opening “safely” because it is “obviously in their best interests, and they’ll take every possible step they can to ensure that nothing is going to happen because they can’t afford to go back into a lockdown position . . . most of them are going to exceed whatever guidelines are put in place, just for their own business continuity purposes.”

These stakeholders maintain that the government’s role should be limited to establishing clear, sector-based standards for re-opening, based on public health guidelines. For their part, businesses should be allowed to decide how they are going to meet those standards. Any business that can demonstrate it has met these requirements should be permitted to re-open.

FINANCIAL RELIEF

The Committee received considerable testimony about the range of government financial relief programs potentially available to pandemic-affected businesses.

At the federal level, financial relief is available in the form of interest-free loans, loan guarantees, corporate income tax and sales tax payment deferrals, commercial rent assistance, and wage subsidies. In Ontario, businesses are currently receiving five months’ interest and penalty relief with respect to most provincially-administered taxes. Employers may also defer Workplace Safety and Insurance Board (WSIB) payments for up to six months, and the Employer Health Tax exemption has been doubled for 2020. Many municipalities are deferring property tax payments and/or waiving penalties and interest on unpaid property taxes.

The many submissions that addressed this subject were clear: Ontario’s tourism sector greatly appreciates the financial assistance that has been provided to date; indeed, for many businesses it has been a lifeline.

Nonetheless, witnesses pointed out that these programs are not tailored to the seasonality or other unique aspects of the tourism sector, with the result that many businesses are not eligible for assistance. Another commonly expressed concern is that much of the aid on offer is repayable. As such, it may only add to the financial burden businesses have accumulated since the beginning of the economic shutdown.

Eligibility

As initially implemented, eligibility for some financial assistance programs hinged, in part, on whether a business could show that it had a prescribed level of payroll and had experienced a prescribed decline in revenues.

For example, before the Canada Emergency Business Account (CEBA) was revamped in late June, a small business could access the program's interest-free loans only if it had a payroll of at least \$20,000. Under the Canada Emergency Wage Subsidy (CEWS), an employer was eligible for a subsidy equal to 75% of employee wages only if it could demonstrate a loss of revenue of at least 15% in March 2020 and a loss of revenue of 30% in each of April and May.

As described to the Committee, the majority of Ontario's tourism sector consists of owner-operated small businesses that do not have a payroll, sole proprietors who receive business income directly, or family-owned companies that remunerate in a form other than payroll. As a result, a large swath of the sector was not eligible for CEBA assistance because businesses did not meet the program's payroll requirement.³

Similarly, due to the sector's seasonal nature, many operators are not up and running in the winter or early spring months, with the result that these businesses did not meet the loss of revenue criteria required under such programs as CEWS.

Even employers who have been able to access CEWS point out that they cannot top up the subsidy while operating with zero revenue. At the Deerhurst Resort, this meant front-line employees had to choose between "staying at home or returning to work with less money in the bank." In the resort's view, "this system, although helpful, is not suited for the majority of employers and employees in our industry."

Other large-scale enterprises, such as Arlington Estate, which specializes in high-end luxury events, described how they have been shut out of government financial aid because they exceed program revenue, payroll, and rent thresholds. Moreover, despite their size, they have difficulty obtaining loans from lenders such as the Business Development Bank of Canada and the Export Development Corporation because they have been "lumped in" with the restaurant industry as "high risk."

Not-for-profit organizations are also finding it difficult to access financial relief programs. Witnesses reported that in order to access some of the larger business loans, an organization must demonstrate a debt-servicing capability and historical profits. Many not-for-profit organizations, however, are registered charities. As such,

³ However, according to CEBA's website, "as of June 26, 2020, businesses eligible for CEBA now include owner-operated small businesses that do not have a payroll, sole proprietors receiving business income directly, as well as family-owned corporations remunerating in the form of dividends rather than payroll."

they are bound by Canada Revenue Agency rules that limit profit generation. This requirement presents a significant barrier to accessing government support.

Music Africa of Canada described how difficult it is for independent artists to access financial support. Music Africa of Canada is a not-for-profit organization that promotes African music in the Toronto area. The organization's main event is Afrofest, an annual two-day African cultural festival held each summer in the east end of the city. Afrofest attracts about 120,000 people—locally, nationally and internationally. Due to COVID-19, Afrofest and other events will not be held this year.

Most of the artists who participate in Music Africa's events are self-employed and depend on events like Afrofest for opportunities to perform. As noted by Music Africa's executive director, "if we do not present events, then artists don't get paid." Moreover, "I can say this personally and out of my own personal experience—most of the African artists that I know have a hard time getting grants from the government." One of the reasons for this is that grant-giving organizations such as the Toronto Arts Council and the Canada Council for the Arts appear to favour artists who have a track record of receiving grants from the government, rather than new and emerging artists.

Music Africa Canada was joined by the Shaw Festival in recommending financial support programs aimed specifically at independent artists.

Finally, Multicultural Theatre Space (MT Space), a theatre company based in the Waterloo region, informed the Committee that digital arts activities are currently not eligible for grants from provincial funding programs such as the Ontario Cultural Attractions Fund and Celebrate Ontario. As the employer of hundreds of artists and technicians who are currently "faced with an existential crisis," MT Space urged the Ministry to reconsider the funding criteria these agencies apply. Support for digital arts, it was noted, would not only support local artists and small businesses, it would be consistent with provincial accessibility policies.

Repayable versus Non-Repayable

According to business owners, the other main deficiency in current financial relief programs is the emphasis placed on repayable forms of aid.

Fully-repayable loans and deferrals in particular are viewed as future burdens for small businesses that have been earning reduced or zero revenue for months. Many believe this type of assistance will do little to ensure the survival of individual businesses, let alone re-establish sector-wide stability.

The Ontario Restaurant Hotel and Motel Association described the situation facing hotels and restaurants:

As hotels and restaurants reopen, there will be start-up costs in payroll, in food, in supplies, in addition to paying off government deferral and loan payments. New expenses will be added to deal with sanitization and distancing practices. The issue becomes more dramatic as most businesses will be emerging out of a period without revenues and entering a painfully slow recovery road. Where is the cash coming from?

In Northern Ontario, as noted earlier, the absence of American visitors this year is depleting the resources of outfitters and lodges. These operators view loan programs such as CEBA as inappropriate for small businesses experiencing 100% revenue losses. As stated by the Executive Director of Ontario's Sunset Country Travel Association, "potentially incurring an additional \$40,000 in debt is not necessarily a good business decision. If we have no ability to have some type of aid program that is non-repayable, we will see insolvency in this region."

For one Toronto restaurateur, financial support is a matter of fairness. In his view, the shutdown process, and the financial aid that has accompanied it, is inherently unfair because it effectively places the entire cost of the crisis on one side:

We've been legislated shut, and every month we're getting this great deferral from our city on the property taxes that we owe . . . ; [however] there's absolutely no way \$1 of those property taxes can ever be paid if people expect these small businesses and entrepreneurs to survive What's really dawned on me . . . is somehow we're being asked to bear 100% of the burden, in terms of shutting our business down, in terms of doing the right thing—and I'm fine with that. But you know what? Our country needs to share this problem, and we simply cannot bear 100% of the cost.

Witness Recommendations

The Committee received many proposals relating to financial assistance. Some call for an extension or enhancement of existing programs while others suggest new programs that offer forgivable/non-repayable aid, as summarized below.

- *Government-Backed Loans* —provide 100% government-backed loans at zero or low interest rates, with no personal guarantees and a long amortization period.
- *Local Lending Institutions* —exercise the authority granted under Bill 188 (the *Economic and Fiscal Update Act, 2020*) and borrow up to \$32.1 billion from the Consolidated Revenue Fund. These funds should be distributed to local financial institutions, such as credit unions, which could in turn lend to local businesses at low interest rates.
- *Federal Assistance Programs* —work with the federal government to convert the \$40,000 interest-free loan under the Canada Emergency Business Account

(CEBA) into a partially forgivable grant; the province should also contribute to the Canada Emergency Wage Subsidy (CEWS) so that the program can be continued into the recovery period.

- *Direct Aid* —provide direct financial aid to the tourism sector in the form of non-repayable grants, tax credits, subsidies, and rebates for the purpose of covering the cost of infrastructure upgrades and personal protective equipment necessary to comply with new health and safety protocols; upgrading the skills of returning employees; and re-training tourism employees who have lost their jobs due to the pandemic.
- *Tax Credits* — provide tax credits to consumers for travel, tourist attractions, and accommodation, to encourage Ontarians to travel locally; increase the charitable donation tax credit from 11% to 20% to encourage private donations.
- *Property Taxes* —allow municipalities to run operating deficits so that property tax liability can be waived or payment deferrals extended; the province should also direct the Municipal Property Assessment Corporation (MPAC) to amend its property assessment model to take into account depressed business revenues during the recovery period.
- *Provincial Fees* —waive travel industry regulator fees, as well as fees for land use permits, fishing licences, and other Crown resource-related fees payable by seasonal operators.
- *Marketing* —provide emergency funds to Destination Ontario, which can be invested in local Destination Marketing Organizations.
- *Insurance* — investigate whether insurers are honouring claims for “business interruption” coverage; require insurers to provide rebates on auto insurance and business insurance policies.

COMMERCIAL RENT ASSISTANCE

In April 2020, the federal government, in partnership with the provinces, announced the Canada Emergency Commercial Rent Assistance (CECRA) program.⁴

Administered by the Canadian Mortgage and Housing Corporation, CECRA offers landlords unsecured, forgivable loans to help meet operating expenses on commercial properties during the months of April, May, and June 2020. The loans cover 50% of an eligible commercial tenant’s rent, with the tenant covering another 25%, for combined assistance equal to 75% of total rent owed. In return, landlords agree to forego 25% in rent, and to adhere to a moratorium on eviction during the period of the loan. Loans will be forgiven on December 31, 2020, conditional on compliance with the terms of the loan contract.

⁴ According to the Minister of Finance, Ontario’s contribution to CECRA is \$241 million; see the Minister’s presentation to the Committee on June 1, 2020.

A property owner is eligible for a CECRA loan if the commercial tenant is paying no more than \$50,000 in monthly rent, generates less than \$20 million in gross annual revenues, and experiences at least a 70% decline in revenues compared to pre-COVID-19 levels.

Although landlords are strongly encouraged to apply, participation in the program is voluntary.

Data presented to the Committee indicates that 80% to 90% of small tourism businesses across Canada do not own their business premises. As tenants, these businesses “are currently at the mercy of the landlords and the policy as it stands.”

Multiple businesses reported that CECRA is not working for them, mainly because landlords are reluctant to participate:

- Bingemans, a Waterloo-based hospitality company, which leases properties from two landlords, said that while one of the landlords has been supportive and willing to work with the company, the other landlord simply does not communicate. This has only added to the uncertainty around business operations and re-opening.
- Attractions Ontario, a not-for-profit organization representing over 550 tourism businesses, reported that many of its members have had bad experiences with CECRA. For example, Haunted Walks, a successful attraction that had been operating for 25 years in good financial standing, was forced to close three of its five locations, “due to landlords being unwilling to participate” in CECRA. For the same reason, Canadiana Productions Inc.’s Oh Canada Eh? Dinner Show had to permanently close.
- The Chair of the Church-Wellesley Village BIA in Toronto, who is also the owner-operator of the landmark Pegasus bar on Church Street, said that he feels fortunate that his landlord agreed to participate in CECRA. Anecdotally, however, he believes many landlords in this area of the city “just don’t want to give up the 25%.” The lack of landlord support, he says, will compound the losses Village-area businesses sustain due to the cancellation of this year’s Pride Festival.

CECRA’s eligibility criteria was also questioned. In particular, the program’s 70% decline in revenue requirement is viewed as too restrictive. Many tourism businesses, it was pointed out, become unprofitable when revenues decline by only 20%. Put another way, some businesses only start making money when they reach “85% or 90% of [their] revenue target.”

The Committee received several recommendations for improving support to commercial tenants. Among them:

- Impose a moratorium on commercial evictions. One option is to adopt the approach taken in British Columbia, which prohibits commercial evictions if an eligible landlord does not apply for CECRA. Another is to make the program mandatory for landlords.
- Change the structure of the commercial rent support program so that (1) tenants can apply for rental assistance, and (2) money flows directly to affected businesses, rather than to the landlords.
- Lower the “decline in revenue” threshold for CECRA eligibility.
- Simplify CECRA’s cumbersome and confusing application process.

THE IMPORTANCE OF TESTING AND CONTACT TRACING

Central to any economic recovery in the tourism sector is the restoration of confidence—confidence on the part of the public and on the part of employees that they can participate safely in the tourism economy.

In the context of a pandemic, stakeholders stressed that one of the keys to restoring confidence is the presence of an advanced testing and contact tracing program. Andreas Antoniou, a Toronto restaurateur, articulated the issue this way:

This is a confidence game. If I know that [someone] inside of a restaurant probably [is not infected], because my government’s on top of testing, tracing and isolating, then I’ve got the confidence to go to that restaurant. I’ve got the confidence to go to the movie theatre. I’ve got the confidence to go to a stadium. And you know what? If it turns out there’s a flare-up of 100 people, they’re going to know quickly, they’re going to put out that flare and then everyone’s got confidence again.

Financial assistance is necessary, he concluded; but at the end of the day, “all roads lead back” to adequate testing, contact tracing, and isolating—and this is where the government should be concentrating its efforts.

WORKER PROTECTION AND TRAINING

Unions representing thousands of workers in restaurant and food services, as well as the airport, hotel, and car rental industries, described the difficult circumstances facing the many unionized workers who have been laid off or had their hours of work reduced as a result of the pandemic.

Industry layoff figures presented to the Committee included:

- 65% of restaurant workers;
- 80-90% of hotel workers; and
- 90% of food service workers at Pearson Airport.

Workers employed with car rental agencies report an 80-90% decline in business.

According to union representatives, workers are no longer talking about when they will be going back to work; rather, they are questioning whether they will have a job to return to when the economy re-opens. Moreover, some who have been working in hospitality and restaurant services for decades are worried that they may not be able to find other sources of employment, since “they don’t know how to do anything else.”

Organized labour is urging the government to “support and protect” tourism workers in the following ways:

- ensure worker health and safety by providing easy access to publicly delivered COVID-19 testing;
- establish safety protocols for workers, including mandatory personal protective equipment for workers in restaurants, hotels, and airports;
- establish presumptive eligibility for WSIB benefits for workers who contract COVID-19;
- legislate 10 paid sick days; and
- provide training for those who need to upgrade their skills to meet the post-pandemic requirements of their jobs, and retraining for workers who are looking to move into new types of employment emerging from the current crisis.

BROADBAND AND CELL PHONE ACCESS

Access to reliable and affordable broadband Internet and cell phone service in rural, northern, and Indigenous communities is considered key to the survival and growth of the tourism sector outside of urban Ontario, now more than ever given the immense challenges posed by COVID-19.

Speaking to the Committee from a remote fishing lodge, the Executive Director of Destination Northern Ontario outlined the importance of technology infrastructure to the future of tourism in these parts of the province:

We know along our highways, there are vast stretches where there’s no connectivity at all. For example, I’m at a fly-in fishing lodge today, so I’m connected to you by Xplornet. If a big cloud comes over (the last time it was a float plane that flew over and

disrupted the signal) we [lose] our connection. Today is a presentation, but just imagine a business that's trying to submit an order for groceries or process credit card payments with a plane at the dock waiting to take a couple out. It's huge, especially as businesses move to do more and more online, to be able to have that connectivity across the north. It's really holding us back.

Several presenters echoed these comments, including the Tourism Industry Association of Ontario, the Timmins Chamber of Commerce, Regional Tourism Organization 11 (Haliburton Highlands-Ottawa Valley), and the Anishnawbe Business Professional Association.

These and other stakeholders urged the province to work with the federal government to develop the technology infrastructure necessary to ensure province-wide connectivity for Ontario's tourism sector.

SPECIFIC INDUSTRY ISSUES

Witnesses also commented on issues affecting specific industries: Indigenous tourism; grape growers and wine producers; and aviation.

Indigenous Tourism and Sport

Ontario's designated provincial Indigenous sport body, Indigenous Sport and Wellness Ontario (ISWO), shared its recent experience with the Committee.

Ordinarily, ISWO provides programs in sport, leadership, and wellness for Indigenous people of all ages. Currently, they are struggling to cope with the effects of COVID-19: the 2020 North American Indigenous Games have been postponed, programs and events have been cancelled, and the organization has recorded a \$500,000 loss. ISWO is currently providing online learning and leadership opportunities to keep youth engaged, but hopes to safely resume regular sporting events and programs as soon as possible. ISWO noted that, "for many youth, sport is the only outlet keeping them safe and on the right path."

Indigenous Tourism Ontario (ITO), Ontario's main Indigenous tourism organization, spoke to how the pandemic has affected this branch of the tourism sector.

ITO noted that Indigenous tourism has experienced "unprecedented" growth in recent years, thanks in part to the support of the Ontario and federal governments. Like other branches of the tourism sector, however, the COVID-19 crisis poses a serious threat to this success. Projections for Ontario include \$330 million in lost revenue, the loss of 4,000 jobs, and the closure of up to 140 businesses.

ITO reported that it has developed a three-phase recovery framework that focuses on (1) maintaining the organization's relationship with traditional provincial and federal partners, such as Tourism Canada and Ontario Regional Tourism

Organizations; (2) establishing a virtual tour model; and (3) developing a more “sustainable and financially viable” Indigenous tourism sector.

To implement this initiative, Indigenous businesses will require resources above and beyond those that have been made available to non-Indigenous activities. Specifically, ITO anticipates that Indigenous tourism will need a combined federal/provincial commitment of at least \$2.5 million over the next two years.

Grape Growers, Wine Producers, and Craft Brewers

Ontario’s grape growers and wine producers say that they, as much as any other sector of the economy, have been hit hard by COVID-19. Growers have seen their contracts with processors reduced or terminated. Wineries have sustained major losses due to the closure of retail wine stores and the near total elimination of sales to bars, restaurants, and special events such as weddings. Small and mid-sized wineries lost an important source of revenue when they discontinued tours of their grounds for public health reasons.

Organizations representing hundreds of family-owned farms and wineries say “now is the time, more than ever,” for the Ontario government to support domestic growers and wine producers. Among other measures, they are asking the government to

- eliminate the 6.1% basic tax on Ontario wine;
- remove the \$7.5 million cap on the VQA Wine Support Program; and
- direct the LCBO to provide more shelf space for Ontario’s VQA wines.

Ontario’s burgeoning craft brew industry was among the first to experience the effects of the COVID-19 pandemic. According to submissions from the Ontario Craft Brewers Association and the Lake of Bays Brewing Company, based in Muskoka, craft brewers have sustained a decline in sales of more than 50% due to the closure of restaurants, bars, and tap rooms, as well as the cancellation of festivals and community events. These businesses are “sitting on millions of dollars of perishable beer inventory that cannot be sold because of the mandated closures,” and have had to lay off more than 60% of their staff.

The brewers association submitted three recommendations for supporting the industry, during the pandemic and in the long-term:

- temporarily change the LCBO’s shelving policy to better promote Ontario craft beer;
- provide grants to offset the loss of sales due to the cancellation of beer festivals and other events; and
- reduce the red tape that limits access to craft beer—for example, allow the sale of craft beer at farmers’ markets; amend liquor licences to allow the sale of craft

beer at community events and pop-up locations; and allow beer manufacturers to have more than one or two retail locations.

Lake of Bays Brewing Company recommended regulatory and policy changes to promote the industry, as opposed to more financial support. First, it would like to see “clear and consistent messaging on travel within Ontario,” to address the fact that some communities are welcoming visitors while others are not. Second, instead of government-imposed 50% capacity limits, establishments should be allowed to “work out their own safety capacity,” while maintaining physical distancing requirements. As a third measure, the brewery recommended that the temporary emergency order allowing restaurants and bars to sell alcohol for take-home consumption should be adopted as permanent policy.

Aviation

Almost half of Canada’s aviation industry is based in Ontario. Twenty-two commercial airlines, including regional carriers, cargo operators, and float plane operators, service all parts of the province. Toronto Pearson International Airport alone generates 6% of Ontario GDP.

The Greater Toronto Airports Authority emphasized the importance of aviation to Ontario’s tourism sector:

Aviation is and will continue to be the critical link to travel and tourism and trade, the conduit to Ontario’s rural and northern communities, and the first and last impression that visitors often have of our amazing province. We truly are the link that connects the world to Ontario.

According to industry representatives, “COVID-19 has been nothing short of devastating to the aviation sector.” Currently, the largest carriers—Air Canada and WestJet—are flying at less than 10% of previous levels. The next tier—Sunwing, Porter, and Air Transat—have suspended all flights. In April 2020, passenger traffic at Toronto Pearson was down year-over-year by 98%. Airports such as Billy Bishop are closed to commercial traffic. Thousands have been laid off, and according to the International Air Transport Association, it may be two to four years before there is a return to previous levels of passenger and flight traffic.

Members of an aviation industry panel that has been reporting to Ontario’s Minister of Heritage, Sport, Tourism and Culture Industries during the crisis stressed that although aviation in Canada is a federally regulated matter, the province nonetheless has jurisdiction to support the industry. In particular, the province could

- encourage the federal government to adopt unified national health standards and protocols;
- work with the other provinces to eliminate provincial quarantine requirements for residents who return after visiting other provinces;

- eliminate Ontario's portion of the HST from travel and tourism;
- eliminate the provincial tax on airport consumer goods; and
- eliminate the aviation fuel tax.

Children's Camps

The Committee received a submission from Scott Creed, the founder and CEO of Camp Muskoka in Bracebridge. According to Mr. Creed, "Ontario's century-long history of providing a rewarding summer camp experience to over 400,000 Ontario children each year is now in peril."

Speaking as a member of the Ontario Camps Association, Mr. Creed said that the association's members understand and accept the provincial government's decision that overnight camps will not be permitted to open this summer, and that day camps may operate only under strict conditions. "What concerns us today," he said, "is whether Ontario children and youth will have the opportunity to experience summer camp in the years to come."

Mr. Creed explained that camps differ in a number of ways: some operate all year-round, others operate only in the summer; some are private, others are not-for-profit; and some are specialty camps aimed at vulnerable kids or kids with special needs. What they have in common, however, are ongoing expenses, including mortgage, insurance, and maintenance costs. According to Mr. Creed, if the experts are right—that a return to normal is as far away as 2024—many camps will not survive. Moreover, he said, they may never be replaced: "I could count on one hand how many people have founded camps in the last 30 years."

Camp Muskoka's main recommendation is that the province work with the federal government to establish a federal/provincial fund to support overnight camps. Under this program, eligible camps would have access to funds equal to 25% of their annual gross revenue to help cover the cost of ongoing expenses.

COMMITTEE RECOMMENDATIONS

The Standing Committee on Finance and Economic Affairs recommends that:

1. The Province should call on the federal government to reduce the “decline in revenue” criterion under the Canada Emergency Commercial Rent Assistance (CECRA) program from 70% to 20%.
2. The Province should call on the federal government to change the CECRA program to have tenants apply for commercial rent assistance.
3. The Province should increase funding for the Tourism Development Fund from \$1.5 million to \$3 million.
4. The Province should (i) establish Special Tourism Zones to promote tourism; (ii) adopt as permanent measures the temporary regulatory changes implemented to support restaurants and bars during the COVID-19 pandemic, including allowing the sale of alcohol for take-home consumption and reduced red tape for outdoor patios; and (iii) remove the restrictions on where craft breweries may sell their products.
5. The Province should provide government-backed, low-interest or zero-interest loans to tourism businesses, repayable within five years.
6. The Province should consider temporarily eliminating the provincial portion of the aviation fuel tax.
7. The Province should work with the federal government to make province-wide Internet and cell phone connectivity a priority.
8. The Province should use the Northern Ontario Heritage Fund to support northern Ontario tourism businesses during the COVID-19 pandemic.
9. The Province should waive travel industry regulatory fees, and fees for land use permits, fishing licences, and other Crown resource-related fees payable by seasonal operators.
10. The Province should double funding for the Experience and Explore program so that the age cap on children who can enter for free can be raised.
11. The Province should introduce a one-year travel and accommodation tax credit, modelled on programs such as the home renovation tax credit.
12. The Province should increase funding for Tourism Information Centres.
13. The Province should double funding for Ontario festivals in 2021 from \$20 million to \$40 million.

14. The Province should allow Tourism Information Centres and local airports to set up “buy local” boutiques and facilities.
15. The Province should increase funding for the Ontario Arts Council to fund new and emerging artists, including Black and Indigenous artists.
16. The Ministry of Heritage, Sport, Tourism and Culture Industries should take a collaborative role in attracting catalytic events.

WITNESS LIST

Organization/Individual	Date of Appearance
Airport Taxicab Association	June 19, 2020
Algoma Kinniwabi Travel Association	June 5, 2020
Anderson's Lodge	Written Submission
Andreas Antoniou	June 11, 2020
Anishnawbe Business Professional Association	June 18, 2020
Architectural Conservancy of Ontario	June 4, 2020
Arlington Estate	June 22, 2020
Art Gallery of Hamilton	June 19, 2020
Association of Canadian Travel Agencies	June 19, 2020
Attractions Ontario	June 4, 2020
Bayview Wildwood Resort	June 18, 2020
Bay Wolf Camp	Written Submission
Bear Claw Tours	June 5, 2020
Betty McGie	June 5, 2020
Big Hook Wilderness Camps	Written Submission
Bingemans	June 4, 2020
Black Feather The Wilderness Adventure Company	June 18, 2020
Boating Ontario Association	June 4, 2020
Brenda Livingston	Written Submission
Bruce Power	Written Submission
Brunswick Lake Lodge	Written Submission
Burford Homes/Gravenhurst Muskoka KOA Campground	Written Submission

Organization/Individual	Date of Appearance
Cambridge Butterfly Conservatory	June 11, 2020
Camp Kodiak	Written Submission
Camp Muskoka	June 5, 2020
Camping in Ontario	Written Submission
Canada's Accredited Zoos and Aquariums	June 5, 2020
Canadian Association of Tour Operators	June 18, 2020
Canadian Elite Basketball League	June 18, 2020
Canadian Football League	June 18, 2020
Canadian Gaming Association	June 19, 2020
Canadian Mental Health Association	June 18, 2020
Canadian Niagara Hotels and Niagara Falls Hotel Association	June 19, 2020
Canadian Polar Bear Habitat	June 19, 2020
Carmen's Group	June 19, 2020
Central Counties Tourism	June 4, 2020
Charitable Gaming Federation of Ontario/Bingo Innovation Association	Written Submission
Chelsea Hotel	June 18, 2020
Cheminis Lodge	Written Submission
Chemistry Industry Association of Canada	Written Submission
Church-Wellesley Village BIA	June 4, 2020
City of St. Catharines	June 19, 2020
City of Stratford	June 19, 2020
Computer Animation Studios Ontario	Written Submission

Organization/Individual	Date of Appearance
Corktown Residents and Business Association	June 4, 2020
Corporation of Massey Hall and Roy Thomson Hall	June 19, 2020
Dan Butkovich	June 5, 2020
Daniel Lemieux	Written Submission
Deerhurst Resort	June 5, 2020
Destination Northern Ontario	June 4, 2020
Doug Pincoe	Written Submission
Drayton Entertainment	Written Submission
Equal Parts Hospitality	June 22, 2020
Explore Waterloo Region	June 4, 2020
Fairmont Royal York	June 4, 2020
Falls Manor Resort and Restaurant	June 18, 2020
Fallsview BIA	June 11, 2020
Fallsview Boulevard	Written Submission
Fallsview Group	June 5, 2020
Festival of the Sound	June 18, 2020
Festivals and Events Ontario	June 4, 2020
FirstClass Group Tickets	June 4, 2020
Ganesh Hospitality	June 19, 2020
Golf Canada	June 18, 2020
Gordon Bowen	Written Submission
Grape Growers of Ontario	June 4, 2020
Greater Kitchener Waterloo Chamber of Commerce	June 4, 2020

Organization/Individual	Date of Appearance
Greater Niagara Chamber of Commerce	June 4, 2020
Greater Toronto Airports Authority	June 18, 2020
Greater Toronto Hotel Association	June 4, 2020
Hamilton Halton Brant Regional Tourism Association	June 18, 2020
Hammond Transportation	June 11, 2020
Hazelton Hotel	June 19, 2020
Hilton Hotels (Niagara Falls)	June 18, 2020
Hot Docs	June 18, 2020
Indigenous Sport and Wellness Ontario	June 5, 2020
Indigenous Tourism Ontario	June 19, 2020
International Alliance of Theatrical Stage Employees	June 19, 2020
JW Marriot the Rosseau Muskoka Resort and Spa	June 18, 2020
Lake of Bays Brewing Company	June 19, 2020
Langdon Hall Hotel	June 11, 2020
Linda Rider	Written Submission
Lindsay Agricultural Society	June 5, 2020
Live Nation Canada	June 22, 2020
Lundy's Lane BIA	June 11, 2020
Manitoulin Radio, Manitoulin Country Fest, Rockin' the Rock	June 22, 2020
MapleBrae Lakeside Cottages	Written Submission
Mary-Jo Lentz	Written Submission
Maurice Patry	Written Submission
McMichael Canadian Art Collection	June 19, 2020

Organization/Individual	Date of Appearance
Metro Toronto Convention Centre	June 19, 2020
Michel Watson	June 5, 2020
Mindie Ferkul	Written Submission
Ministry of Heritage, Sport, Tourism and Culture Industries	June 4, 2020
Mrs. McGarrigle's Fine Food	June 5, 2020
Multicultural Theatre Space	June 18, 2020
Music Africa of Canada	June 5, 2020
Muskoka Woods	Written Submission
Nature and Outdoor Tourism Ontario	June 5, 2020
Niagara Falls Tourism	June 5, 2020
Niagara Parks Commission	June 4, 2020
Niagara Tourism Partnership	June 4, 2020
Niagara West Tourism Association	June 19, 2020
Ontario Chamber of Commerce	Written Submission
Ontario Craft Brewers Association	June 11, 2020
Ontario Craft Wineries	June 4, 2020
Ontario Federation of Labour	June 5, 2020
Ontario Federation of Snowmobile Clubs	June 11, 2020
Ontario Harness Horse Association	June 18, 2020
Ontario Highlands Tourism Organization	June 19, 2020
Ontario Motor Coach Association	June 5, 2020
Ontario Museum Association	June 18, 2020
Ontario Restaurant Hotel and Motel Association	June 4, 2020

Organization/Individual	Date of Appearance
Ontario Snow Resorts Association	Written Submission
Ontario's Sunset Country Travel Association	June 5, 2020
Ottawa Embassy Hotel and Suites and Ottawa Gatineau Hotel Association	June 22, 2020
Ottawa Festival Network	June 22, 2020
Ottawa Tourism	June 5, 2020
Patterson Kaye Resort	June 19, 2020
Pride Toronto	June 11, 2020
RBC Place London	Written Submission
Recreational Trails Coalition Ontario	Written Submission
Regional Tourism Organization 4	June 4, 2020
Regional Tourism Organization 7	June 4, 2020
Regional Tourism Organization 9	Written Submission
Resorts of Ontario	June 4, 2020
Riverside BIA	June 11, 2020
Samantha Gorman	Written Submission
Sault Ste. Marie Chamber of Commerce	June 11, 2020
Shaw Centre	June 11, 2020
Shaw Festival	June 5, 2020
Sheraton Centre Toronto	June 22, 2020
Southwest Ontario Tourism Corporation	June 4, 2020
Special Olympics Ontario	June 4, 2020
St. Anne's Spa	June 22, 2020
St. Lawrence Parks Commission	June 11, 2020

Organization/Individual	Date of Appearance
Stratford Festival	June 19, 2020
SUNFEST—London Committee for Cross Cultural Arts	June 18, 2020
Sunwing Airlines	June 4, 2020
Tamara Matthews	Written Submission
Texas and Sons Guides and Outfitters	Written Submission
THEMUSEUM	June 5, 2020
Timmins Chamber of Commerce	June 11, 2020
Tom Steadman	Written Submission
Toronto International Film Festival	June 11, 2020
Toronto Outdoor Picture Show	June 19, 2020
Tourism Industry Association of Ontario	June 4, 2020
Tourism Toronto	June 4, 2020
Town of Niagara-on-the-Lake	June 18, 2020
Unifor	June 18, 2020
Unite Here	Written Submission
United Food and Commercial Workers Canada (Local 102 and 333)	June 4, 2020
United Food and Commercial Workers Canada (Provincial Council)	June 5, 2020
Tony Visca	June 18, 2020
Water's Edge Festivals and Events	June 5, 2020
Winery and Grower Alliance of Ontario	June 18, 2020
YES Theatre	Written Submission

APPENDIX A:
TERMS OF REFERENCE*

That the Leaders of the parties represented in the Legislative Assembly as well as Independent Members may file copies of letters with the Speaker, who shall cause them to be laid upon the Table, containing their recommendations to the Minister of Finance with respect to the economic and fiscal measures they proposed to be included in the provisions of Bill 188, and such letters shall be deemed to be referred to the Standing Committee on Finance and Economic Affairs; and

That when the committees of the Legislature resume meeting, the Standing Committee on Finance and Economic Affairs shall be authorized to consider the Party Leader and Independent Member letters, together with An Act to enact and amend various statutes as passed by the Legislature today, with the first witness during such consideration to be the Minister of Finance;

** Votes and Proceedings, March 25, 2020, 42nd Parliament, 1st Session*

That, notwithstanding any Standing Order or Special Order of the House, the Standing Committee on Finance and Economic Affairs, and all other committees when they are authorized to resume meeting pursuant to the Order of the House dated March 19, 2020, are authorized to use electronic means of communication when meeting, and committee members, witnesses, and/or staff are not required to be in one physical place, in accordance with the following guidelines:

- a) The electronic means of communication is approved by the Speaker;
- b) The meeting is held in a room in the Legislative Building, and at least the Chair/Acting Chair, and the Clerk of the Committee are physically present;
- c) Other Members of the committee participating by electronic means of communication, whose identity and location within the Province of Ontario have been verified by the Chair, are deemed to be present and included in quorum;
- d) The Chair shall ensure that the Standing Orders and regular committee practices are observed to the greatest extent possible, making adjustments to committee procedures only where necessary to facilitate the physical distancing and electronic participation of Members, witnesses, and staff; and

That, notwithstanding the Order of the House dated March 19, 2020, the Standing Committee on Finance and Economic Affairs is authorized to meet at the call of the Chair to consider its Order of Reference dated March 25, 2020, respecting the *Economic and Fiscal Update Act, 2020* (Bill 188); and

To study the impacts of the COVID-19 crisis on the following sectors of the economy and measures which will contribute to their recovery:

- a) Tourism
- b) Culture and Heritage
- c) Municipalities, Construction, and Building
- d) Infrastructure
- e) Small and Medium Enterprises

f) Other economic sectors selected by the Committee

- The committee shall study Bill 188 and each specified economic sector for up to 3 weeks with one additional week allotted for report-writing for each.
- The Sub-committee on Committee Business shall determine the method of proceeding on the study, and at its discretion, may extend each sectoral study by one week where a public holiday may fall during the scheduled time for the sectoral study.
- The Legislative Research Service shall make itself available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- That in accordance with s. 11 (1) of the *Financial Accountability Officer Act* the Financial Accountability Officer shall make the resources of his office available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- The time for questioning witnesses shall be apportioned in equal blocks to each of the recognized parties and to the Independent Members as a group.
- The Committee may present or, if the House is not sitting, may release by depositing with the Clerk of the House, interim reports, and a copy of each interim report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and
- The Committee shall present or, if the House is not sitting, shall release by depositing with the Clerk of the House, its final report to the Assembly by October 8, 2020 and a copy of the final report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and

That notwithstanding Standing Orders 38 (b), (c), and (d) the interim reports presented under this Order of Reference shall not be placed on the *Orders and Notices Paper* for further consideration by the House nor shall the government be required to table a comprehensive response; and

That notwithstanding Standing Orders 116 (a), (b) and (c), the membership of the Standing Committee on Finance and Economic Affairs for the duration of its consideration of the Order of Reference provided for in this motion shall be:

Mr. Sandhu, Chair [Sub-committee Chair]

Mr. Roberts, Vice-Chair

Mr. Arthur

Mr. Cho (Willowdale) [Sub-committee Member]

Mr. Crawford

Ms. Hunter [Sub-committee Member]

Mr. Mamakwa

Mr. Piccini

Mr. Schreiner

Ms. Shaw [Sub-committee Member]

Ms. Skelly [Sub-committee Member]

Mr. Smith (Peterborough—Kawartha)

Ms. Andrew (non-voting member)

Mr. Blais (non-voting member)

Ms. Fife (non-voting member)

Mr. Hillier (non-voting member)

Ms. Khanjin (non-voting member)

Mr. Rasheed (non-voting member)

Mr. Vanthof (non-voting member); and

That, should the electronic participation of any voting Member of the Committee be temporarily interrupted as a result of technical issues, a non-voting Member of the same party shall be permitted to cast a vote in their absence.

**Votes and Proceedings, May 12, 2020, 42nd Parliament, 1st Session*

APPENDIX 3
THIRD INTERIM REPORT:
ECONOMIC IMPACT OF COVID-19 ON CULTURE AND HERITAGE

CONTENTS

INTRODUCTION	1
COMMITTEE MANDATE	1
OVERVIEW OF THE CULTURE AND HERITAGE SECTOR	3
The COVID-19 Pandemic Shutdown	3
Ministry Update	4
Culture Sector	5
Impact of the COVID-19 Shutdown	5
Tourism	6
Indigenous Tourism	6
Spin-off economic and employment benefits	7
Community Benefits	7
COMMON CONCERNS AND INDUSTRY/SECTOR-SPECIFIC ISSUES	8
Funding	8
Indigenous Culture Fund	10
Digital Infrastructure	10
Reopening	11
Risk Mitigation and Insurance	12
Big 8	13
Film and Television	14
Live Performances	15
Municipalities	16
Sport	17
Libraries	17
Book Publishing and Bookstores	18
Magazine Publishers	19
Artists, Art Galleries and Community Arts Organizations	20
Interactive Digital Media	20
HERITAGE SECTOR	21
COMMITTEE RECOMMENDATIONS	24
WITNESS LIST	26
APPENDIX A: TERMS OF REFERENCE*	

INTRODUCTION

The Standing Committee on Finance and Economic Affairs is pleased to present its third interim report on the *Economic and Fiscal Update Act, 2020*, and the impact of the COVID-19 crisis on the Ontario economy.

This document presents the Committee's findings and recommendations following its study of the impact of the COVID-19 pandemic shutdown on Ontario's culture and heritage sector. It reflects the testimony received during public hearings held online on June 25, 26, 29, and 30, 2020, as well as written submissions received by the Committee Clerk as of 6:00 p.m. on July 6, 2020.

At the Committee's request, the Minister of Heritage, Sport, Tourism and Culture Industries appeared as the Committee's first witness on June 25th.

Over four full days of hearings, the Committee also heard from more than 130 witnesses from this multifaceted sector. They included many umbrella organizations for dance, theatre, visual arts, publishing, and more; artists and arts and culture organizations, arts councils and galleries, magazine and book publishers, libraries, tourism organizations, sports organizations, municipalities, venues; animation, film and television companies; museums, heritage sites and organizations; film, theatre, music, dance and other festivals, and many more. The Committee also heard from Ontario's "Big 8" culture and heritage powerhouses.

While Ontario's culture and heritage sector quickly pivoted to online programming with the creativity and innovation that is its hallmark, the COVID-19 shutdown was still devastating to this sector, causing an abrupt loss of revenue streams and employment.

This report provides an overview of the main issues raised and recommendations made by witnesses during the Committee's public hearings. For details of witness submissions, and their responses to questions from Committee Members, readers are referred to the official record of proceedings, as reported in *Hansard*, and to the written submissions themselves.

Committee recommendations and a list of witnesses appear at the end of the report.

COMMITTEE MANDATE

Motions adopted unanimously by the House on March 25 and May 12, 2020 established a two-part mandate for the Committee.

When the House passed Bill 188, the *Economic and Fiscal Update Act, 2020*, on March 25, 2020, it also adopted a motion providing that party leaders and

independent Members may file letters with the Speaker, setting out their recommendations for economic and fiscal measures that should be included in the Bill. The motion further provided that when committees of the Legislature resume, the Standing Committee on Finance and Economic Affairs would be authorized to consider the Act, together with the letters filed by the leaders and independent Members, and that the Minister of Finance would be the Committee's first witness when it commenced its review.

The motion passed on May 12, 2020, authorizing the Committee to begin consideration of the matters that had been referred to it on March 25. In addition, it empowered the Committee to study the impact of the COVID-19 crisis on specific sectors of the provincial economy, including "measures which will contribute to their recovery." The sectors identified in the motion are:

- tourism;
- culture and heritage;
- municipalities, construction and building;
- infrastructure;
- small and medium enterprises; and
- other economic sectors selected by the Committee.

The Committee is specifically authorized to release interim reports, as it sees fit. Interim reports are to be presented to the House, and a copy of each report is to be provided to the Chair of Cabinet's Ontario Jobs and Economic Recovery Committee. Interim reports will not be placed on the Orders and Notices paper for further consideration by the House, and the Government will not be required to table a comprehensive response to them.

A final report will be tabled, and a copy delivered to the Chair of the above-noted Cabinet committee, by October 8, 2020.

Appendix A to this report reproduces the Committee's mandate in full.

OVERVIEW OF THE CULTURE AND HERITAGE SECTOR

The Financial Accountability Office of Ontario (FAO) reports that tourism, culture and heritage activities directly contributed approximately \$28.1 billion to the Ontario economy in 2019. The FAO estimates that the sector indirectly contributed \$15.6 billion in economic benefits through the provincial supply chain, and in total, tourism, culture and heritage activities generated \$43.7 billion in economic activity in 2019, representing 4.9% of Ontario's GDP.



The COVID-19 Pandemic Shutdown

As part of measures to prevent the spread of COVID-19, the Province required the closure of all workplaces (except those deemed to provide essential services) on March 23, 2020. Large gatherings of people were prohibited, and travel into and within Ontario was also severely curtailed.

In May 2020, the Province lifted some restrictions, enabling the resumption of activities by some office-based media businesses (sound recording studios, film and television postproduction, publishing, and digital media). In June, the province entered Stage 2 of its recovery plan, enabling some culture and heritage institutions to reopen, and activities to resume, with physical distancing and public health measures in place. A number of large museums and galleries, drive-in venues and attractions began reopening with physical distancing requirements in effect.

As numerous witnesses mentioned, the culture and heritage sector, with its festivals, live performances, and events, depends on large audiences and gatherings. As Ontario reopens, the likelihood of continued limitations on large gatherings, along with physical distancing requirements that reduce the maximum allowable capacity for venues and events, will hinder the recovery of this sector.

Ministry Update

The Honourable Lisa MacLeod, Ontario's Minister of Heritage, Sport, Tourism and Culture Industries, presented to the Committee on June 25, 2020. "Culture, heritage and sports are what makes our communities come alive," the Minister noted, but these same sectors "were hit first, hardest, and will take the longest to recover post-COVID-19."

The Minister cited polls from April 2020 showing that, even if these activities were permitted, 47% of Ontarians surveyed said they were not at all likely to attend a live concert, festival, or theatre performance for the rest of the year; 53% were not at all likely to attend a live sporting event; and 55% would be uncomfortable allowing their child to attend theatre, dance, or music lessons.

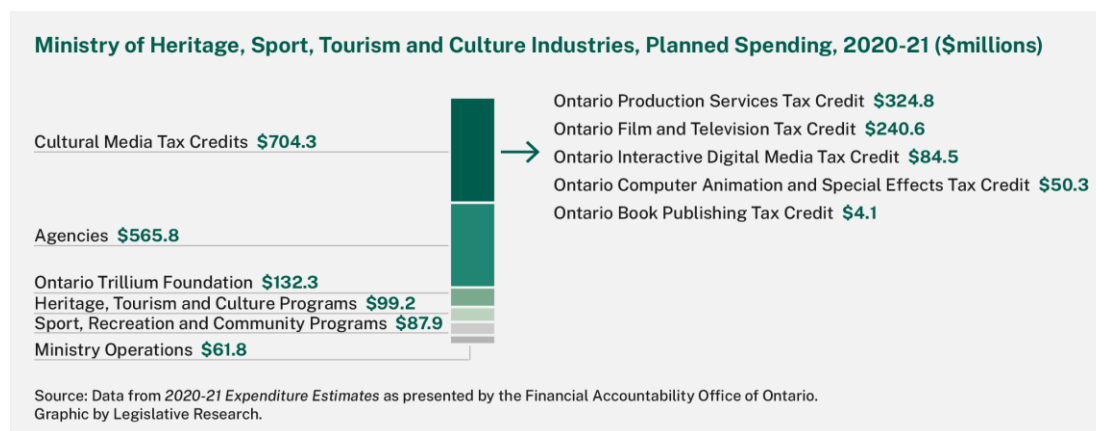
Given this "stark data," the Minister noted the need to work with the culture and heritage sectors to help develop their health and safety protocols and showcase how they are adapting to the COVID-19 environment. This will help to rebuild Ontarians' confidence so they overcome their reluctance to resume attending cultural events and visiting venues. Recovery will require Ministry funding, the Minister said, as well as regulatory reform.

The Committee heard that the Ministry flowed more than \$200 million in funding over the first three months of the pandemic, and has taken some immediate steps to address the impact of the COVID-19 shutdown on the sector including

- revising regulations for the film and television industry so that contract and freelance workers are eligible for Ontario's film and television tax credits (Ontario Creates, an agency of the Ministry, is streamlining the eligibility criteria and application process for these tax credits);
- retooling the \$7-million Ontario Music Investment Fund to immediately put more money into the hands of musicians;
- providing \$150,000 in matching funds and working with the music industry to create musictogether.ca, an online site facilitating live concert streams by at least 300 Ontario-based artists, each of whom will receive a one-time performance fee of \$1,000;
- continuing to flow funds through agencies of the Ministry including the Ontario Arts Council, the Ontario Cultural Attractions Fund, and the Ontario Trillium Fund;
- continuing to flow funding through Celebrate Ontario program grants to support festival and event organizers with rescheduled, postponed or reprogrammed events;
- continuing to flow \$35 million annual funding for sports programs including Quest for Gold;

- providing \$13-million to support locally-driven marketing initiatives that encourage Ontarians to explore their local communities and to feel comfortable visiting local museums, heritage sites, and other attractions; and
- working with the Ministry of Municipal Affairs and Housing to double studio space for the film industry through repurposing municipal assets.

Additionally, 14 culture and heritage sector advisory committees, composed of panels of experts, are providing advice to the Ministry on targeted investments and other measures to help the sector survive and ultimately recover from the shutdown.



Culture Sector

Art is not a luxury, but is essential to the wellbeing of individuals and communities. Art energizes, comforts, restores and nurtures individuals and communities.

—Intergalactic Arts Collective

The arts are essential to a successful recovery of all sectors in the province.

—Electric City Culture Council

Impact of the COVID-19 Shutdown

The Committee heard from witnesses that the pandemic shutdown had a “devastating,” “seismic,” and “catastrophic” impact. The abrupt loss of revenue and employment triggered “an existential crisis” for artists and arts organizations. But many also emphasized the vitality and resiliency of the culture and heritage sector, and its significant contribution not only to Ontario’s economy, but to social cohesion and overall wellbeing.

Arts and culture organizations, and individual artists, are deeply involved in their communities. They offer live performances, exhibitions, festivals, and a wide range of community-based arts activities including workshops and classes, professional development, internships and job training for young people; host class and school visits; and develop curriculum and other educational resources for students in kindergarten through Grade 12 (K-12) as well as postsecondary students.

The shutdown affected culture and heritage organizations and businesses large and small, in every part of the province. Non-profit organizations that derive most of their revenues from ticket sales, philanthropic donations and sponsorships saw this revenue vanish overnight. Many organizations and companies had to lay off junior and part-time staff, while senior staff and executives took substantial pay cuts.

It is estimated that arts organizations funded by the Ontario Arts Council will lose a minimum of \$128 million in total revenue by end of June 2020, representing an average loss of 16% of each organization's total annual revenue.

Tourism

The Committee learned that culture and heritage attractions and events are core drivers of tourism, bringing visitors from across Ontario and Canada, as well as from the United States and other countries. These visitors and tourists then spend substantial amounts of money on local products and services. For example, the counties of Bruce, Grey and Simcoe collectively receive more than 11 million visitors annually, making this the third most-visited region in Ontario. Over two-thirds of visitors stay overnight as they attend cultural performances, sports and outdoor events, or visit art galleries and historic sites, spending in excess of \$1.3 billion in 2016.

Indigenous Tourism

Ontario is also home to the largest Indigenous tourism industry in Canada, much of it focused on Indigenous culture and heritage activities. Indigenous tourism contributes an estimated \$622 million to the provincial GDP, and provides more than 12,000 jobs across 550 Indigenous tourism businesses.

According to the Tourism Industry Association of Ontario, "culture and heritage tourism will be key components of our economic recovery."

Spin-off economic and employment benefits

The dollars that put arts and entertainment on our stage, set the stage directly for economic benefits up and down our main streets.

—Capitol Theatre

Culture and heritage organizations and events generate both direct and indirect employment, and spend money locally, purchasing goods and services from caterers, carpenters, printers, graphic artists, plumbers, electricians, accountants, insurance agents, and others. But losing the sources of revenue available before the pandemic shutdown has left many organizations almost entirely reliant on Ministry funding assistance through the Ontario Arts Council and other agencies. For example, before the shutdown, Port Hope's Capital Theatre was financially stable and expecting a surplus, but now,

like local theatres everywhere, our revenues have dried up, sold-out concerts cancelled, marketing expenditures wasted, and sponsorships and corporate gifts gone. We face a lot of unknowns. Plans to reopen are in constant flux. ... The fundamental challenge unfolding ... is finding new revenue streams to offset revenue losses, with smaller audiences necessitated by social distancing.

Community Benefits

Along with the significant economic contribution of this sector, witnesses consistently emphasized the substantial "social return" or social value of investment in culture and heritage. This is felt in intangible benefits such as individual and community health and wellbeing, community affirmation, and social cohesion— all especially needed and missed during the isolation, anxiety, and physical distancing of the pandemic shutdown.

In particular, the culture and heritage sector boosts the voices of marginalized (also referred to as "equity-seeking") communities, such as the LGBT2SQ (Lesbian, Gay, Bisexual, Trans, Two Spirit and Queer) community, artists with disabilities, and others. However, many witnesses noted that the shutdown exacerbated the already precarious position of marginalized communities, including many Black, Indigenous, and other people of colour (BIPOC) artists and culture workers, along with culture and heritage organizations representing and serving these communities.

The Committee heard that Toronto's Regent Park Film Festival (which serves mostly low-income BIPOC communities) reached approximately 11,000 people in 2019 through free programming, including panel discussions, exhibitions, professional development workshops, and media literacy curriculum for schools.

The Festival also provides paid internships for Black youth to work on the sets of TV shows like *Murdoch Mysteries* and *Kim's Convenience*.

The Regent Park Film Festival “supports local businesses, it brings in visitors from all over the city, it helps reduce social isolation and improves community health, and it is a space of joy and celebration.” The Festival explained that operating and project grants from arts councils are a lifeline and “without this kind of sustained support from all levels of government, the Regent Park Film Festival would not survive.”

The Film Festival's executive director explained that small arts and culture organizations serving low income and marginalized communities typically

do not have the established, stable donor bases that larger organizations do, and much of our private donations come from our communities who have faced historic barriers to accessing capital and institutional financing, who are themselves experiencing wide job losses and financial insecurity. I am worried that they may not make it into 2021, and with them will go jobs, audiences, and diverse vital voices that contribute to the vibrant film [and culture] sector in Ontario.

COMMON CONCERNS AND INDUSTRY/SECTOR-SPECIFIC ISSUES

There are an extraordinary range of organizations and individuals active in the culture and heritage sector, many with shared and overlapping concerns and recommendations. At the same time, there are also some industry/sector-specific concerns.

Funding

Virtually all witnesses noted an urgent need for emergency financial support for culture and heritage organizations as well as for individual artists and culture workers.

Artist Experience

Many artists are self-employed freelancers, and often rely on supplementing their income through the service sector and gig economy. The COVID-19 shutdown affected artists' income not only from their artistic work but also these supplementary sources. Having suddenly lost other sources of income, artists described the Canadian Emergency Response Benefit (CERB) as a lifeline. The Committee heard that there is a risk that many artists will leave the sector entirely as a result of the financial pressures caused by the pandemic, and Ontario could lose a generation of artists.

Other Funding

The Committee also heard that while the sector appreciates the emergency federal and provincial funding supports made available to help those dealing with financial hardship because of COVID-19, these short-term supports are insufficient to keep the sector afloat. Presenters outlined a number of eligibility gaps in existing programs and noted that while rent and property tax deferrals are helpful, “the basic sustainability of organizations depends on consistent base operating funding.”

Presenters advocated for cutting red tape to allow them to be more nimble in adapting to changing circumstances, and rebound faster as restrictions are lifted. They recommended streamlining requirements and application processes for grants and provincial funding, including making funding applications and programs more accessible to self-employed artists. An immediate, emergency stabilization fund, witnesses explained, would assist in content creation, provide artists with needed income, address the costs of retrofits and other new health and safety measures, and help address the eligibility gap in current programs.

The Ontario Arts Council or OAC (an arm’s length agency of the Ministry) was mentioned repeatedly. Many witnesses called on the Province to increase funding to the OAC to help the culture and heritage sector survive during and after the shutdown.

Witness Recommendations

The Committee heard many proposals for increased funding through existing agencies and grant programs as well as suggestions for new programs and funding streams, as summarized below.

- *Ontario Arts Council (OAC)*—increase funding for the OAC and include the following:
 - *Arts stabilization funding*—provide a COVID-19 arts stabilization fund to help artists and arts organizations maintain core activities during the shutdown and recover from the shutdown; to support the development of digital skills; to develop COVID-19-sensitive artistic programming; and to develop marketing campaigns and strategic initiatives to address diversity issues.
 - *Stabilization funding for new and emerging artists, BIPOC and artists from equity-seeking groups*—provide long-term stabilization funding for new and emerging artists; artists from Black, Indigenous, and other people of colour (BIPOC) communities, and artists from other equity-seeking communities.
 - *Art gallery stabilization fund*—establish an art gallery stabilization fund that includes resilience grants to offset the collapse of revenue streams that funded operating costs; funding for the costs of COVID-

19 health and safety measures; and funding to build digital infrastructure.

- *Philanthropy and tax credits*—incentivize private philanthropy such as charitable deductions; introduce a matching donation program for the culture sector to encourage private and corporate gifts; enable in-kind donations (e.g., shares in real estate companies); and increase amounts for Ontario’s non-refundable tax credit benefits for arts education courses and donations to arts and heritage charities.
- *Funding for individual artists*—ensure funding to support individual artists through a universal basic income or similar measure, and increase support through the Ontario Disability Support Program.
- *Provincial-federal infrastructure programs*—enable large heritage and culture organizations to apply for provincial-federal infrastructure programs.

Indigenous Culture Fund

The Committee also heard multiple recommendations that funding be restored to the OAC-administered Indigenous Culture Fund (ICF). The ICF was created to support First Nations, Inuit and Métis communities, culture and way of life. Among other things, the ICF funded community-based cultural projects involving traditional land-based activities, languages, teachings, protocols and ceremonies.

CARFAC explained that the elimination of the ICF had “devastating impacts” on Indigenous cultural production, and left Indigenous cultural producers and communities feeling that their work is not valued. The Committee heard that the ICF is “much-needed to support Indigenous cultural production and economic stimulation in Indigenous communities.”

Witness Recommendation

- *Indigenous Culture Fund*—reinstate the OAC-administered Indigenous Culture Fund.

Digital Infrastructure

While the shutdown triggered a pivot to online and digital platforms, presenters described the steep learning curve and financial costs of suddenly having to move programming online.

Many witnesses requested funding for digital infrastructure including new technology, expertise and organizational resources. Improved digital infrastructure could also be leveraged to engage international audiences and provide marketing opportunities in anticipation of the resumption of national and international tourism.

Witnesses were appreciative of current programs such as musictogether.ca and Ontario Live (operated by Destination Ontario, a provincial agency), which provides “a virtual marketplace for local artists, operators, attractions and businesses throughout the province.” However, they explained that they need funding and resources to set up the digital infrastructure required to do business on a virtual platform like Ontario Live.

At the same time, witnesses expressed uncertainty about how to eventually monetize digital offerings and remain competitive when Ontarians currently have digital—and mostly free—access to the best international cultural offerings. They believe that digital programming will not make up for the revenue shortfalls due to COVID-19, will not provide the same economic spin-off benefits for local businesses and communities, and will not ultimately provide long-term financial sustainability.

The Committee also heard that many Ontarians in low-income households, and people living in rural or remote communities, lack access to affordable and reliable internet as well as to computers and other digital devices and equipment.

Witness Recommendations

- *Funding for digital infrastructure*—provide funding for culture organizations and industries, as well as individual artists, to build digital infrastructure.
- *Broadband internet access*—ensure province-wide access to reliable and affordable high speed broadband internet for all Ontarians.

Reopening

We will need crystal clear guidance on the timelines for reopening our venues and any new protocols that will be required of us. We need active public messaging from the province as we reopen that Ontario arts are to be celebrated and supported, encouraging our patrons to participate as early as they feel comfortable.

—Soulpepper Theatre Company

The culture and heritage sector universally expressed an eagerness to reopen and resume activities as soon as possible, but noted they need assistance in protecting the health and safety of patrons, clients, employees and the public. Live performance-based disciplines such as dance, theatre, and music reported on their struggles to reopen with reduced audience sizes and venues that are not conducive to maintaining physical distancing.

Attractions Ontario outlined the confusion around planning for reduced crowd-capacity and the financial feasibility of surviving despite reduced ticket sales for cultural attractions. The Toronto Symphony Orchestra observed the difficulties of planning live performances where entrance times are staggered and

programming must be structured to avoid crowding during intermissions and in restrooms. Dance Umbrella of Ontario said that even with health and safety measures, some organizations will continue to experience a financial toll while the public is reluctant to gather indoors.

The Committee heard that “clear, sector-specific guidance is needed for our sector to confidently reopen when the time is right.” Many witnesses expressed interest in helping to develop sector/industry-specific health and safety guidelines and protocols.

Presenters underscored the need for a reopening plan specifically for arts venues, highlighting the costs of retrofitting and equipping arts facilities for COVID-19 health and safety requirements.

Several presenters described proactive strategies and detailed planning underway to address safety concerns when they are allowed to resume operations. The Tourism Industry Association of Ontario is collaborating with international counterparts to establish standardized health and safety protocols, and working with destination marketing organizations to promote tourism within Ontario as part of a shift away from reliance on American tourists.

Witness Recommendations

- *COVID-19 health and safety*—provide guidance and funding assistance for COVID-19 health and safety protocols (e.g., physical distancing and personal protective equipment) and retrofitting.
- *Operating support for venues*—provide support to help venues with the fixed costs of operating facilities.
- *Marketing*—provide funding for province-wide marketing campaigns to allay safety concerns and improve consumer confidence; rally support from local MPPs to encourage Ontarians to engage and connect with the arts in their communities.

Risk Mitigation and Insurance

*Our future is not dependent on the eradication of COVID.
Our future is dependent on how we live with it.*

—Languages Canada

Along with concerns over remaining financially viable while adjusting to new health and safety realities, witnesses told the Committee that they worry not only about being the source of potential outbreaks but about how they will survive possible future economic shutdowns.

The Committee learned that one of the most significant hurdles for the resumption of film and television production is the lack of insurance to cover

COVID-19-related production shutdowns. Independent filmmakers noted that they are no longer able to obtain insurance for claims related to COVID-19 or other infectious diseases.

At the same time, productions must have insurance coverage in order to receive formal financing from banks and other financial institutions. As noted by the Alliance des producteurs francophones du Canada (APFC), independent Francophone producers have the added hurdle of needing to be insured in order to receive necessary public funding through the Canada Media Fund.

Numerous witnesses emphasized the need for government support regarding insurance.

Witness Recommendation

- *Insurance*—provide Ontario-based culture producers with a backstop for insurance claims relating to COVID-19 or other infectious diseases. Ontario producers would pay fees or premiums into a pool of funds to cover pandemic-related losses. The Province would provide a reserve amount to cover claim amounts that exceed the pooled funds.

Big 8

The Committee heard from Ontario's eight powerhouse arts and cultural organizations known collectively as the "Big 8": the Toronto International Film Festival, the Royal Ontario Museum, the Toronto Symphony Orchestra, the Art Gallery of Ontario, the National Ballet of Canada, the Canadian Opera Company, Harbourfront Toronto, and the Soulpepper Theatre Company. The Big 8 provide significant economic and cultural benefits to the province, attract international attention, and showcase the incredible talent and diversity of Ontarians.

Describing provincial funding as essential to their continued operation, the Big 8 called on the Province to maintain core funding through the Ontario Arts Council and Ontario Creates (as noted earlier, an agency of the Ministry of Heritage, Sport, Tourism and Culture Industries) among others.

Witness Recommendations

- *Funding*—provide additional funding for the immediate and near term, in recognition of the increased costs of infrastructure, digital programming, and ensuring COVID-19 health and safety.
- *Marketing Strategy*—develop a major provincial marketing strategy and campaign to inspire confidence in the ticket-buying public through positive messaging in support and celebration of Ontario's cultural sector.
- *Reopening Guidelines*—provide clear, consistent guidance on the timeline for reopening venues, along with guidelines for health and safety protocols to maintain consumer confidence.

Film and Television

The Canadian Film Centre noted that Ontario's film and television business and production ranks third in North America: "We attract investment, generate jobs and can make a significant contribution to sustainable economic benefits for Ontario."

Prior to COVID-19, film and television production in Ontario had reached "record levels" with more than 340 productions, 44,500 jobs, and \$2.16 billion in spending (40% of which was spent on domestic production). The Motion Picture Association – Canada, which represents large U.S. studios (e.g., Walt Disney, Netflix Studios, and Warner Bros. among others), reported that its members spent over \$561 million in 2019 at over 6,829 Ontario-based businesses.

However, the COVID-19 pandemic resulted in the "complete shutdown of all live action production in Canada." Cinespace Film Studios, for example, saw a complete halt to film productions hosted in its facilities.

FilmOntario reported that while 2019 spending represented an increase of almost 15% from the previous year, an estimated loss of \$700 million was anticipated by the end of June 2020.

The sudden shift to working from home meant unexpected costs. Computer Animation Studios of Ontario reported that approximately 40 studios faced an estimated \$80,000-\$400,000 in unexpected costs in order to establish the network infrastructure and security requirements to facilitate working from home.

The Toronto International Film Festival (TIFF) told the Committee that it generates more than \$200 million in annual economic activity, reaches approximately 850 million people globally, and creates 700 festival-specific jobs in addition to the 309 year-round TIFF employees. With the shutdown, festival and related operations have been scaled back, corporate donations have decreased, senior staff took pay cuts, and some employees were laid off.

Presenters described their preparations to reopen after the shutdown ends. Cinespace Film Studios implemented mandatory health safety and disinfection training, upgraded ventilation systems against airborne infectious disease, installed hospital-grade, non-porous walls and floors, and modified common areas to allow for physical distancing. TIFF partnered with Bell Media's Crave streaming service to offer "Stay-at-Home Cinema" and is developing its own new online platform for films.

Other presenters highlighted the opportunity—and the challenges—of using currently empty venues, outdoor settings, and locations outside Toronto for film productions. The Ottawa Film Office observed that foreign productions' studio expenses are covered by tax credits but location expenses are not. By contrast, Quebec and British Columbia offer various incentives for film productions to use their provincial locations.

Witness Recommendations

- *COVID-19 health and safety*—provide financial support to cover the increased and unplanned costs for health and safety measures on set (e.g., hiring on-set medical professionals, sanitation of sets, purchasing of personal protective equipment); provide temporary financial support for the increased costs of maintaining physically-distanced venues where fewer tickets must be sold.
- *Insurance*—provide Ontario-based film and television producers with a backstop for insurance claims relating to COVID-19 or other infectious diseases.
- *Tax credits and incentives*—provide tax incentives for filming on location; provide tax credits for COVID-19 health and safety costs; streamline and update tax credits by simplifying residency requirements, allowing projects on all platforms to qualify, and expanding eligibility for service tax credits to include all location fees; increase tax incentives for film, TV, video game producers and other media producers to use music content from Ontario companies in their productions.
- *Ontario Computer Animation & Special Effects (OCASE) Tax Credit*—designate work from home arrangements as permanent workspaces eligible under the OCASE Tax Credit; untether the OCASE Tax Credit from the Ontario Production Services Tax Credit to allow visual effects animation in post-production studios to independently file for the OCASE Tax Credit.
- *Ontario Film and Television Tax Credit (OFTTC)*—make adjustments to the OFTTC including a new COVID-19 exception to raise or eliminate the 25% eligibility cap for non-Ontario expenses and introduce a new 100% tax credit on COVID-related Ontario labour costs (or raise the OFTTC from its current level of 35% to 40%).
- *Ontario Creates Film Fund (OCFF)*—relax the definition of “studio” under the OCFF to allow filming in locations that are currently closed to the public due to the pandemic (e.g., Roy Thompson Hall); provide an immediate increase to the OCFF to support feature documentary production; ensure that costs incurred during the shutdown period (e.g., paying crew members) are eligible expenses that can be claimed.
- Designate Ontario’s film production industry as a crucial business activity.
- Establish a “promotional hub” that allows entertainment companies of all sizes to showcase their offerings.

Live Performances

Dependent on gathering audiences together, live performance organizations and venues noted that they were among the first to be closed and will be among the last to reopen, even when compared to others in the arts and culture sector. The

Canadian Live Music Association and Music Canada noted that “a staggering 96% of responding companies in a recent survey say they will close permanently, if they haven’t already, within weeks, despite leveraging existing federal relief programs.” The Committee heard from a range of large and small venues, including music halls, theatres, ballet companies, dance companies, film festivals, as well as unions representing workers in such venues.

Along with providing emergency relief, witnesses emphasized that it is critical for the Province to invest in interim funding for content creation, to support the creation of artistic and cultural work and maintain the talent pipeline. Organizations are also in critical need of expertise and resources for retrofitting to allow for physically distanced audiences and distanced performers, both front-of-house, backstage, and in venue lobbies.

Producers of live performances face additional challenges in hosting international artists, who are often accompanied by staff including lighting and sound technicians, and whose performance dates must be booked well in advance. These producers are looking for clarity about how restrictions on international acts will evolve, and when postponed shows can be rescheduled.

Witness Recommendations

- *Ontario Music Investment Fund*—create a new program under the Ontario Music Investment Fund to support independent live music venues in hosting outdoor performances as well as an industry initiative to set health and safety protocols.
- *Permits and licenses*—the Province should work with municipalities to make it easier to obtain permits for live performances and enable access to more unique spaces; make special occasion permits for alcohol less complicated and time-consuming; and relax noise complaint-related requirements.
- *International artists*—the Province should set up a dedicated government liaison to provide guidance on work permit exemptions and tax matters for Ontario artists who tour and work internationally, similar to professional athletes.

Municipalities

There is a strong association between a robust arts and cultural sector and a municipality's economic growth and wellbeing. Moreover, municipalities play an important role in supporting the arts through providing grants, and in-kind support such as property tax rebates, venues, and sponsorships for festivals and events.

Witness Recommendations

- *Funding*—increase provincial funding to municipalities to help them continue to support the culture and heritage sector; make the HST fully refundable or

exempt for arts, culture, and heritage-related spending; continue rent relief programs; and prioritize grants over debt deferral programs.

- *Reopening*—provide municipalities with clear and consistent information about the reopening process.

Sport

According to the Canadian Olympic Committee, 47,000 jobs in the sport industry in Canada have been dramatically impacted by the COVID-19 shutdown. In addition to economic impacts, witnesses pointed out that youth are hit especially hard by the loss of sports and related programming.

Indigenous Sport and Wellness Ontario (ISWO) generated \$50 million in economic impact over the last three years and delivered the 2017 North American Indigenous Games, which was attended by over 5,000 Indigenous youth. The ISWO's Masters Indigenous Games showcases global Indigenous artists, performances, foods, traditional sports, and teachings.

ISWO reported that the shutdown has led to delays or cancellations of major events such as the North American Indigenous Games which have been postponed for a year, and over half a million dollars in losses.

Witness Recommendations

- *Funding*—provide emergency funds and tax credits to preserve jobs and enable sports organizations to provide personal protective equipment and related health and safety measures.
- *Support for sports clubs and associations*—provide rent relief for clubs and provincial sport associations; provide subsidies including reimbursement or tax credits up to \$2,000 for youngsters to participate in hockey and other sports.

Libraries

Ontario's public libraries have continued to serve as vital community hubs and have seen a surge in public demand for their services despite being physically closed to the public during the shutdown.

On average, public libraries obtain 96% of their funding from municipalities. The Committee heard that the shutdown led to municipal revenue shortfalls which resulted in 46% of public libraries implementing staffing cuts. The Federation of Public Libraries (FOPL) estimates that 40-50% of 15,000 library staff across the province have been furloughed or laid off.

During the shutdown, libraries have offered free WiFi access for community members to connect to online government services. Libraries are also providing

online versions of services previously offered in-person such as training programs, book clubs and other initiatives to assist with mental health issues and social isolation. Libraries noted the need for updated fibre optic broadband connectivity at branches across the province (at an estimated cost of \$10,000 to \$15,000 per branch).

During the COVID-19 pandemic, libraries have provided additional community engagement services such as making care calls to seniors and delivering reading materials to seniors' homes and essential worker daycares, producing personal protective equipment with the libraries' stock of 3D printers, and converting library branches into food banks.

The loss of access to community services normally offered by local library branches is acutely felt in rural and northern Ontario as well as First Nation communities where "the public library is a vital and often the only cost-free, stigma-free community hub for residents and families."

Witness Recommendations

- *Funding*—provide municipalities with the necessary funding to protect libraries' continued operations.
- *Internet and digital resources*—leverage Ontario's broadband action plan to ensure that speedy fibre optic broadband connectivity is available at all library branches across Ontario; create an Ontario digital public library to provide critical e-learning support to all Ontarians.

Book Publishing and Bookstores

Ontario's publishing industry contributes an estimated \$500 million annually to the provincial economy and pays over \$250 million in wages. However, the shutdown has "severely compromised" the industry's supply chain, with heavily relied-upon independent bookstores now unable to provide the customer browsing experience that facilitates book sales.

The Ontario Book Publishers Organization observed that the pandemic has exposed the fragile interdependence of Ontario authors, publishers, designers, editors, distributors, printers, bookstores, libraries, schools and other parties.

COVID-19 has also affected the ability to promote new books as authors cannot attend book tours, festivals have been cancelled, and media coverage has been focused on other priorities. Most publishers are expecting a drop in sales of nearly 50% in 2020 when compared to 2019. The Book and Magazine Publishing Council reported that "the entire book publishing industry has been pushed back six months or a year" and limited offers as well as deferred payments to authors leave them in a financially precarious position.

The Ontario Book Publishers Organization explained that the biggest immediate concern for publishers is the lack of cash flow to cope with costs such as payments to printers, staff salaries, and commercial rent. Despite the difficulties of surviving in an industry with slim margins, witnesses emphasized the resilience and creativity of publishers. In adapting to new realities of the pandemic, Coach House Books noted that “publishers are an innovative and industrious lot, and we’re all thinking already about the ways that our industry will change in response to the pandemic.”

The Committee heard recommendations to encourage schools to use Canadian books, and to facilitate the sale of Ontario-published e-books. Presenters also recommended ensuring that publishers currently receiving federal financial support are not penalized when receiving provincial grants and tax credits.

Witness Recommendations

- *Ontario Creates Book Fund*—provide a one-time emergency top-up injection of \$6 million to the Ontario Creates Book Fund to help support Ontario publishers for the next 18 months.
- *Ontario Book Publishing Tax Credit (OBPTC)*—allow the OBPTC to pay an advance upon application from publishers in good standing.
- *Commercial rent*—provide support to help publishers with commercial rent.
- *Incentives to libraries*—provide incentives to libraries to purchase Canadian-authored and Canadian-published books.

Magazine Publishers

Magazines Canada reported that Ontario’s magazine media industry generated \$801 million in operating revenues in 2017, which represented more than half of the country’s magazine revenues.

For some magazine publishers, the impact of the pandemic has been a nearly 35% loss in revenues, with publishers of printed publications feeling the brunt of the economic impact. Magazines Canada and Magazines Ontario noted a projected \$10.6 million loss in advertising revenue between April and September 2020; with 40% of employment positions at risk of being eliminated within three to six months and 25% of publications facing the prospect of ceasing operations entirely. Digital publishers have fared better than print publications but are still experiencing losses including a 15% drop in advertising revenue.

The cancellation of live events has also contributed to financial loss while the Committee heard that consumer-based virtual events are not currently financially viable. Witnesses called for support for continued work from home measures for the near-to-midterm, suggesting that it will be important to study the mental health effects of working from home.

Witness Recommendations

- *Ontario Creates Magazine Fund (OCMF)*—increase the annual budget of the OCMF from \$2 million to \$4 million; raise the \$75,000 maximum grant amount within the OCMF to \$100,000; and designate funding within the OCMF for innovative initiatives.
- *Marketing*—develop a “Buy in Ontario, Made in Ontario” campaign.

Artists, Art Galleries and Community Arts Organizations

A significant portion of witnesses represented artists, art galleries, art councils and community arts organizations in Ontario. Overall, witnesses spoke to the challenges in their sector, which include loss of revenue and employment.

According to the Ontario Association of Art Galleries, every dollar invested in not-for-profit art galleries leads to a social return of \$4. However, COVID-19 has left many art galleries in a vulnerable position, as they have small operating budgets and low average working capital ratios. Without new sources of funding, many galleries are now at risk of closure, as the short-term federal subsidies now available are insufficient.

The Arts Collective Theatre noted COVID-19 has created “an existential crisis for our performing artists and arts organizations” given the already precarious working conditions of artists combined with an inability now to properly gather, create, share, and learn. Many witnesses noted that, pre-COVID-19, arts and culture workers had one of the highest rates of poverty of any sector, including high levels of precarious work.

Witness Recommendations

- *Funding*—provide specific emergency and long-term funding streams for art galleries, arts organizations and non-municipally-run performance venues; and long-term stable income support (such as a universal basic income) for artists.
- *Business and marketing skills for artists*—invest in programs for artists to enhance their business management and marketing skills.
- *Housing and social services*—establish more affordable housing and provide mental health supports for artists working under precarious circumstances.

Interactive Digital Media

The Committee heard from several witnesses representing interactive digital media companies, including developers of video games, mobile applications and e-learning products. According to Interactive Ontario, the industry contributes over \$3 billion to the province’s GDP and employs more than 22,000 people, with over 90% of revenue generated through exports.

With increased consumption of digital media during the pandemic, this sector has thrived, continuing to employ staff and develop products during the shutdown. As a result, the digital media sector is not in need of emergency provincial funding.

Despite strong growth in the industry pre-COVID-19, witnesses noted Ontario's interactive digital media industry is still in an emerging stage, with limited access to operating capital. The Committee heard that new investments and adjustments to existing subsidy programs would allow companies to retain and create jobs, and help Ontario become a leader in interactive digital media.

Witness Recommendations

- *Funding*—allow organizations that have already been approved for funding by Ontario Creates, the Ontario Centres of Excellence, or other government entities, to get fast-tracked for additional funding opportunities.
- *Ontario interactive digital media tax credit (OIDMTC)*—streamline OIDMTC tax credit by setting a service standard for processing times; lower the minimum threshold required for labour expenditures (to allow smaller companies to apply); allow companies to claim the federal Scientific Research and Experimental Development (SR&ED) Tax Credits on any labour costs not claimed under the OIDMTC; and allow companies to claim the OIDMTC for new Ontario residents who are in their first year of employment in Ontario.

HERITAGE SECTOR

The Committee heard from a broad range of heritage and historical organizations and institutions. These organizations have long fostered strong connections with primary, secondary, and postsecondary education, including developing curriculum and other educational resources, hosting school visits and providing educational programming onsite.

With schools closed during the shutdown, the heritage sector has focused on developing additional digital resources to support students. The Committee heard that this is an opportune time to pursue the economic potential of digital cultural heritage (the integration of cultural heritage and information with communication technologies) and make more historical materials available online.

The Ontario Historical Society, representing some 800 member organizations across the province, noted that the heritage sector includes many small community-based and volunteer-run organizations, museums, and historical sites. The shutdown has meant a loss of revenue from visitors, tours, and events.

The heritage sector attracts large numbers of tourists to communities across the province. For example, both the Sheffield Park Black History Museum in Clarksburg and the Owen Sound Emancipation Festival attract thousands of visitors and tourists from across North America.

The Ontario Association of Agricultural Societies explained that heritage and tradition are an important part of Ontario's 200 non-profit agricultural societies. Agricultural fairs run by these societies bring significant benefits to local communities and an estimated provincial tourism impact of \$360-\$370 million. The Committee heard that the pandemic has cut off all sources of income for these societies, and without funding to cover their expenses, it will be difficult for some agricultural societies to survive.

The Architectural Conservancy of Ontario emphasized the importance of conserving and retrofitting heritage buildings, noting that investments in heritage infrastructure will create jobs, fight climate change, and improve individual and community wellbeing. The Committee heard that the Conservancy has put together a list of 50 shovel-ready heritage projects in Ontario that would create 500 jobs.

The Committee heard that high property taxes on heritage buildings and sites are an ongoing burden on small community-based and volunteer-run organizations.

Targeted grants to develop digital infrastructure and events, and to fund restoration work on deteriorating heritage buildings, explained The Ontario Historical Society, would help to kick start local economies.

Sudbury's Science North museum supports, directly and indirectly, nearly 700 jobs in northern Ontario and contributes \$85 million to the provincial economy. The shutdown has meant a loss of nearly 65% of Science North's annual operating budget of \$20 million. To help with recovery, Science North recommended targeted and strategic increases in government support that includes promoting regional tourism and highlighting the assets of northern communities.

The Moose River Heritage and Hospitality Association stressed that "heritage and culture thrive when they are community centred and driven." In the north, this means "an emphasis on Cree heritage and culture." The camps and sporting events run by the Indigenous Sport and Wellness Association celebrate Indigenous cultural traditions and are attended by thousands of Indigenous youngsters.

The Ontario Black History Society noted that many of the province's Black heritage sites have been lost while surviving sites are in jeopardy. Most are run by community-based volunteers operating with slim margins. With funding, these sites could be restored, conserved, and reused, providing numerous spin-off benefits including community wellbeing, public education for all Ontarians, and enabling professional training—especially for Black youth—in various aspects of heritage management and operations. According to the Ontario Black History Society, such "intentional funding can be viewed as a tangible demonstration of the government's more recently expressed commitment to address anti-Black racism."

Witnesses made numerous recommendations regarding funding including bolstering funding to existing grant programs—and expanding the scope of these programs—as well as creating new funding streams to address the loss of revenue and the costs of reopening.

Witness Recommendations

- *Community Museum Operating Grant Program (CMOG)*—update and renew this program to increase adequate core funding for museums to contribute to education, economic development, and community vitality across the province.
- *Northern Ontario Heritage Fund Corporation*—make strategic and targeted investments through this fund to highlight the assets of northern communities and promote regional tourism.
- *Northern Ontario Internship Program*—extend the opportunity of paid internships from one year to two years for candidates who are Black, Indigenous, or other people of colour; increase financial support for interns; enable international graduates of postsecondary institutions in northern Ontario to apply for these internships.
- *Heritage Organization Development Grant and Community Museum Operating Grant*—increase funding for these grants.
- *Ontario museums relief fund*—establish a fund to address the immediate and significant loss of revenue from admissions, public programs and fundraising events, and to help museums build capacity during the reopening process and first months of operation.
- *Black heritage infrastructure support*—provide targeted infrastructure support for Black heritage buildings and sites; to develop digital infrastructure; to fund professional training especially for Black youth to preserve and operate sites; and to create and fund paid employment positions in heritage management.
- *Community heritage infrastructure grant program*—create a rapid grant program to help heritage organizations that own, or lease and operate built and natural heritage sites (including burial grounds and cemeteries) in communities across the province.
- *COVID-19 health and safety*—provide funding to help museums and heritage sites reopen safely (e.g., funding for personal protective equipment, training for staff and volunteers, and to fulfil physical distancing requirements).
- *Philanthropy*—introduce a matching donation program for the culture sector to encourage private and corporate gifts, matched by government dollars; create incentives and tax credits to encourage private sector donations; revise funding programs to eliminate or reduce the matching funding requirements.

- *Property taxes*—provide tax exempt status for all not-for-profit historical societies incorporated by The Ontario Historical Society (comparable to the exemption for Royal Canadian Legion branches); provide a property tax exemption for all museums across the province; give municipalities the authority to exempt heritage buildings and sites from property taxes.
- *Digital infrastructure*—provide funding to: develop digital infrastructure including curriculum and educational resources; create digital sites to enable virtual visits to experience sites and study archival materials; and ensure that cultural organizations of various sizes have adequate capacity and access to technology to develop and deliver online learning opportunities.
- *Youth training and employment*—provide more opportunities to train and employ young people in the sector.

COMMITTEE RECOMMENDATIONS

The Standing Committee on Finance and Economic Affairs made the following recommendations:

1. Increase Ontario Arts Council (OAC) funding for one year:

The OAC provides grants and services to professional, Ontario-based artists and arts organizations. Increasing this fund will allow the OAC to support a wider range of artists and organizations that have been impacted by the pandemic.

2. A Special COVID-19 fund for our iconic institutions – the Royal Ontario Museum (ROM), the Art Gallery of Ontario (AGO), McMichael Gallery, Science Centres, etc. :

In many cases these provincially owned organizations are not eligible for the funding streams offered through the Ministry. These iconic institutions will need the financial aid in order to get back on track and offer the best and safest service to the consumer.

3. Enhanced Sport Funding – Bolster the Provincial Sport Organizations Funding:

Provincial Sport Organizations (PSOs) are not-for-profit organizations formally recognized by the Ministry of Heritage, Sport, Tourism and Culture Industries as the governing body of amateur sport in Ontario. One of the primary functions of these PSOs is to establish risk management policies. At this time risk management will be a key to getting sports back on track.

4. Bolster the Community Museum Operating Grant Program Funding:

This fund provides annual operating grants to eligible community museums across Ontario. This funding helps strengthen their role as custodians and interpreters of the province's irreplaceable Heritage collections.

5. Implement a Province-Wide Music Strategy:

We will need to implement and support a province-wide music strategy to get the industry back up and running. We have seen other industries come up with innovative ways to put on events and give access to the consumer.

6. Increase the Heritage Organization Development Grant (HODG):

The HODG provides annual operating support to historical societies, museums, and other heritage associations, located throughout the province that promote public awareness of Ontario's rich and diverse heritage. It is very important that we protect the cultural heritage of this great province.

7. The Province examine the Investing in Canada Infrastructure Program (ICIP) as an opportunity to address historical building retrofits.

WITNESS LIST

Organization/Individual	Date of Appearance
ACTRA Toronto	Written Submission
Alliance des producteurs francophones du Canada	June 30, 2020
Alliance of Arts Councils of Ontario	Written Submission
Alton Mill Arts Centre and Headwaters Arts	June 29, 2020
Architectural Conservancy Ontario	June 29, 2020
Art Gallery of Ontario	June 25, 2020
Art Gallery of Sudbury/Galerie d'art de Sudbury	June 30, 2020
Art Gallery of Windsor	Written Submission
Arts Collective Theatre	June 30, 2020
Arts Council Windsor & Region	Written Submission
Atomic Cartoons	June 29, 2020
Attractions Ontario	June 26, 2020
AVARA Media	June 30, 2020
Beech Street Theatre Company	Written Submission
Book and Magazine Publishing Council	June 25, 2020
BT/A Advertising and Melbar Entertainment	June 26, 2020
Buddies in Bad Times Theatre	June 29, 2020
Bureau Of Power And Light Art Collective	June 30, 2020
Business for Dance Studios	June 26, 2020
Cameron Miranda-Radbord	June 26, 2020
Canada's Ballet Jörgen	June 29, 2020
Canadian Arts Coalition	June 26, 2020
Canadian Automotive Museum	June 29, 2020

Organization/Individual	Date of Appearance
Canadian Dance Assembly	Written Submission
Canadian Film Centre	June 25, 2020
Canadian Independent Music Association	June 25, 2020
Canadian Live Music Association and Music Canada	June 25, 2020
Canadian National Exhibition Association	Written Submission
Canadian Olympic Committee	June 30, 2020
Canadian Opera Company	June 25, 2020
Capital Heritage Connexion	Written Submission
Capitol Theatre	June 29, 2020
CARFAC Ontario	June 26, 2020
Cinespace Film Studios	June 26, 2020
City of Kitchener	June 29, 2020
City of Windsor	Written Submission
Coach House Books	June 25, 2020
Community Heritage Ontario	Written Submission
Computer Animation Studios of Ontario	June 29, 2020
Dance Ontario Association	Written Submission
Dance Umbrella of Ontario	June 29, 2020
DOC Ontario	Written Submission
Electric City Culture Council	June 30, 2020
Elizabeth Jackson Hall	June 29, 2020
Entertainment Partners	Written Submission
Federation of Ontario Public Libraries	June 25, 2020

Organization/Individual	Date of Appearance
FilmOntario	June 25, 2020
Financial Accountability Office of Ontario	Written Submission
FirstOntario Performing Arts Centre	June 30, 2020
Gathering of Ontario Developers	June 30, 2020
Guelph Arts Council	June 26, 2020
Hamilton Halton Brant Regional Tourism Association	Written Submission
Hannah Burgé Luviano	June 30, 2020
Harbourfront Centre	June 30, 2020
Hockey Eastern Ontario	Written Submission
Indigenous Sport and Wellness Ontario	June 29, 2020
Inter Arts Matrix	Written Submission
Interactive Ontario	June 30, 2020
Intergalactic Arts Collective	Written Submission
International Alliance of Theatrical Stage Employees Local 58	June 30, 2020
Jessica Runge	Written Submission
Jessie Garon	Written Submission
Kitchener-Waterloo Symphony	June 29, 2020
Languages Canada	June 29, 2020
Liaison of Independent Filmmakers of Toronto	June 25, 2020
Live Nation Canada	June 25, 2020
Local Arts Service Organizations	Written Submission
Magazines Canada	June 26, 2020
McMichael Canadian Art Collection	June 26, 2020

Organization/Individual	Date of Appearance
Miraclewalker Productions	June 30, 2020
Miranda Mulholland	June 25, 2020
Moonhorse Dance Theatre	Written Submission
Moose River Heritage and Hospitality Association	June 29, 2020
Motion Picture Association – Canada	June 26, 2020
Multicultural History Society of Ontario	June 30, 2020
Museum of Contemporary Art	Written Submission
MusicOntario	June 25, 2020
Niagara Symphony Orchestra	Written Submission
Ontario Arts Council	June 26, 2020
Ontario Association of Agricultural Societies	June 30, 2020
Ontario Association of Art Galleries	June 26, 2020
Ontario Black History Society	June 30, 2020
Ontario Book Publishers Organization	June 26, 2020
Ontario Cultural Attractions Fund	June 30, 2020
Ontario Dance and Performing Arts Studios	Written Submission
Ontario Heritage Trust	Written Submission
Ontario Museum Association	June 26, 2020
Ontario Presents	Written Submission
Orchestras Canada	Written Submission
Ottawa Film Office	June 26, 2020
Raja Khanna	June 25, 2020
Rebecca Brettingham-Filice	June 30, 2020

Organization/Individual	Date of Appearance
Regent Park Film Festival	June 29, 2020
Regent Park Islamic Resource Centre	June 30, 2020
Regional Municipality of Durham	June 30, 2020
Regional Tourism Organization 7	June 29, 2020
Royal Ontario Museum	June 25, 2020
Science North	June 30, 2020
Sergio Navarretta	June 26, 2020
Shaftesbury	June 25, 2020
Simcoe Contemporary Dancers	Written Submission
Soulpepper Theatre Company	June 25, 2020
Spencer Julien	June 29, 2020
Stratford Festival	June 26, 2020
Stratford Perth Museum	June 25, 2020
Taghi Abdolhosseini	June 29, 2020
The Centre In The Square	Written Submission
The National Ballet of Canada	June 25, 2020
The Ontario Historical Society	June 25, 2020
THEMUSEUM	June 26, 2020
Toronto International Film Festival	June 26, 2020
Toronto Symphony Orchestra	June 26, 2020
Tourism Industry Association of Ontario	June 29, 2020
Tourism Mississauga	June 29, 2020
Troy Jackson	June 29, 2020

Organization/Individual	Date of Appearance
Uken Games	June 30, 2020
The Upper Canada Choristers	Written Submission
William F. White International	Written Submission
WorkInCulture	Written Submission
Workman Arts	June 29, 2020
York Region Arts Council	June 29, 2020

APPENDIX A:
TERMS OF REFERENCE*

That the Leaders of the parties represented in the Legislative Assembly as well as Independent Members may file copies of letters with the Speaker, who shall cause them to be laid upon the Table, containing their recommendations to the Minister of Finance with respect to the economic and fiscal measures they proposed to be included in the provisions of Bill 188, and such letters shall be deemed to be referred to the Standing Committee on Finance and Economic Affairs; and

That when the committees of the Legislature resume meeting, the Standing Committee on Finance and Economic Affairs shall be authorized to consider the Party Leader and Independent Member letters, together with An Act to enact and amend various statutes as passed by the Legislature today, with the first witness during such consideration to be the Minister of Finance;

**Votes and Proceedings, March 25, 2020, 42nd Parliament, 1st Session*

That, notwithstanding any Standing Order or Special Order of the House, the Standing Committee on Finance and Economic Affairs, and all other committees when they are authorized to resume meeting pursuant to the Order of the House dated March 19, 2020, are authorized to use electronic means of communication when meeting, and committee members, witnesses, and/or staff are not required to be in one physical place, in accordance with the following guidelines:

- a) The electronic means of communication is approved by the Speaker;
- b) The meeting is held in a room in the Legislative Building, and at least the Chair/Acting Chair, and the Clerk of the Committee are physically present;
- c) Other Members of the committee participating by electronic means of communication, whose identity and location within the Province of Ontario have been verified by the Chair, are deemed to be present and included in quorum;
- d) The Chair shall ensure that the Standing Orders and regular committee practices are observed to the greatest extent possible, making adjustments to committee procedures only where necessary to facilitate the physical distancing and electronic participation of Members, witnesses, and staff; and

That, notwithstanding the Order of the House dated March 19, 2020, the Standing Committee on Finance and Economic Affairs is authorized to meet at the call of the Chair to consider its Order of Reference dated March 25, 2020, respecting the *Economic and Fiscal Update Act, 2020* (Bill 188); and

To study the impacts of the COVID-19 crisis on the following sectors of the economy and measures which will contribute to their recovery:

- a) Tourism
- b) Culture and Heritage
- c) Municipalities, Construction, and Building
- d) Infrastructure

e) Small and Medium Enterprises

f) Other economic sectors selected by the Committee

- The committee shall study Bill 188 and each specified economic sector for up to 3 weeks with one additional week allotted for report-writing for each.

- The Sub-committee on Committee Business shall determine the method of proceeding on the study, and at its discretion, may extend each sectoral study by one week where a public holiday may fall during the scheduled time for the sectoral study.

- The Legislative Research Service shall make itself available to the Committee collectively, and to members of the Committee individually, on a priority basis.

- That in accordance with s. 11 (1) of the *Financial Accountability Officer Act* the Financial Accountability Officer shall make the resources of his office available to the Committee collectively, and to members of the Committee individually, on a priority basis.

- The time for questioning witnesses shall be apportioned in equal blocks to each of the recognized parties and to the Independent Members as a group.

- The Committee may present or, if the House is not sitting, may release by depositing with the Clerk of the House, interim reports, and a copy of each interim report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and

- The Committee shall present or, if the House is not sitting, shall release by depositing with the Clerk of the House, its final report to the Assembly by October 8, 2020 and a copy of the final report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and

That notwithstanding Standing Orders 38 (b), (c), and (d) the interim reports presented under this Order of Reference shall not be placed on the *Orders and Notices Paper* for further consideration by the House nor shall the government be required to table a comprehensive response; and

That notwithstanding Standing Orders 116 (a), (b) and (c), the membership of the Standing Committee on Finance and Economic Affairs for the duration of its consideration of the Order of Reference provided for in this motion shall be:

Mr. Sandhu, Chair [Sub-committee Chair]

Mr. Roberts, Vice-Chair

Mr. Arthur

Mr. Cho (Willowdale) [Sub-committee Member]

Mr. Crawford

Ms. Hunter [Sub-committee Member]

Mr. Mamakwa

Mr. Piccini

Mr. Schreiner

Ms. Shaw [Sub-committee Member]

Ms. Skelly [Sub-committee Member]

Mr. Smith (Peterborough—Kawartha)

Ms. Andrew (non-voting member)

Mr. Blais (non-voting member)

Ms. Fife (non-voting member)

Mr. Hillier (non-voting member)

Ms. Khanjin (non-voting member)

Mr. Rasheed (non-voting member)

Mr. Vanthof (non-voting member); and

That, should the electronic participation of any voting Member of the Committee be temporarily interrupted as a result of technical issues, a non-voting Member of the same party shall be permitted to cast a vote in their absence.

**Votes and Proceedings, May 12, 2020, 42nd Parliament, 1st Session*

APPENDIX 4
FOURTH INTERIM REPORT:
ECONOMIC IMPACT OF COVID-19 ON MUNICIPALITIES,
CONSTRUCTION AND BUILDING

CONTENTS

INTRODUCTION	1
COMMITTEE MANDATE	2
MUNICIPALITIES	3
Ministry Update	3
Provincial and Federal Funding	3
Ministry's Response	3
Modernization of Municipalities	4
Financial Impacts on Municipalities	4
Sector Snapshot	5
Impacts	6
Delivering Essential Services	6
Municipal Budgets	7
Revenue Losses	8
Infrastructure and Capital Projects	9
Increased Expenditures Related to the COVID-19 Pandemic	10
Cost Reduction Efforts	10
Rural and Northern Communities	10
Indigenous Communities	11
Witness Recommendations	11
THE CONSTRUCTION AND BUILDING INDUSTRIES	12
Ministry Update	12
Ministry's Response	12
Building Code	13
Minister's Zoning Orders and Greenbelt Protection	13
Housing	13
Sector Snapshot	14
Impacts	14
Construction Activity Slowdown	15
Supply Chain Issues	16
Safety Measures	16
Delays	17
Common Concerns and Recommendations for Recovery	17
Leveraging Infrastructure Spending	18
Regulations	19
Taxes, Fees and Charges	20
Housing	21

Domestic Building Supply Industry	22
Home Renovation Tax Credit	23
Surety Bonds	23
Addressing the Trades Shortage	24
Witness Recommendations	25
COMMITTEE RECOMMENDATIONS	27
WITNESS LIST	29
APPENDIX A: TERMS OF REFERENCE*	

INTRODUCTION

The Standing Committee on Finance and Economic Affairs is pleased to present its fourth interim report on the *Economic and Fiscal Update Act, 2020*, and the impact of the COVID-19 crisis on the Ontario economy.

The report presents the Committee's findings and recommendations following its review of the impact of COVID-19 on Ontario's municipalities, and construction and building sectors. It reflects testimony received during public hearings held on July 13, 14, and 15, as well as written submissions delivered to the Committee Clerk as of 5:00 p.m. on July 22, 2020.

At the Committee's request, the Minister of Municipal Affairs and Housing appeared as the first witness on July 13. Following the Minister's update, the Committee received submissions from dozens of organizations, businesses, and individuals from across the province, representing Ontario's municipalities, and construction and building sectors.

Witnesses from all sectors expressed appreciation for the government's response to the COVID-19 pandemic.

In their testimonies, municipalities highlighted unexpected budgetary shortfalls due to the severe impact of COVID-19 on municipal revenue sources as well as a sudden increase in operating costs to maintain public health protocols. Municipalities stressed the need for provincial and federal funding to continue providing everyday services and urged the Province to give municipalities additional revenue generating powers and emergency funding.

The construction and building sector testified that it experienced immediate impacts in the wake of COVID-19, due to construction stoppages, supply chain issues and safety measures. Although the sector has modestly rebounded, witnesses stated that there will be residual impacts as delays in approvals, among other issues, decrease productivity.

This report is an overview of the main issues raised during the Committee's public hearings. For details of witness submissions, and their responses to questions from Committee Members, readers are referred to the official record of proceedings, as reported in *Hansard*, and to the written submissions themselves.

Committee recommendations and a list of witnesses appear at the end of the report.

COMMITTEE MANDATE

Motions adopted unanimously in the House on March 25 and May 12, 2020, established a two-part mandate for the Committee.

On March 25, 2020, when the House passed Bill 188, the *Economic and Fiscal Update Act, 2020*, it also adopted a motion providing that party leaders and independent Members may file letters with the Speaker, setting out their recommendations for economic and fiscal measures that should be included in the Bill. The motion further provided that when committees of the Legislature resume, the Standing Committee on Finance and Economic Affairs would be authorized to consider the Act, together with any letters filed by leaders and independent Members, and that the Minister of Finance would be the Committee's first witness when it commenced its review.

The motion passed on May 12, 2020, authorized the Committee to begin consideration of the matters that had been referred to it on March 25. In addition, it empowered the Committee to study the impact of the COVID-19 crisis on specific sectors of the provincial economy, including "measures which will contribute to their recovery." The sectors identified in the motion are:

- tourism;
- culture and heritage;
- municipalities, construction and building;
- infrastructure;
- small and medium enterprises; and
- other economic sectors selected by the Committee.

The Committee is specifically authorized to release interim reports, as it sees fit. Interim reports are to be presented to the House, and a copy of each report is to be provided to the Chair of Cabinet's Ontario Jobs and Economic Recovery Committee. Interim reports will not be placed on the Orders and Notices paper for further consideration by the House, and the Government will not be required to table a comprehensive response to them.

A final report will be tabled in the House, and a copy delivered to the Chair of the above-noted Cabinet committee, by October 8, 2020.

The Committee's mandate is reproduced in full in Appendix A to this report.

MUNICIPALITIES

Ministry Update

Ontario's Minister of Municipal Affairs and Housing, the Honourable Steve Clark, presented to the Committee on July 13, 2020. The Minister stressed:

Collaboration with municipalities was key to our response to COVID-19 in the early days and continues to be extremely important today. We'll keep working with our municipal partners to support local decision-making, strengthen our communities and maintain important local services that both residents and businesses rely on.

Provincial and Federal Funding

The Minister told the Committee that the provincial government had provided \$450 million to municipal partners thus far: \$350 million for the Social Services Relief Fund and \$100 million to municipalities for some of the public health expenditures they have had as a result of the COVID-19 pandemic.

The Minister said that he has joined the Federation of Canadian Municipalities (FCM) in calling on the federal government for emergency funding. The Ontario government's position was that the Province deserves a per capita share.

The FCM, the Canadian Union of Public Employees (CUPE) and the Association of Municipalities of Ontario wrote a joint letter calling on both the federal and provincial governments to reach a joint agreement.

On July 16, 2020, the federal government announced more than \$19 billion to help provinces and territories safely restart their economies over the next six to eight months through the Safe Restart Agreement. The funding will address seven priority areas and includes support for municipalities. This support will help municipalities implement precautions for public spaces and deliver essential services. In addition, there is a dedicated stream of funding for public transit – up to \$2 billion will be funded equally between Ontario and the federal government. On July 27, 2020, the Ontario government announced up to \$4 billion in one-time assistance to Ontario's 444 municipalities.

Ministry's Response

The Minister outlined several steps his Ministry has taken to address the effects of COVID-19 on municipalities:

- in March, worked with all parties to both introduce and pass, with unanimous consent, the *Municipal Emergency Act, 2020*, which included amendments
 - to allow members of councils to meet electronically and be counted for the purposes of quorum during emergencies, which supported the continuity of operations and making timely decisions (over 70% of municipalities opted to meet electronically);

- to support 24-hour delivery of goods like food, medication and household items to ensure that shelves remained stocked; and
- to provide municipalities with the flexibility to redeploy certain staff to critical municipal services, including child care, bylaw enforcement and public health services;
- announced a temporary pandemic pay increase for front-line workers that helped deliver services in places like emergency shelters and supportive housing facilities;
- temporarily suspended certain decision-making timelines under the *Planning Act* for municipalities and planning boards so that they could focus on local public health needs;
- regularly held many conference calls and Zoom meetings with mayors across the province; and
- established a technical table with the Association of Municipalities of Ontario and the City of Toronto to discuss issues related to COVID-19 and to identify any possible solutions.

Modernization of Municipalities

The Minister told the Committee that the response to COVID-19 has revealed a desire at the municipal level to modernize and provide services online, such as registration services. The Ministry is considering what the Municipal Modernization Fund and the Audit and Accountability Fund will look like in a post-COVID environment. The Minister stated that he thinks there will be an uptake to speed up the development approval and permitting processes, and perhaps even to automate them.

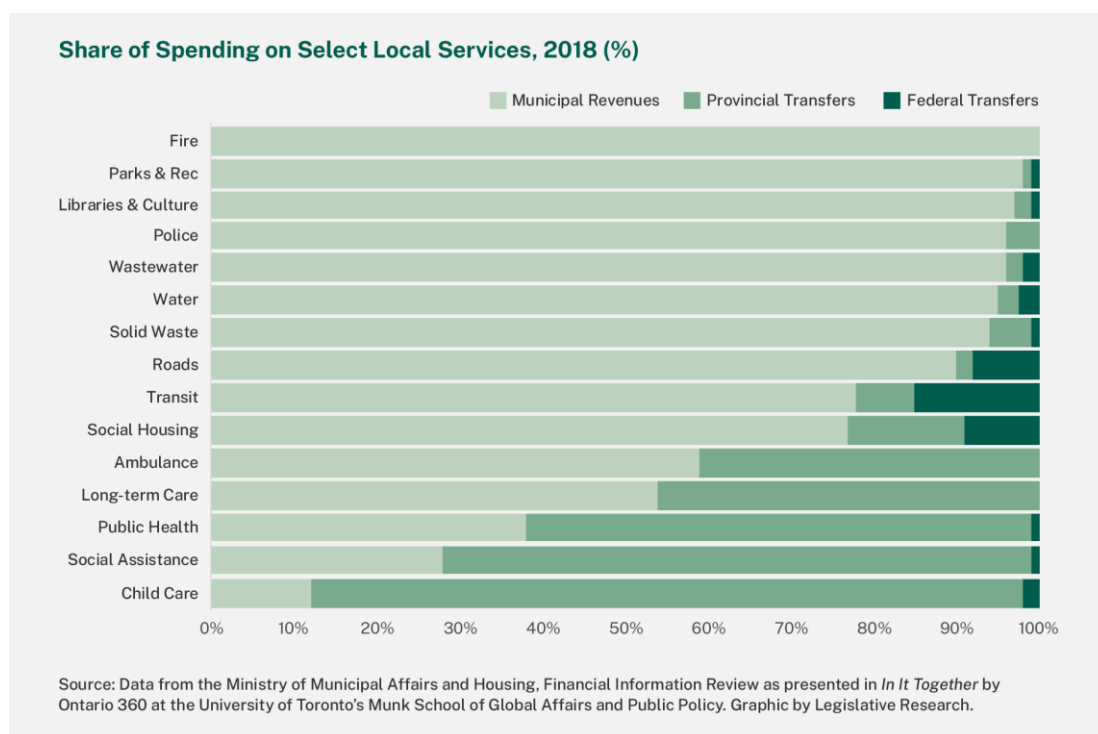
The Ministry is proposing amendments that would allow municipal councils and local boards to meet electronically at any time, not just during emergencies. Municipal councils would also have the choice to allow their members to vote by proxy in certain limited circumstances.

Financial Impacts on Municipalities

The Ministry's municipal services offices are examining the financial impacts of COVID-19. The Minister referred to amendments to the *Development Charges Act, 1997* found in Bill 197, the *COVID-19 Economic Recovery Act, 2020*, which expands the list of services for which a development charge can be imposed and sets out the relationship between development charges and the community benefits charges that can be imposed by by-law under the *Planning Act*. The Minister stated that these amendments will ensure that growth pays for growth, and that critical social infrastructure can be paid for through development charges rather than through the property tax base.

Sector Snapshot

Ontario has 444 municipalities, which are responsible for a number of “on the ground” services, including libraries, parks and recreation, fire services, public utilities, waste management, maintenance of local roads, public transit, police services, public health, and social housing. Forty-seven Ontario municipalities have been designated as service managers for the delivery of social assistance, child care, and social housing. Some of them are also responsible for land ambulance and other matters. In many cases, municipalities are responsible for funding the largest share of many of these services.



Ontario municipalities collectively spend more than \$64 billion every year on public services, including both operating and capital expenditures. As much as 80% of this funding is directly raised by municipalities from “own-source revenues.” The largest of these is the property tax, a portion of which is set by the municipal government to fund its operations. Additional revenue comes from user fees or non-tax revenue (e.g., parking fines). Combined, provincial and federal government grants and subsidies are the second largest contributor to Ontario’s municipal revenues.

The Province limits how much municipalities can borrow to ensure debt responsibility—municipalities cannot borrow for operating expenditures, only for capital works. A municipal deficit must be carried over into the following year and its repayment must be the first item on the budget agenda.

Municipal Revenues by Source, 2018 (%)



Source: Data provided to the Standing Committee on Finance and Economic Affairs by the Municipal Finance Officers' Association of Ontario. It includes cash revenue sources only and excludes revenues that are unique to the City of Toronto. Graphic by Legislative Research.

Prior to the COVID-19 pandemic, Ontario's municipalities were lobbying the Province for expanded access to revenue tools, and especially for more taxing abilities, in order to establish greater fiscal autonomy and to diversify their revenue sources. Toronto was granted additional revenue powers under the *City of Toronto Act, 2006*, including the power to levy a land transfer tax, a vehicle registration tax, an alcohol and tobacco tax, an entertainment tax, and a billboard tax.

Impacts

Delivering Essential Services

The COVID-19 pandemic has demonstrated the vital role municipalities play in daily life. The Committee heard from municipalities about the frontline support they have been delivering to their communities during the COVID-19 pandemic:

When you look at municipal essential workers, we're talking about unsung heroes: transit operators, waste collection, first responders, paramedics.

City of Brampton

Municipalities have played an essential role in the emergency response. We have kept communities safe, provided urgent assistance to the most vulnerable, kept emergency and other essential services running, such as transit and safe drinking water, and taken up the front line in public health, paramedic services, homelessness, shelters, child care and long-term care—but at a substantial cost. Municipal governments in every part of Ontario, rural and urban, large and small, have faced massive increased costs for human services.

Association of Municipalities of Ontario

These services are the foundation of civil society and are needed to maintain public health and societal functioning. During the darkest days of the pandemic, citizens never had to fear for lack of these essential services.

Town of Tecumseh

Municipal councils have been assessing and responding to the needs of their communities in their response to COVID-19. For example, the City of London created the Mayor's Economic Impact and Recovery Task Force and the Mayor's Social Impact and Recovery Task Force to obtain feedback and provide support to various local community groups and organizations.

Municipal Budgets

The Committee heard from municipalities across Ontario that COVID-19 has disrupted municipal finances due to losses of revenue and new expenses. While having mitigated their losses where feasible, municipalities have been left with budgetary shortfalls. In many cases, municipalities have used some of their capital reserves to pay for operating expenses resulting from the COVID-19 pandemic.

Many municipalities noted they have limited capabilities to raise funds and an inability to run deficits. The Committee heard that municipalities do not want increased borrowing abilities or deficit financing. Instead, they would like additional revenue powers and support from the provincial and federal governments.

The Association of Municipalities of Ontario (AMO) summarized the options municipalities are facing now as they work on their 2021 budgets if they do not receive adequate funding from the federal and provincial governments:

But without an adequate federal-provincial emergency relief program, we are instead looking at implementing property tax hikes, cutting services, laying off more of our workforce and delaying capital projects.

For example, the Committee heard from Orillia that it is projecting a shortfall of \$5.5 million in 2020. Without service cuts, Orillia estimates the city would require an approximate 9% increase in property taxes. The Region of Peel said that it is projecting a \$39 million operating deficit for 2020, after taking savings into account, largely due to an increase in operating costs for critical frontline services. The City of Vaughan estimates that the net financial impact of COVID-19 in 2020 and 2021 will be approximately \$45 million.

The Municipal Finance Officers' Association of Ontario told the Committee that a one-size-fits-all approach is not helpful to improve municipal finances. Instead, flexibility should be a guiding principle for assisting municipalities as they seek to maintain their levels of service without burdening them with debt. Several witnesses stated that the COVID-19 pandemic has resulted in deficits for municipalities in the immediate term but also raises important financial questions over the long term since permanent changes to how business is conducted will impact future revenues.

Municipalities expressed their support for the national effort of the Federation of Canadian Municipalities (FCM) to secure at least \$10 billion dollars in emergency operating funding for municipalities across the country, to be funded fully by the federal and provincial governments. According to the FCM, this funding would bridge municipalities' fiscal shortfalls for a six-month period starting in March 2020 and it would be comprised of at least \$7.6 billion for direct federation allocations to all municipalities and \$2.4 billion for those with transit systems.

According to the AMO, immediate relief funding from both levels of government will shore up the municipal sector, ensuring municipalities can lead the economic recovery locally in their communities with beneficial effects for provincial and national economies.

Revenue Losses

Deferrals, waived fees, and loss of user fees

Municipalities have sustained significant revenue losses as a result of the pandemic. The Committee heard that to assist with short-term liquidity pressures in the community, many municipalities have deferred the payment of property taxes, utilities, and rents, and waived public parking fees, traffic tickets, and penalties and interest on taxes. For example, the City of Mississauga deferred \$700 million in property and other taxes. Revenues have declined by \$12 million in Guelph and by \$2.9 million in Timmins.

Multiple witnesses stated their municipalities have sustained a loss of user fees such as registrations for recreational programs and rent for city facilities. Some of these losses are unrecoverable and the revenue shortfalls are anticipated to have a long-term impact.

Transit

Municipalities with public transit said that fare revenues have decreased significantly or altogether. For example, Waterloo Region reduced transit fares to reflect demand and provided free transit to essential workers. Other municipalities, such as Orillia, Windsor and Mississauga, have been running transit services without collecting fares due to rear-boarding and the need to keep drivers distanced from riders.

In its written submission to the Committee, the City of Toronto noted that the Toronto Transit Commission (TTC)—Ontario's largest transit operator—has experienced a significant decline in ridership, down by as much as 86% at the height of the pandemic at the end of April but slightly rebounding since then. As of mid-July, ridership and revenues were down by approximately 70%.

There has been an associated decline in TTC revenue of approximately \$21 million per week since emergency orders were initiated in mid-March. City of Toronto staff estimate the financial impact on TTC Conventional Service could be up to \$699 million at year-end primarily due to ridership revenue continuing to be significantly impacted by COVID-19.

Airports

Certain municipalities that receive income from their local airports, such as Mississauga, Timmins, and Windsor told the Committee they have seen a decline in those revenues due to significantly reduced passenger numbers and airport operations.

For example, the City of Mississauga receives Payment in Lieu of Taxes (PILTs) revenue based on a per passenger count from the Greater Toronto Airports Authority for the Toronto Pearson International Airport. The city receives this income with a 2-year lag, and anticipates an \$18 million loss in 2022 and \$17 million loss in 2023.

Development-related revenues

Municipalities are also facing reduced revenues connected to development. The Committee heard that Peel region is forecasting a significant shortfall in development charge revenues, estimated to be \$600 to \$700 million over the next five years, which will require the municipality to take on more debt. Sioux Lookout also told the Committee that its building permit revenues have declined by 87% compared to the same period in 2019. This represents a \$76,000 loss in permit revenue.

Infrastructure and Capital Projects

Some municipalities have used funds in their capital reserves that would have been used for capital expenditures, such as infrastructure replacement and growth, towards their COVID-19 response. Several witnesses told the Committee that their municipalities are deciding which infrastructure projects will go forward, be delayed, or canceled. For example, the City of Vaughan has deferred non-critical projects to 2021.

In Sioux Lookout, approximately \$75 million dollars in infrastructure projects has been delayed due to COVID-19. The \$1.6 billion Watay Power Transmission Line project was also delayed. The project's anticipated 250-person base camp could positively impact the local food, retail, and service industries.

Given that many infrastructure projects are interrelated, delays of some create a domino effect, impacting others. Peel Region told the Committee that these decisions will impact the ability of municipalities to provide supports for immigration, housing, and population growth and will have long-term consequences. Several municipalities said they have shovel-ready projects that are waiting for funding.

Increased Expenditures Related to the COVID-19 Pandemic

COVID-19's effect on municipalities has included an increase in certain operating expenditures. The Committee heard that municipalities have had to retrofit municipal facilities, including transit, to allow them to be safe while serving the public. This has included purchasing additional cleaning supplies, sanitizers, and personal protective equipment, and conducting screenings for COVID-19. For example, the City of Guelph has spent \$1.3 million on unbudgeted COVID-related costs. Kitchener said that moving some services online has also resulted in additional costs.

Multiple witnesses noted an increase in operating costs for critical frontline services, including public health, long-term care, paramedic services, and homelessness and shelter programs. For example, Waterloo Region rented a hotel to house unsheltered individuals and provided them with 24-hour programming of various health services. Niagara Region is anticipating a funding shortfall of \$7 million of incremental costs for the region's 957 long-term care beds.

Cost Reduction Efforts

Municipalities have made efforts to contain or reduce their costs. The Committee heard that numerous municipalities have let go part-time and seasonal staff and implemented hiring freezes.

Municipalities have reduced discretionary spending, including in areas such as travel, professional development, and non-essential materials and supplies. They have also realized some savings from reduced insurance benefits and utility costs. For example, Windsor realized \$3 million in savings on its Green Shield benefits for staff as a result of a significant reduction of claim draws during the height of the pandemic. Many said that despite undertaking cost-saving measures and efficiencies, they are still projecting deficits.

For example, the City of Mississauga has laid off 2,000 temporary workers, instituted a hiring freeze, and cut all discretionary spending. This has resulted in \$47 million in savings. However, the city is facing over \$60 million in unrecoverable losses in 2020.

Rural and Northern Communities

The COVID-19 pandemic has demonstrated the need for better broadband and cellular connectivity in rural and northern communities. For example, in Ear Falls, broadband connectivity is very poor, which has made remote learning difficult for students. There are concerns that if schools do not physically re-open, many students will be left behind. This issue is also important given that, as pointed out in Renfrew's presentation, more people are now working from home.

Tecumseh said that the Ontario Community Infrastructure Fund (OCIF), which provides funding for small, rural and northern communities to develop and renew their infrastructure, has been a good source of revenue for these communities.

Indigenous Communities

The Committee heard from the Ontario Aboriginal Housing Services that

there are over 400,000 Indigenous people in Ontario, and 86% live in urban and rural areas. . . Although Indigenous people account for 3% of Ontario's population, cities indicate that anywhere from 27% to 99% of people experiencing homelessness are Indigenous.

In its submission, Timmins noted that 90% of its homeless population is Indigenous people who have migrated into the city from the coast. The city pays 65% of the District Social Services Administration Board's budget, which is underfunded to adequately address homelessness and addictions issues. The urgency is anticipated to increase over the course of the COVID-19 pandemic.

Witness Recommendations

Municipalities that made submissions to the Committee put forward similar proposals on how to support municipalities through the pandemic, including increased funding, additional revenue streams and infrastructure investments, as summarized below.

- *Emergency funding*—Provide immediate emergency operating funding on an equitable basis to offset lost revenues and incremental service costs in order to fund current municipal operations, in accordance with a call by the Federation of Canadian Municipalities for at least \$10 billion.
- *Recovery plan*—Develop a comprehensive recovery plan to address COVID-related impacts for municipalities as they work to gradually reopen the economy.
- *Intergovernmental partnerships*—Create a longer-term partnership agreement between municipalities and the federal and provincial governments to create sustainable revenue streams for the future.
- *Infrastructure*—Accelerate both provincial and federal infrastructure programs, including the approval of Investing in Canada Infrastructure Program (ICIP) projects to get infrastructure funding flowing as soon as possible, particularly for shovel-ready projects.
- *Transit funding*—Increase the funding provided to municipalities through the Provincial Gas Tax Program to offset transit losses and to continue transit operations without fare increases.
- *Broadband expansion*—Improve upon Ontario's broadband action plan to ensure that high-speed broadband connectivity is available to everyone and explore the option of making broadband access an essential service and lobby the federal government for better access.
- *Revenue tools*—Engage municipalities in a discussion to explore new municipal revenue sources and tools to address fiscal imbalances of local communities.

- *Municipal services*—Invest in municipal services such as transportation and transit, affordable housing, child care, water and wastewater, flooding and stormwater management, energy and conservation, and others, which will get Ontarians back to work.
- *Regulatory review*—Review legislation and regulations, and eliminate administrative requirements to ensure municipalities are not unduly burdened.
- *Housing*—Explore opportunities to make home ownership more affordable (e.g., suspending the Land Transfer Tax).
- *Supply chains*—Use local labour and local supply chains efficiently.

THE CONSTRUCTION AND BUILDING INDUSTRIES

Ministry Update

Ministry's Response

As noted earlier, Ontario's Minister of Municipal Affairs and Housing, the Honourable Steve Clark, presented to the Committee on July 13, 2020. The Minister outlined steps the government has taken to address the effects of COVID-19 on the construction and building industries.

- The Ministry of Labour released guidance documents to help employers better understand their responsibilities and what is needed to prevent the spread of COVID-19, including with respect to on-site sanitation, tracking and monitoring of workers, and the importance of practicing social distancing on the job site.
- In April, the Ministry of Municipal Affairs and Housing temporarily limited municipal noise bylaws to extend construction hours to allow for safer, staggered shifts for construction workers for projects and services related to health care.
- An emergency order made it possible to build urgently needed temporary health and shelter facilities across the province.
- The Minister made changes to the Building Code to ensure that local building officials could keep reviewing building permits and conducting inspections so construction of new hospitals and housing projects could continue.
- In May, restrictions were eased on essential construction to allow more people to return to work.
- Changes permitted below-grade, multi-unit residential construction projects to begin, such as apartments and condominiums, and existing above-grade projects to continue.
- As the conditions improved and based on the advice of the Chief Medical Officer of Health, the government allowed all construction activities.

Building Code

The Minister made remarks about Bill 197, the *COVID-19 Economic Recovery Act, 2020*, which proposed changes to the *Building Code Act, 1992*. The Minister stated this bill, if passed (it subsequently passed and received Royal Assent on July 21, 2020), will

- enable the future creation of an administrative authority to help deliver faster and better services;
- make it easier to make changes to the Building Code when responding to urgent public safety matters; and
- achieve cross-country harmonization and timely adoption of construction codes as committed to under the Canadian Free Trade Agreement.

Minister's Zoning Orders and Greenbelt Protection

The Committee heard that the Ministry is also proposing to enhance the existing minister's zoning order authority to reduce approval delays on key projects that local communities need like those that will support the province's economic recovery and leverage its transit investments. The Minister stressed that the government's commitment to protecting the Greenbelt has not changed and that it will not consider any requests for development in the Greenbelt.

Housing

The Minister said that housing is an important determinant of health and that the Ministry has provided a total of \$350 million in social service relief funding to housing partners thus far.

In March, the government suspended residential evictions and announced \$200 million in initial social service relief funding. Of that amount, \$148 million was given to service managers and Indigenous program administrators to strengthen community programs, including their housing and their homelessness systems. This funding has been used to find ways for people to self-isolate, such as using hotels and motels, hiring extra staff for homeless shelters, bringing in protective equipment, and short-term rental assistance.

The Minister also announced that the government is doubling its investment for housing and homelessness supports under the Social Services Relief Fund with an additional \$150 million. The Minister told the Committee that the additional funds are critical because service managers have said that the initial investment is helping to save lives and this funding can also be used to help create longer term, innovative and more sustainable solutions by building on some of the ideas that are already out there.

Sector Snapshot

Ontario's construction and building industries comprise a major economic sector in Ontario. Statistics Canada estimates that 563,000 Ontarians worked in the sector in March, 2020, with 166,000 working in the closely related real estate, rental and leasing sector in 2019. Many of these jobs are concentrated in the Greater Toronto and Hamilton Area. In its testimony to the Committee, the Building Industry and Land Development Association (BILD) estimated that construction in the GTHA alone comprised 361,000 on and offsite jobs, contributing approximately \$22 billion annually in wages.

Witnesses noted the particular importance of the housing industry within the larger construction sector. The Ontario Real Estate Association (OREA) estimates that the housing industry generated approximately \$107 billion in economic activity in 2019.

The sector is broad, ranging beyond the trades directly engaged in construction activities. Other subsectors within or closely related to the construction sector include building material producers and distributors, trucking, and professional services such as real estate, finance, planning and engineering.

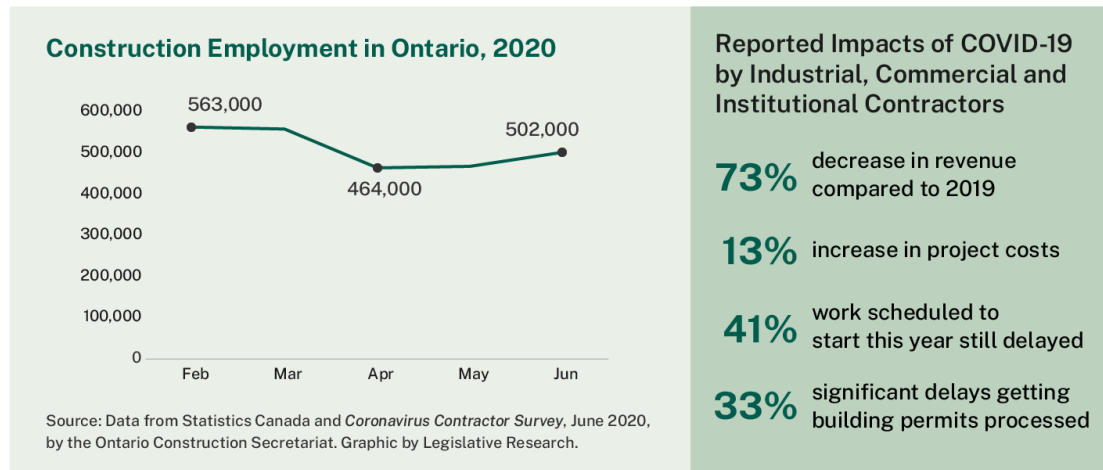
Impacts

The Committee heard that COVID-19 has had severe impacts on the construction industry due to delays, supply chain issues, and limits on the numbers of workers onsite, among other challenges. Some witnesses, such as the Residential Construction Council of Ontario (RESCON), noted that the sector managed to weather the immediate effects of the pandemic by quickly implementing measures to ensure job site safety. However, the Committee heard that despite a modest rebound in construction activity since the lockdown began, the pandemic will likely have knock-on effects in the months ahead, as delays in approvals and distancing measures will decrease the numbers of completed projects.

There is also uncertainty about whether scheduled projects will proceed, and the long-term impact of an economic slowdown on land development in Ontario. Some witnesses noted the impact of the 2008-2009 economic crisis on the housing supply, as economic uncertainty put downward pressure on the number of housing starts in the province. Some have reported that the industry did not fully recover from that previous crisis until early this year, just prior to the current lockdown.

The Committee heard that the commercial real estate sector is coping with uncertainty and additional costs as more people work from home. In addition, commercial operators have new requirements for office settings, such as extra cleaning, elevator management and other upgrades. The Real Property Association of Canada (REALPAC) testified that hotels, and restaurant and retail tenancies are especially precarious due to travel restrictions, social distancing and increased online shopping.

Many presenters, while offering recommendations for assistance to the construction industry, expressed gratitude for the government's early actions that allowed them to continue working, albeit at a reduced rate.



Construction Activity Slowdown

The initial impact of COVID-19 on the construction industry was a slowdown of activity between March and mid-May, as many construction sites, with some limited exceptions, were required to close. The Committee heard that there has been a modest rebound since that time, and many jobsites were able to put measures into place to ensure the safety of workers.

Despite the rebound, there have been overall decreases in economic activity when compared to last year. For instance, RESCON estimates that the residential construction industry is operating at between 75 and 95% of its normal capacity now, although this is an improvement from a low of 40 to 50% immediately after the lockdown began. Concrete Ontario noted that many of its members are back to near-normal production levels, but have experienced an overall decrease of about 20% in the amount of concrete produced in the province as a result of the lockdown.

Witnesses expressed concern about the potential long-term impacts of months of reduced activity, particularly in Ontario's shortened construction season. The London and District Construction Association (LDCA) told the Committee that the industry is "cash-flow efficient," meaning that it operates with slim margins. As such, slowdowns can limit the profitability of development, leading to less investment. In addition, construction financing is often stretched over long periods of time due to holdbacks and other mechanisms, meaning that the slowdown may reduce builders' ability to stay profitable over the long term.

Cash has to flow very efficiently for our members not to be harmed. And in . . . our sector of construction, it is generally a lot of cash flow going out, and you wait 30, 60, 90, 120 days to get paid; all the while, you are consuming your bank credit availability.

Witnesses testified that a prolonged economic slowdown could hinder new development and projects, if consumer confidence is diminished.



Supply Chain Issues

The construction sector relies on a complex global supply chain for its critical building materials. A recurring theme in the hearings was how supply chain disruptions caused delays that still continue to hamper projects, even after many restrictions have been lifted. One reason for the disruptions is that many materials and finished goods used in construction come from the United States or overseas, and travel bans and other restrictions have slowed their import. The Ontario Home Builders' Association (OHBA) testified that further supply chain issues may be expected in the fall, when current stockpiles of foreign-made supplies are exhausted. The OHBA specifically noted assembled goods such as furnace, window, door and lock supplies as being prone to disruption.

This issue was noted by other witnesses. For instance, the Heating, Refrigeration and Air Conditioning Institute of Canada said that most of the equipment used in that industry is made abroad, and that the Canadian trade is largely restricted to distribution and installation, rather than manufacturing.

Witnesses noted that the pre-pandemic shortage of truck drivers has been further exacerbated by the pandemic, driving up costs and lengthening delivery times in some instances. Walker Aggregates testified that while the Canadian Emergency Response Benefit (CERB) was a welcome relief early in the lockdown, it may have encouraged workers in the supply chain to stay home, adding to costs and delays.

Safety Measures

Many witnesses told the Committee that the sector had taken strict measures to prevent the spread of COVID-19, based on Ministry of Labour guidelines. Measures included:

- staggered shift times;
- sanitization regimens;
- making personal protective equipment (PPE) available to all employees;
- contact tracing; and
- striking health and safety committees.

However, the Committee heard that these measures, while helpful in keeping projects moving, added unanticipated costs.

Many witnesses expressed appreciation for the government's temporary extension of construction hours, noting that it helped to mitigate the lengthened project times and to practice distancing.

I think we successfully steered our way through that in construction, and that was in large part through the collaborative effort of industry, unions, employers and government.

Labourers' International Union of North America

Delays

Many of the impacts described above have resulted in project delays. The Committee heard that most residential projects have been delayed, with 32% of Greater Toronto Area (GTA) projects in the planning phase estimated to be delayed by six months or more. BILD quoted a study by the Altus Group, which estimated that residential construction delays could result in the loss of over 9,000 housing units over the next two years, with the delayed occupancy of over 8,000 units by the end of 2021.

The Committee heard concerns over delays or cancellation of public infrastructure projects. For instance, the Labourers' International Union of North America (LiUNA), noted the number of large transit infrastructure projects in the planning phase that have been delayed due to the pandemic.

The recent suspension of approvals timelines under the *Planning Act* was also cited as a cause for delays. The NHBA was concerned that the suspension would lead to increased costs, noting in particular the potential for increased development charges if delays push project completions into the next calendar year (when development charges typically increase).

Common Concerns and Recommendations for Recovery

A consistent refrain from witnesses was the need for a clear recovery plan that would leverage construction, particularly in homebuilding and infrastructure projects, to drive economic activity and support jobs. The Committee heard about sector-specific actions that could facilitate a recovery. These include investing in

infrastructure, reviews of the regulatory and tax framework, and incentives for building or renovating. A common theme throughout the recommendations is the need to remove impediments to construction and development, to expedite economic recovery.

Construction has a track record as the most reliable and the fastest engine for economic growth and can act as the foundation for economic stimulus. It can drive the post-pandemic development and is vital to stimulating medium- and long-term economic growth.

Cement Association of Canada

Leveraging Infrastructure Spending

Many witnesses noted the potential for leveraging infrastructure spending to boost the economy. The Committee heard that infrastructure projects could create jobs and spinoff economic activity, while building public assets. Witnesses emphasized the importance of existing infrastructure spending programs, because they already have funding and an inventory of approved projects.

Another theme was that the Province should strengthen its partnership with the federal government to build infrastructure, and to accelerate the funding commitments already made under the Investing in Canada Infrastructure Plan.

The public, we believe, doesn't want to tolerate further delay in developing our infrastructure, particularly in transit.

LiUNA

Witnesses stressed the importance of advancing “shovel-ready” projects to expedite recovery. For instance, the Building Industry and Land Development Association (BILD) asked that approvals be expedited for projects for which the federal government has committed funding. The Committee heard that infrastructure investments are also required to prepare land for residential development, especially outside of traditional growth centres. For instance, the Quinte Home Builders' Association (QHBA) told the Committee that the Quinte region expects new pressures from migrating GTA residents, especially as companies allow more employees to work remotely.

The Durham Region Home Builders' Association urged the government to prioritize four announced GO Transit stations in Durham Region. The stations could encourage residential construction activity in the region, which would provide more housing options for residents.

The Cement Association of Canada noted that infrastructure investments should also include “state-of-good-repair” activities and life cycle cost analysis. This is consistent with the testimony of municipal witnesses, who cited the challenges of maintaining existing assets.

Witness Recommendations

- *Infrastructure projects*—Proceed with infrastructure to drive economic recovery while providing jobs and building public assets. Focus on “shovel-ready” projects.
- *Maintenance*—Invest in maintaining existing infrastructure in a “state-of-good-repair.”

Regulations

The Committee heard about the challenges of navigating the province’s regulatory framework in order to bring housing and other developments to market. Witnesses noted the length of time that is required to secure approvals from municipal and provincial authorities, particularly for housing development. For instance, BILD told the Committee that housing projects can take over ten years from the approvals process through to completion. OREA noted that reducing red tape could improve housing affordability, and could be a “low-cost solution” for governments seeking to attract development.

Specifically, witnesses were concerned with the planning approvals process, which can add costs and delays to projects. The Committee heard that municipal zoning by-laws should be updated to reflect where growth is intended to occur, such as along major arteries, rather than requiring time-consuming zoning by-law amendments on a case-by-case basis.

Digital modernization was another theme, particularly in how the pandemic has accelerated the adoption of digital tools. For instance, REALPAC suggested digital tools could be used to streamline regulatory processes, such as for virtual inspections. The Ontario Building Officials Association (OBOA) estimated that 70% of all municipalities will have adopted online application submission options for various approvals by 2022. Further, the OBOA suggested that the Province focus on standardizing how information is transferred between provincial, municipal and other regulatory bodies.

If you would have asked me in January or February where this whole electronic platform was going, my answer would have been different than what it is today. . . But now COVID-19 has really forced us to make those changes.

OBOA

Some witnesses pointed to opportunities in harmonizing the Ontario Building Code with the National Building Code to increase certainty and familiarity. The OBOA

suggested that the Ontario Building Code could be made more user-friendly to increase public trust and understanding.

The National Elevator and Escalator Association (NEEA) told the Committee that Ontario does not currently have standards for the minimum number of elevators required in a building. The witness noted that this will be more important in a post-pandemic world, where social distancing may require extra elevator capacity. The NEEA pointed out that International Standards Organization (ISO) standards for elevator capacity have been adopted in many jurisdictions, and suggested that they could be directly inserted into the Building Code.

Witness Recommendations

- *Red tape reduction*—Reduce red tape to bring housing and other developments to market faster. This could reduce costs for developers and homebuyers, while freeing up capital for other projects.
- *Planning approvals*—Streamline the planning approvals process. Require that zoning be updated to reflect where growth is anticipated in official plans, and to allow for greater density where appropriate.
- *Building Code harmonization*—Harmonize the Ontario Building Code with the National Building Code to improve consistency and familiarity. Consider including elevator traffic standards in the building code, similar to ISO standards.
- *Digital modernization*—Digitize more processes, including applications, approvals and inspections. Standardize digital information so that it can be more easily shared between approvals authorities.

Taxes, Fees and Charges

Another common theme was the role of taxes and other fees and charges in incenting or discouraging economic activity. The Committee heard that approximately 25% of a new home's cost results from taxes and other related fees, including development charges, land transfer taxes, HST and community benefits.

The Committee heard that the Ontario Land Transfer Tax could be suspended temporarily to boost consumer activity. Some witnesses suggested putting caps on planning related fees, or freezing development charges (which are charged on a per-unit basis to help pay for increased municipal services). The NHBA suggested that development charges be indexed annually after a temporary freeze.

That's why we're recommending that the [Committee] look at a short-term land transfer tax holiday. . . It could inject some badly needed inventory, and . . . act as a moderating influence on those increases in prices.

Witnesses also told the Committee that the threshold for the HST rebate on new home construction should be increased to \$600,000 to reflect the costs of new homes and make them more affordable. The threshold is currently set at \$400,000. The Durham Region Home Builders' Association suggested that this could make new homes competitive with resale homes, which are not subject to HST.

Witness Recommendations

- *Tax review*—Review Ontario's taxes to better encourage development and investment.
- *Ontario Land Transfer Tax*—Temporarily suspend the OLTT to encourage activity in the housing market and encourage more listings.
- *HST rebate*—Increase the threshold to \$600,000 for eligibility for an HST rebate on a new home purchase to better reflect current housing prices, encourage activity in the new home market, and make new homes competitive with resale homes.
- *Planning related fees*—Put caps on planning related fees, such as development charges, to encourage development. Index fees to inflation for greater cost certainty.

Housing

Housing helped make Canada's economic revival following the recession of 2009, and we can do it again.

OREA

The Committee heard from many witnesses about the importance of housing, both as a public health matter, and as an economic driver. The importance of access to affordable and safe housing was a common theme, particularly during a pandemic that required people to remain at home. Witnesses shared the Minister's view that housing is a determinant of health, and recommended that the Province dedicate funding to supportive and affordable housing.

Another housing-related theme was the potential for the residential construction industry to drive economic recovery. Several witnesses noted the multiplier effect of housing investments, which can result in increased economic activity and jobs. For instance, Indwell estimated that each apartment unit creates one full year of employment. BILD noted that investments in housing, including through tax incentives, return dollars to the public coffers in the form of taxes generated by economic activity.

The Committee heard about the need to increase the province's housing supply in order to ensure affordability. For example, the Federation of Rental Housing Providers of Ontario (FRPO) estimated that 200,000 more rental units than are

currently planned need to be constructed to meet demand. Witnesses recommended that the government consider policies such as allowing greater density on existing properties, or, as described above, removing other regulatory impediments to development. The Co-operative Housing Federation of Canada suggested that the government take an “affordable housing first” approach when selling off surplus land.

Indigenous Housing

Ontario Aboriginal Housing Services (OAHS) told the Committee that the homeless and people living in congregate housing settings are more likely to contract COVID-19. The Committee heard that one in five Indigenous Ontarians do not have access to affordable housing. OAHS estimated that it costs approximately \$100,000 annually per person to deal with homelessness through the shelter system, hospitalization or incarceration, and told the Committee that the money could be more effectively spent on partnering with community organizations to provide appropriate housing. The witness testified that these kinds of investments have multiplier effects that drive economic activity.

Witness Recommendations

- *Housing supply*—Consider policies that will boost the province’s housing supply in order to make housing more affordable. These can include regulatory reform and tax incentives.
- *Surplus lands*—Release government surplus lands for affordable residential development.
- *Affordable housing*—Maintain and grow Ontario’s affordable housing stock.
- *Community partnerships*—Partner with community organizations to deliver affordable and supportive housing.

Domestic Building Supply Industry

The Committee heard that supply chain issues suggest a need for a stronger domestic building supply industry. For instance, Ontario has an opportunity to produce value-added wood products such as mass timber components to offset delays, and provide an economic boost for resource-rich regions like Northern Ontario. Some witnesses suggested that governments adopt local purchasing policies. However, the Association of Municipalities of Ontario noted that “buy local” policies may be limited due to restrictions in international trade agreements.

We absolutely need to do our best to secure the supply chain. . . we should be doing what we can to make sure that we have what we need.

Quinte Home Builders Association

Witness Recommendations

- *Domestic supply chain*—Encourage the development of domestic supply chains for building materials. This could boost economic activity in Northern Ontario and other regions that have natural resources required for building, such as timber. A domestic building industry could also provide some protection from disruptions in the global supply chain.

Home Renovation Tax Credit

Many witnesses suggested the potential for a home renovation tax credit to boost the renovation sector. A similar federal program had been initiated following the 2008-2009 economic crisis, and was pointed to as a successful model. The Committee heard that a home renovation tax credit could be tailored for specific policy outcomes, such as energy performance improvements, aging in place remodelling for seniors, or COVID-related upgrades, while supporting jobs.

The Committee heard that this type of credit could reduce the illegitimate underground renovation economy, which evades taxes and does not have health and safety oversight. By requiring homeowners to submit receipts in order to qualify, the NHBA suggested that a credit could put “more cash into the provincial coffers in the long run” because legitimate contractors would be paying tax on their revenues from the work. Statistics Canada had calculated that the federal program took \$800 million out of an estimated \$2 billion underground renovation economy, while generating \$4.3 billion in economic activity. The OHBA noted that, according to a study by the Altus Group, every dollar returned to a consumer through a tax credit generates between \$6 and \$7 in economic activity.

Witness Recommendations

- *Home renovation tax credit*—Encourage economic activity by creating a home renovation tax credit. The credit could be applied to energy performance improvements, aging in place renovations, or COVID-related upgrades. Consider making a tax credit permanent.

Surety Bonds

Municipalities commonly require developers to provide a letter of credit to ensure that certain work is completed on a development, such as roads, sewers or other infrastructure. The Committee heard that letters of credit reduce developers’ capacity to make further investments that could support jobs and other economic activity. The NHBA estimated that letters of credit account for \$750 million in frozen capital province-wide. As an alternative, witnesses suggested that the Province require municipalities to accept surety bonds instead of letters of credit. Surety bonds are contracts that bind the contractor and municipality to a third party guarantor, who, on behalf of the contractor, provides a financial guarantee that the work will be completed. The Committee heard that surety bonds could help developers retain

their liquidity and continue accessing credit for other projects, without additional costs to government.

So if that working capital could be opened up, it will create jobs, create more housing, create more affordable housing and housing affordability. That's a big, big issue that does not cost the Province, the municipality or the federal government one dime.

NHBA

Witness Recommendations

- *Surety bonds*—Require municipalities to accept surety bonds in place of letters of credit, in order to free up capital for other projects.

Addressing the Trades Shortage

The Committee heard that the pandemic may provide opportunities for retraining in the skilled trades. The shortage of tradespeople in Ontario is a perennial issue, and witnesses felt that the construction sector had the potential to absorb former tourism and hospitality workers who have been laid off due to COVID-19. For instance, the NHBA noted that the Niagara region, which is heavily reliant on tourism, has been especially hard hit by COVID-19, and it may present an opportunity to address the shortage. The Committee heard that retraining and local recruitment could form part of the tender process for large infrastructure projects, such as was done for Toronto's Eglinton Crosstown LRT.

Witness Recommendations

- *Retraining*—Provide opportunities for workers whose industries have been affected by the pandemic, particularly in the hospitality and tourism sectors, to retrain in the skilled trades. Encourage participation by underrepresented groups, like women and Indigenous people.
- *Recruitment*—Encourage the use of local labour and local supply chains for local infrastructure projects, where possible, through the request for proposal (RFP) process.
- *Apprenticeships*—Allow apprentices in the skilled trades to work for more than one company.

Witness Recommendations

The recommendations made by witnesses from the building and construction sectors are summarized below.

- *Infrastructure projects*—Proceed with infrastructure to drive economic recovery while providing jobs and building public assets. Focus on “shovel-ready” projects.
- *Maintenance*—Invest in maintaining existing infrastructure in a “state-of-good-repair.”
- *Red tape reduction*—Reduce red tape to bring housing and other developments to market faster. This could reduce costs for developers and homebuyers, while freeing up capital for other projects.
- *Planning approvals*—Streamline the planning approvals process. Require that zoning be updated to reflect where growth is anticipated in official plans, and to allow for greater density where appropriate.
- *Building Code harmonization*—Harmonize the Ontario Building Code with the National Building Code to improve consistency and familiarity. Consider including elevator traffic standards in the building code, similar to ISO standards.
- *Digital modernization*—Digitize more processes, including applications, approvals and inspections. Standardize digital information so that it can be more easily shared between approvals authorities.
- *Tax review*—Review Ontario’s taxes to better encourage development and investment.
- *Ontario Land Transfer Tax*—Temporarily suspend the OLTT to encourage activity in the housing market and encourage more listings.
- *HST rebate*—Increase the threshold to \$600,000 for eligibility for an HST rebate on a new home purchase to better reflect current housing prices, encourage activity in the new home market, and make new homes competitive with resale homes.
- *Planning related fees*—Put caps on planning related fees, such as development charges, to encourage development. Index fees to inflation for greater cost certainty.
- *Housing supply*—Consider policies that will boost the province’s housing supply in order to make housing more affordable. These can include regulatory reform and tax incentives.
- *Surplus lands*—Release government surplus lands for affordable residential development.

- *Affordable housing*—Maintain and grow Ontario’s affordable housing stock.
- *Community partnerships*—Partner with community organizations to deliver affordable and supportive housing.
- *Domestic supply chain*—Encourage the development of domestic supply chains for building materials. This could boost economic activity in Northern Ontario and other regions that have natural resources required for building, such as timber. A domestic building industry could also provide some protection from disruptions in the global supply chain.
- *Home renovation tax credit*—Encourage economic activity by creating a home renovation tax credit. The credit could be applied to energy performance improvements, aging in place renovations, or COVID-related upgrades. Consider making a tax credit permanent.
- *Surety bonds*—Require municipalities to accept surety bonds in place of letters of credit, in order to free up capital for other projects.
- *Retraining*—Provide opportunities for workers whose industries have been affected by the pandemic, particularly in the hospitality and tourism sectors, to retrain in the skilled trades. Encourage participation by underrepresented groups, like women and Indigenous people.
- *Recruitment*—Encourage the use of local labour and local supply chains for local infrastructure projects, where possible, through the request for proposal (RFP) process.
- *Apprenticeships*—Allow apprentices in the skilled trades to work for more than one company.

COMMITTEE RECOMMENDATIONS

The Standing Committee on Finance and Economic Affairs recommends the following:

1. Provide immediate emergency funding on an equitable basis to offset lost revenues and incremental service costs to fund current municipal operations in accordance with a call by the Federation of Canadian Municipalities.
2. Develop a comprehensive recovery plan to address COVID-related impacts for municipalities as they work to gradually reopen the economy.
3. Expedite approvals for projects for which federal, provincial and/or municipal governments have committed funding. Focus on “shovel-ready” projects.
4. Expedite approvals for projects that include significant affordable housing components, enhance transit development or support community priorities (e.g., daycares, community facilities, etc.).
5. Reduce red tape to bring housing and other developments to market faster. This could reduce costs for developers and homebuyers, while freeing up capital for other projects.
6. Streamline the planning approvals process. Encourage that zoning be updated to reflect where growth is anticipated in official plans, and to allow for greater density where appropriate.
7. The Ontario government should continue to expedite the existing Streamlining Development Approvals underway, and facilitate best practices and digital tools to support municipalities.
8. Encourage as-of-right zoning (e.g., second unit suites allowed as a right) and reducing minimum parking requirements around transit stations.
9. Further harmonize the Ontario Building Code with the National Building Code to improve consistency and familiarity. Consider including elevator traffic standards in the building code, similar to ISO standards.
10. Remove barriers for innovative homeownership and housing models through exemptions to the Ontario Land Transfer Tax.
11. Consider policies that will boost the province’s housing supply in order to make housing more affordable. These can include regulatory reform and tax incentives.
12. Maintain and grow Ontario’s affordable housing stock.
13. Partner with community organizations to deliver affordable and supportive housing.

14. Consider releasing additional surplus lands for community benefits including new Long-Term Care facilities and affordable housing.
15. Encourage the development of domestic supply chains for building materials. This could boost economic activity across the province, while providing protection from disruptions in the global supply chain.
16. Encourage economic activity by creating a home renovation tax credit. The credit could be applied to energy performance improvements, aging in place renovations or COVID-related upgrades.

WITNESS LIST

Organization/Individual	Date of Appearance
Association of Municipalities of Ontario	July 15, 2020
Building Industry and Land Development Association	July 15, 2020
Building Industry and Land Development Association, Canadian Home Builders' Association, and Ontario Home Builders' Association	Written Submission
Canadian Union of Public Employees	Written Submission
Carpenters' District Council of Ontario	July 13, 2020
Cement Association of Canada	July 15, 2020
City of Brampton	July 14, 2020
City of Guelph	Written Submission
City of Kitchener	July 15, 2020
City of London	July 14, 2020
City of Mississauga	July 14, 2020
City of Orillia	July 15, 2020
City of Timmins	July 13, 2020
City of Toronto	Written Submission
City of Vaughan	July 14, 2020
City Youth Council of Toronto	July 14, 2020
Concrete Ontario	July 13, 2020
Corporation of the City of Windsor	July 14, 2020
Corporation of the Municipality of Sioux Lookout	July 13, 2020
Corporation of the Town of Renfrew	July 13, 2020
Corporation of the Town of Tecumseh	July 15, 2020

Organization/Individual	Date of Appearance
Durham Region Home Builders' Association	Written Submission
Federation of Rental Housing Providers of Ontario	July 15, 2020
Greater Ottawa Home Builders' Association	July 14, 2020
Greater Toronto Apartment Association	July 15, 2020
Heating, Refrigeration and Air Conditioning Institute of Canada	July 15, 2020
Indwell (Hamilton)	July 13, 2020
Labourers' International Union of North America Ontario Provincial District Council	July 15, 2020
Large Urban Mayors' Caucus of Ontario	Written Submission
London and District Construction Association	July 14, 2020
London Home Builders' Association	July 15, 2020
Ministry of Municipal Affairs and Housing	July 13, 2020
Mortgage Professionals Canada	July 13, 2020
Municipal Finance Officers' Association of Ontario	July 13, 2020
Municipality of West Nipissing	July 15, 2020
National Elevator and Escalator Association	July 15, 2020
Niagara Home Builders' Association	July 14, 2020
Niagara Region, in partnership with the 12 Local Area Municipalities	Written Submission
Nicolas Smit	July 13, 2020
Ontario Aboriginal Housing Services	July 14, 2020
Ontario Building Officials Association	July 13, 2020
Ontario Home Builders' Association	July 14, 2020
Ontario Non-Profit Housing Association	July 13, 2020

Organization/Individual	Date of Appearance
Quinte Home Builders Association	July 15, 2020
Region of Peel	July 13, 2020
Region of Waterloo	July 14, 2020
Regional Municipality of Niagara	July 14, 2020
RESCON	July 14, 2020
Simcoe County Home Builders' Association	Written Submission
The Co-operative Housing Federation of Canada	July 13, 2020
The Ontario Real Estate Association	July 15, 2020
The Real Property Association of Canada	July 14, 2020
Toronto and York Region Labour Council	July 14, 2020
Township of Asphodel-Norwood	July 14, 2020
Township of Ear Falls	July 13, 2020
Walker Aggregates Inc.	July 14, 2020
Waterloo Region Home Builders' Association	Written Submission

APPENDIX A:
TERMS OF REFERENCE*

That the Leaders of the parties represented in the Legislative Assembly as well as Independent Members may file copies of letters with the Speaker, who shall cause them to be laid upon the Table, containing their recommendations to the Minister of Finance with respect to the economic and fiscal measures they proposed to be included in the provisions of Bill 188, and such letters shall be deemed to be referred to the Standing Committee on Finance and Economic Affairs; and

That when the committees of the Legislature resume meeting, the Standing Committee on Finance and Economic Affairs shall be authorized to consider the Party Leader and Independent Member letters, together with An Act to enact and amend various statutes as passed by the Legislature today, with the first witness during such consideration to be the Minister of Finance;

** Votes and Proceedings, March 25, 2020, 42nd Parliament, 1st Session*

That, notwithstanding any Standing Order or Special Order of the House, the Standing Committee on Finance and Economic Affairs, and all other committees when they are authorized to resume meeting pursuant to the Order of the House dated March 19, 2020, are authorized to use electronic means of communication when meeting, and committee members, witnesses, and/or staff are not required to be in one physical place, in accordance with the following guidelines:

- a) The electronic means of communication is approved by the Speaker;
- b) The meeting is held in a room in the Legislative Building, and at least the Chair/Acting Chair, and the Clerk of the Committee are physically present;
- c) Other Members of the committee participating by electronic means of communication, whose identity and location within the Province of Ontario have been verified by the Chair, are deemed to be present and included in quorum;
- d) The Chair shall ensure that the Standing Orders and regular committee practices are observed to the greatest extent possible, making adjustments to committee procedures only where necessary to facilitate the physical distancing and electronic participation of Members, witnesses, and staff; and

That, notwithstanding the Order of the House dated March 19, 2020, the Standing Committee on Finance and Economic Affairs is authorized to meet at the call of the Chair to consider its Order of Reference dated March 25, 2020, respecting the *Economic and Fiscal Update Act, 2020* (Bill 188); and

To study the impacts of the COVID-19 crisis on the following sectors of the economy and measures which will contribute to their recovery:

- a) Tourism
- b) Culture and Heritage
- c) Municipalities, Construction, and Building
- d) Infrastructure
- e) Small and Medium Enterprises

f) Other economic sectors selected by the Committee

- The committee shall study Bill 188 and each specified economic sector for up to 3 weeks with one additional week allotted for report-writing for each.
- The Sub-committee on Committee Business shall determine the method of proceeding on the study, and at its discretion, may extend each sectoral study by one week where a public holiday may fall during the scheduled time for the sectoral study.
- The Legislative Research Service shall make itself available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- That in accordance with s. 11 (1) of the *Financial Accountability Officer Act* the Financial Accountability Officer shall make the resources of his office available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- The time for questioning witnesses shall be apportioned in equal blocks to each of the recognized parties and to the Independent Members as a group.
- The Committee may present or, if the House is not sitting, may release by depositing with the Clerk of the House, interim reports, and a copy of each interim report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and
- The Committee shall present or, if the House is not sitting, shall release by depositing with the Clerk of the House, its final report to the Assembly by October 8, 2020 and a copy of the final report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and

That notwithstanding Standing Orders 38 (b), (c), and (d) the interim reports presented under this Order of Reference shall not be placed on the *Orders and Notices Paper* for further consideration by the House nor shall the government be required to table a comprehensive response; and

That notwithstanding Standing Orders 116 (a), (b) and (c), the membership of the Standing Committee on Finance and Economic Affairs for the duration of its consideration of the Order of Reference provided for in this motion shall be:

Mr. Sandhu, Chair [Sub-committee Chair]

Mr. Roberts, Vice-Chair

Mr. Arthur

Mr. Cho (Willowdale) [Sub-committee Member]

Mr. Crawford

Ms. Hunter [Sub-committee Member]

Mr. Mamakwa

Mr. Piccini

Mr. Schreiner

Ms. Shaw [Sub-committee Member]

Ms. Skelly [Sub-committee Member]

Mr. Smith (Peterborough—Kawartha)

Ms. Andrew (non-voting member)

Mr. Blais (non-voting member)

Ms. Fife (non-voting member)

Mr. Hillier (non-voting member)

Ms. Khanjin (non-voting member)

Mr. Rasheed (non-voting member)

Mr. Vanthof (non-voting member); and

That, should the electronic participation of any voting Member of the Committee be temporarily interrupted as a result of technical issues, a non-voting Member of the same party shall be permitted to cast a vote in their absence.

**Votes and Proceedings, May 12, 2020, 42nd Parliament, 1st Session*

APPENDIX 5
FIFTH INTERIM REPORT:
ECONOMIC IMPACT OF COVID-19 ON INFRASTRUCTURE

CONTENTS

INTRODUCTION	1
COMMITTEE MANDATE	2
MINISTRY UPDATE	3
Minister's Statement	3
Infrastructure Ontario	6
SECTOR STABILIZATION	8
Provincial Procurement Policy	8
<i>Force Majeure</i> Clauses	9
Insurance Costs	9
INTERNET ACCESS	10
RED TAPE	12
RURAL MUNICIPALITIES	14
COMMUNITY DEVELOPMENT	16
Community Benefits Agreements	16
The Jane-Finch Community Centre	17
GREEN INFRASTRUCTURE AND ACTIVE TRANSPORTATION	18
Green Infrastructure	18
Active Transportation	19
SOCIAL SERVICES AND AFFORDABLE HOUSING	20
INDIGENOUS ISSUES	21
NUCLEAR ENERGY	23
WASTE MANAGEMENT	25
SKILLED TRADES AND ACCREDITATION	26
RECREATIONAL TRAIL MAINTENANCE	27
"CHANGING THE WAY WE DO THINGS"	27
COMMITTEE RECOMMENDATIONS	30
WITNESS LIST	31
APPENDIX A: TERMS OF REFERENCE*	

INTRODUCTION

The Standing Committee on Finance and Economic Affairs is pleased to present its Fifth Interim Report on the *Economic and Fiscal Update Act, 2020* and the impact of the COVID-19 crisis on the Ontario economy.

The report sets out the Committee's findings and recommendations following a review of how the COVID-19 crisis has affected Ontario's infrastructure sector. It reflects the testimony received during public hearings held on July 30 and August 4, and written submissions delivered to the Committee Clerk as of 6:00 p.m. on August 11, 2020.¹

In keeping with Committee practice, the Minister of Infrastructure appeared as its first witness on July 30. Presentations followed from more than 40 stakeholders, including rural municipalities, builder and contractor associations, companies in the infrastructure sector, policy-focused organizations, professional engineers, green infrastructure and cycling groups, community development networks, library associations, an Indigenous technical institute, grape growers and snowmobile clubs, and concerned individuals.

As in other areas of the economy, the shutdown necessitated by the COVID-19 pandemic has exacted a toll on the province's infrastructure sector. The economic situation has also forced Ontario to reassess its infrastructure priorities, as highlighted by the Minister in her testimony to the Committee. One of the decisions that has already been made, she said, is to accelerate key public infrastructure projects. The Minister also made clear that extending broadband internet service to all parts of the province is a top priority.

Stakeholder testimony addressed a variety of topics. In addition to recommendations for bringing stability to the infrastructure sector and streamlining the project approval process, many presentations underscored that the pandemic crisis represents an opportunity to consider new ways of doing things, such as ensuring greater community participation in infrastructure development and developing new forms of green and active mobility infrastructure.

As always, the Committee is grateful to those who took the time to share their observations and proposals.

This report is an overview of the main issues raised during the Committee's public hearings. For details of witness submissions, and their responses to questions from Committee Members, readers are referred to the official record of proceedings as reported in *Hansard*, and to the written submissions themselves.

¹ For the purposes of this report, the Committee had access to Draft *Hansard*; accordingly, some quotations of witness statements may not be exact.

Committee recommendations and a list of witnesses appear at the end of the report.

COMMITTEE MANDATE

Motions adopted unanimously in the House on March 25 and May 12, 2020, established a two-part mandate for the Committee.

On March 25, 2020, when the House passed Bill 188, the *Economic and Fiscal Update Act, 2020*, it also adopted a motion providing that party leaders and independent Members may file letters with the Speaker, setting out their recommendations for economic and fiscal measures that should be included in the Bill. The motion further provided that when committees of the Legislature resume, the Standing Committee on Finance and Economic Affairs would be authorized to consider the Act, together with any letters filed by leaders and independent Members, and that the Minister of Finance would be the Committee's first witness when it commenced its review.

The motion passed on May 12, 2020, authorized the Committee to begin consideration of the matters that had been referred to it on March 25. In addition, it empowered the Committee to study the impact of the COVID-19 crisis on specific sectors of the provincial economy, including "measures which will contribute to their recovery." The sectors identified in the motion are:

- tourism;
- culture and heritage;
- municipalities, construction and building;
- infrastructure;
- small and medium enterprises; and
- other economic sectors selected by the Committee.

The Committee is specifically authorized to release interim reports, as it sees fit. Interim reports are to be presented to the House, and a copy of each report is to be provided to the Chair of Cabinet's Ontario Jobs and Economic Recovery Committee. Interim reports will not be placed on the Orders and Notices paper for further consideration by the House, and the Government will not be required to table a comprehensive response to them.

A final report will be tabled in the House, and a copy delivered to the Chair of the above-noted Cabinet committee, by October 8, 2020.

The Committee's mandate is reproduced in full in Appendix A to this report.

MINISTRY UPDATE

Minister's Statement

Ontario's Minister of Infrastructure, the Honourable Laurie Scott, presented to the Committee on July 30, 2020.

According to the Minister, municipalities and other stakeholders in the infrastructure sector were "among the hardest hit" by the economic shutdown necessitated by the COVID-19 pandemic. In these circumstances, the main challenge facing the Ministry is to identify infrastructure priorities, based on an assessment of which projects address immediate needs arising from the pandemic and which support longer-term economic recovery.

In this regard, the Ministry has assured municipalities and other infrastructure partners that the Province remains committed to key infrastructure programs. These include the Investing in Canada Infrastructure Program (ICIP), a federal/provincial cost-sharing program that supports municipal infrastructure projects in four priority areas, and the Ontario Community Infrastructure Fund (OCIF), which provides infrastructure funding to small, rural, and northern communities.

In addition, the Ministry announced in June 2020 that it will proceed with 37 major public-private partnership (P3) projects in the "P3 project pipeline" (projects in the pre-procurement and procurement stages), an investment totaling \$60 billion. As well, the Ministry is "transforming" how it procures infrastructure, so that future projects can be built "faster and better."

The Minister then turned to what she considers one of the most pressing infrastructure issues facing the province:

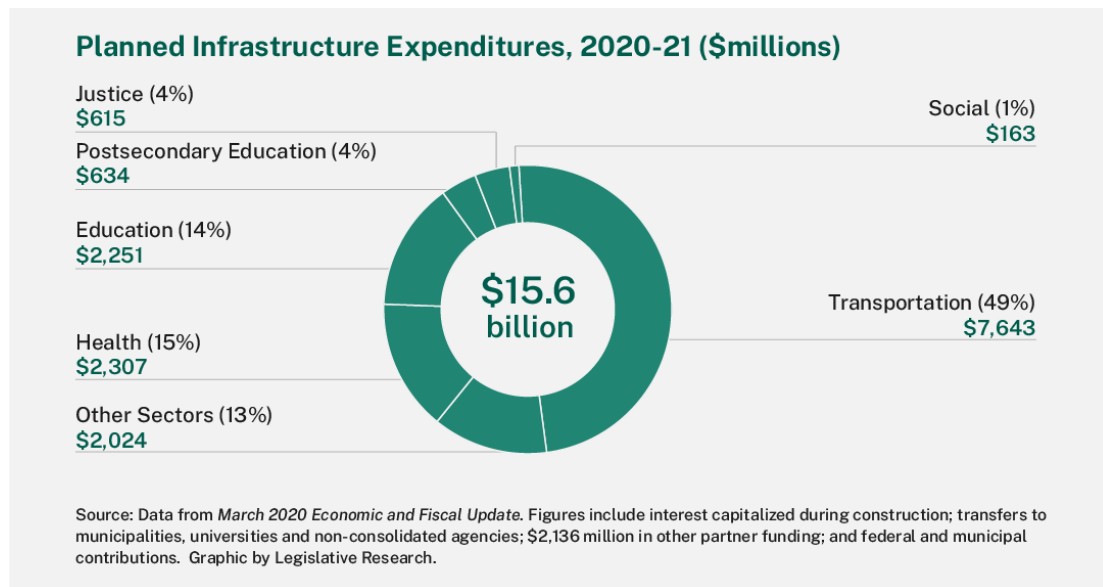
Throughout the pandemic, we have all witnessed a striking juxtaposition, and that is how the need for physical distancing has highlighted the need for a digital connection The most glaring gap in connecting Ontario, which COVID-19 has magnified, is the province's digital divide. Too many people in our province lack reliable internet or cellular access, or don't have any connectivity at all.

Ministry estimates show that up to 12% of Ontarians (1.4 million people) living mostly in rural, remote, or northern areas lack high-speed internet service (broadband). "Now, more than ever," the Minister said, reliable broadband is an essential service for businesses situated outside of urban Ontario, for people working from home, for students doing homework assignments or taking a university course online, to pay bills and receive medical tests, and for connecting with family and friends.

Although telecommunications is a federal responsibility, the Minister stressed that the Province and municipalities have a role to play in accelerating the development of broadband service in Ontario. For example, in 2019 the Province introduced *Up to Speed: Ontario's Broadband and Cellular Action Program*. One pillar of this \$315 million program is to fund broadband infrastructure in three under-served parts of the province:

- *Northern Ontario* — a joint federal/provincial investment of \$69 million to support First Nations in the Ring of Fire.
- *Southwestern Ontario* — a provincial investment, together with infrastructure partners, of up to \$190 million in the Southwestern Integrated Fibre Technology (SWIFT) project that will bring broadband service to 50,000 homes.
- *Eastern Ontario* — a provincial investment, in partnership with the Eastern Ontario Regional Network (EORN), of up to \$213 million to improve internet access in eastern Ontario.

The Minister also highlighted the *Improving Connectivity for Ontario* program (ICON), a \$150 million provincial program announced in June 2020 that, together with partner contributions, has the potential to fund up to \$500 million in broadband projects in under-served areas.



Following her opening statement, the Minister responded to questions on a range of issues from the Committee:

- *Unspent Funds* — According to the Financial Accountability Office's report on government spending in 2019-2020 (released in July 2020), the Ministry did not spend all of the money that had been budgeted for broadband and health care infrastructure projects. Asked for an explanation, the Minister noted that actual spending depends on many factors, including partner funding from municipalities

and telecommunications providers. In addition, the pandemic has added complexity to the construction process; for example, physical distancing requirements at construction sites have reduced productivity. The Minister also emphasized that these are multi-year projects, and that due to delays resulting from various factors, the money budgeted for them is being “re-profiled” into future years. The Province’s commitment to these projects, however, has not changed.

- *Priorities* — Infrastructure Ontario has indicated that it will be reassessing whether to proceed with projects currently underway. In light of potential delays, the Minister was asked why the Province is not investing today in what some would say are more immediate needs, such as child care, education, and long-term care staffing. The Minister responded by noting that as part of Ontario’s *Accelerated Build Pilot Program*, up to 640 new long-term care beds will be built in Mississauga by 2021, and that in Durham a new long-term care home will be built within months, not years.
- *Closing the Digital Divide* — The Committee also asked the Minister to elaborate on what she means when she says, “funding is not enough to close the digital divide.” The Minister reiterated that the federal government, and specifically the Canadian Radio-television and Telecommunications Commission (CRTC), sets national standards for internet and cellular services. This, she stated, “is the reason why we are calling on the federal government to do its part and properly fund broadband.”
- *Municipalities* — Testimony received during the Committee’s recent review of the municipal sector revealed that many municipalities are in “dire” financial straits due to the pandemic. The Committee asked the Minister whether the Province would be willing to cover the municipal share of infrastructure funding, so that local projects can move forward. In response, the Minister assured the Committee that the government is well aware of the situation, and noted that Infrastructure Ontario is working with municipalities and the federal government to ensure that projects go ahead, including those approved under the *Investing in Canada Infrastructure Program*. The Minister also noted that municipalities stand to receive significant funding under the federal government’s *Safe Restart Program*, announced at the end of July 2020.
- *Indigenous Communities* — According to one Committee Member, some Indigenous communities in northwestern Ontario do not have access to clean drinking water and remain under long-standing “boil-water” advisories. Asked how the government intends to address this issue, the Minister noted that a number of First Nations water improvement projects have been approved under the Green Stream component of the federal/provincial *Investing in Canada Infrastructure Program*.

Infrastructure Ontario

Infrastructure Ontario (IO) is a Crown agency of the Ministry of Infrastructure. Its role is to oversee procurement for major public infrastructure projects, manage the government's real estate portfolio, provide long-term loans to support the renewal of public infrastructure, and advise and negotiate on behalf of the government regarding commercial transactions such as major land developments.

IO's presentation to the Committee outlined how the agency has been supporting the Province's response to the COVID-19 crisis.

On the real estate management front, IO's first priority was to support ministries by arranging for enhanced cleaning services in government offices, and to make the adjustments necessary to allow ministry staff to work from home. IO also took steps to guarantee the safe delivery of frontline services to the public, including the installment of plexiglass shields at ServiceOntario locations.

As the pandemic unfolded, IO's procurement branch worked with hospitals to ensure they had the capacity to handle an anticipated surge in admissions. A 93-bed pandemic response unit was fast-tracked at Barrie's Royal Victoria Hospital, for example.

IO's major infrastructure projects—deemed essential work under provincial emergency management orders—have continued without interruption. Following an initial shutdown, work at hundreds of smaller projects has resumed. Planning and procurement for future projects have “continued unabated”; however, at the same time, IO had to reassess how best to proceed with some projects that are underway. As a result, IO has adopted a three-pronged approach for implementing the Province's infrastructure program:

- As a top priority, IO is looking at how to maintain and possibly accelerate critical health care projects in the agency's “pipeline.” Several hospital projects, including new hospitals and major upgrades, are about to open or are near completion. IO is also working with the Ministry of Long-Term Care and individual hospitals on “rapid construction” of additional long-term care beds. A recent development is the use of “modular construction,” which will allow for the addition of increased capacity within months, as opposed to years.
- The second prong of IO's plan is to “maintain the momentum” for critical transit projects. Projects in progress include procurement for the Ontario Line, requests for proposals to construct tunnels for the Eglinton Crosstown West and Scarborough subway lines, and several projects under the Metrolinx expansion program.
- IO's third priority is to enhance the Province's real estate portfolio. Notable projects include the ongoing renovation of the Macdonald Block and Whitney Block, two large government buildings at Queen's Park.

According to IO, one of the main reasons it has been able to move forward with major infrastructure projects is the P3 procurement process. Key to the P3 process is that the terms of P3 contracts allow IO, project owners, and construction companies to resolve problems as they arise:

Rather than seeing work stall amidst contract disputes and unforeseen costs, our contracts ensure all parties share the same motivation to complete our projects as quickly and as safely as possible. Using our fixed-price contracts, our contractors don't get paid until the work is completed, and it's a very strong tool in ensuring that all of us are working towards the same end goal, even in the midst of unforeseen circumstances such as a pandemic.

IO also said that its Spring Market Update (June 2020), which reported a total of 37 P3 projects in the agency's pipeline valued at over \$60 billion, should send "an important and reassuring signal to the industry as a whole regarding Ontario's historic commitment to modernizing public infrastructure."

IO concluded by noting that it is supporting the "controlled reopening" of several government workplaces, including courthouses and other justice facilities. These workplaces will feature enhanced cleaning, hand sanitizer stations, plexiglass shields, and physical distancing markers and posters. Over time, all government workplaces will be similarly equipped.

Reported Impact of Infrastructure Investment



\$1 spent in public infrastructure creates a return on investment of **\$2 to \$4**



\$1 billion in infrastructure spending supports **60,700** new jobs over one year and increases GDP by **\$1.14 billion**



\$1 million in cycling projects supports up to **11.4** jobs over one year

Source: Data presented to Standing Committee on Finance and Economic Affairs by various witnesses.
Graphic by Legislative Research.

SECTOR STABILIZATION

Construction work and related services were deemed “essential businesses” early in the pandemic. Nonetheless, stakeholders report that pandemic-related delays and rising costs have had a significant impact on projects of all sizes, public and private.

Sector surveys show that productivity at a typical construction site dropped 40% to 70% immediately following the onset of the pandemic, due largely to worker absences and new on-site safety measures. Delays and shortages continue to drive up the cost of construction materials, while major project delays and cancellations, particularly in the private sector, have dramatically slowed the amount of work flowing to planning, design, and engineering firms. Ontario’s engineering society reports the loss of “thousands of engineering jobs” directly linked to the infrastructure and other sectors.

As expressed by Canada’s largest construction materials supplier—whose billion-dollar cement plants are now losing millions of dollars—“everybody’s experiencing the same thing here . . . the uncertainty of what this [the pandemic] would mean.”

Major stakeholders were agreed that the most important thing the government can do in the short-term to address this uncertainty—and support an economic recovery—is continue to invest in public infrastructure at pre-pandemic levels.

At the same time, stakeholders asked the Committee to consider other measures that would establish longer-term stability. A few of these are noted below.

Provincial Procurement Policy

According to the Future of Infrastructure Group, a policy-focused organization consisting of leading infrastructure companies, the Province must act quickly to establish a clear policy on how it will treat pandemic-related delays and costs under government procurement documents.

As described to the Committee, government contracts used to deliver, operate, and maintain infrastructure projects typically do not address large-scale events such as pandemics, at least not explicitly. As a result, project owners can deny responsibility for these risks, and the burden of absorbing delay-related costs falls on contractors.

The concern within the private sector is that disputes will inevitably end up in the legal system, where cases will be resolved on a project-by-project—that is, contract-by-contract—basis. According to the Future of Infrastructure Group, this is an “unworkable solution” that will penalize both individual companies and the sector as a whole. In the group’s view, failure to address this issue at a level above the language of individual contracts “is a major concern hanging over the industry,” one that threatens to “hold back growth and recovery if not addressed quickly and decisively.”

Sector representatives strongly recommend the adoption of a clear and consistent policy for how the Province will deal with delays and costs under government procurement contracts. A provincial policy, they say, “would provide immediate certainty to the sector and help stabilize companies that are struggling with cash flow issues.”

One model submitted for the Committee’s consideration is the Canadian Construction Association’s proposed *COVID-19 Construction Cost Reimbursement Program*, which would reimburse eligible costs up to 5% of a contract’s value. The Committee was also referred to programs in British Columbia, Quebec, Newfoundland and Labrador, the United Kingdom, and New Zealand.

***Force Majeure* Clauses**

Force majeure clauses excuse one party from its obligation to meet contractual requirements on schedule (or at all) where there has been a natural and unavoidable event. To address any confusion arising out of pandemic-related delays and costs in the broader infrastructure sector, the Construction and Design Alliance of Ontario is recommending that the government invoke its emergency management powers to retroactively insert *force majeure* clauses in all construction and professional services contracts. A legislated clause should expressly identify “pandemics” and “quarantine restrictions” as triggering events.²

Insurance Costs

According to the Ontario Society of Professional Engineers (OSPE), “the liability insurance issue is the sleeper issue no one is talking about and will have the biggest impact on economic recovery in this sector.”

OSPE maintains that the insurance industry generally regards Ontario as a high-risk jurisdiction. With the onset of the pandemic, this view of the province has translated into rising insurance costs, not only for professional services such as engineering, but also for general business liability and property insurance coverage.

More alarmingly, OSPE reports that some Ontario insurers are refusing to sell liability coverage to some engineers and engineering firms. One consequence of this industry practice is that less infrastructure will be designed and built, “stunting economic growth.”

OSPE recommends that the Province exercise its regulatory power over the insurance industry to control insurance costs for infrastructure-related businesses and services.

² As proposed by the Alliance, a legislated *force majeure* clause would be inserted into contracts entered into prior to April 30, 2020, “before the full nature and extent of the COVID-19 emergency . . . became apparent.”

Witness Recommendations

- *Provincial pandemic-delay policy* — adopt a provincial policy for treating pandemic-related delays and costs under public infrastructure contracts.
- *Force majeure clauses* — invoke provincial emergency management powers to retroactively insert *force majeure* clauses into all construction and professional services contracts.
- *Insurance costs* — exercise provincial regulatory power to control insurance costs in the infrastructure sector.

INTERNET ACCESS

Social distancing measures to stop the spread of COVID-19 have required many Ontarians to move their work, school, and social activities online. According to a survey from the Canadian Internet Registration Authority, the number of Canadians working from home has grown seven-fold as a result of the pandemic.³

Lack of reliable access to the internet is particularly prominent in rural Ontario, where limited connectivity was already a challenge prior to the pandemic. The outbreak has only magnified the importance of this issue, as noted by the Municipality of West Grey:

This pandemic has certainly placed a spotlight on just how essential internet is for economic continuity, for the social development and education of our youth and for the mental health of our homebound and isolated residents, including our seniors. Broadband is vital to connecting rural Ontario and creating a healthy, vibrant province.

All of the rural municipalities appearing before Committee flagged broadband access as an urgent issue, and stressed that current circumstances represent an opportunity to address it: “connecting more people will both help to create . . . jobs and stimulate the economy over the long term.”⁴

A major telecom company endorsed this view, emphasizing that the government has a role to play:

It will be important that Ontario maintain focus on ensuring that as many consumers and businesses as possible have access to the types of robust services that allow them to participate in the wider

³ Canadian Internet Research Authority, “COVID-19 has changed everything,” April 14, 2020.

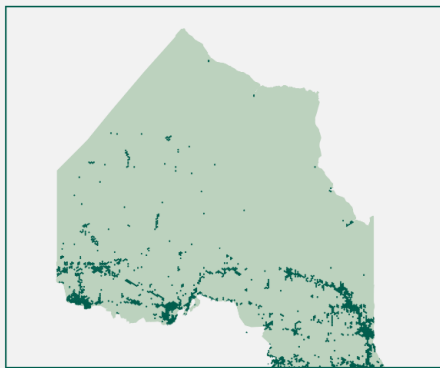
⁴ See the submissions from the County of Renfrew (Pembroke), Kenora District Services Board, Municipality of Chatham-Kent, Municipality of West Grey, Muskoka Lakes Chamber of Commerce, and Rural Ontario Municipal Association.

economy. While private sector facility-based network builders . . . will continue to connect the vast majority of Ontarians, there is a role for government in funding connectivity to the hardest to reach areas and areas of very low density.

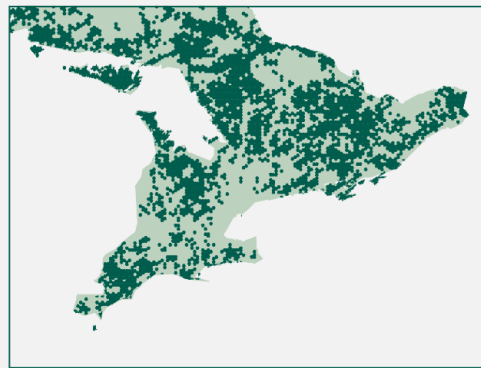
While many witnesses support current initiatives such as the Province's ICON and EORN programs, they agree with the Ministry that more needs to be done to improve connectivity. In particular, they called for investments to develop broadband access in the province's under-served areas.

Inhabited Areas without Fixed Broadband Access (50/10 mbps)

Northern Ontario



Southern Ontario



Source: Data from *Broadband Fund: Maps of Areas to Enhance Broadband Access*, 2018. Canadian Radio-television and Telecommunications Commission. Graphic by Legislative Research.

Xplornet, self-described as Canada's largest rural-focused internet service provider (ISP), made the case that "targeted public investment can complement private investment, helping networks build out further and faster." The municipality of Chatham-Kent highlighted this point, noting that a local ISP is currently looking to make investments in the municipality's rural areas, but requires the backing of subsidies to make the business case to do so. Chatham-Kent estimates that it needs over \$100 million of public and private investments to develop broadband internet in its community.

Other access issues discussed with the Committee included the "urban adjacency" problem, where areas that are short distances from urban centres are not always recognized as areas lacking connectivity. Others called for a streamlining of the application and funding processes around the development of internet services. A commonly expressed view is that we need to view access to high-speed internet as an "essential service."

According to a major rural ISP and mobile network operator, the Province could foster the extension of broadband service to rural Ontario with a few regulatory changes. One of the reforms mentioned more than once during the hearings is that the Province should ensure ISPs have better access to the infrastructure necessary

to develop broadband service in rural areas. The main complaint is that existing municipal access policies and fees (some of which are alleged to be inconsistent with federal standards and timelines) are said to be making it difficult for ISPs to access infrastructure such as utility poles. ISPs would like the Province to exercise its regulatory power over utilities (and municipalities) to eliminate this barrier to development.

Stakeholders also reminded the Committee that access to the internet is not only a geographical issue. As noted by the Jane/Finch Centre, there is a connectivity gap for vulnerable populations, seniors, and newcomers. Provincial library associations requested investment in the digital infrastructure of libraries to provide better access to online collections, especially for marginalized groups. Small businesses, it was noted, are frequent users of library digital infrastructure. User statistics show that 20% of those who access online services do so for business purposes, while 62% say they use the library to find jobs.

The Grape Growers Association of Ontario also made the link between internet access and the economy, noting that businesses increasingly need to be able to offer online sales, and that digital infrastructure would facilitate precision and automation in the agricultural sector.

Witness Recommendations

- *Internet for all Ontarians* — invest in internet infrastructure in areas lacking high-speed connectivity.
- *Connecting libraries* — invest in developing the digital infrastructure of libraries.
- *Fast-track approvals* — streamline the approvals process for developing internet infrastructure.
- *Service provider access to infrastructure* — provide internet service providers with better access to existing infrastructure such as utility poles.
- *Essential service* — declare access to the internet an essential service.

RED TAPE

Many witnesses requested that the Government eliminate what were described as overly bureaucratic approval processes and unnecessarily strict regulatory standards—in other words, red tape. Stakeholders from across the infrastructure sector said that cutting red tape is one of the keys to an economic recovery.

Within the home building industry, environmental assessments (EAs), and in particular, Municipal Infrastructure Class EAs, are viewed as an ongoing obstacle to meeting the province's growing housing needs. Although industry groups expressed general support for recent legislative changes intended to modernize the EA process

and expedite building approvals, they remain skeptical about the long-term effect of these changes.⁵

Specifically, the industry's experience with similar reforms in the past is that approval times have a way of increasing over time, due in part to procedures such as the "bump-up" request provisions of the *Environmental Assessment Act*, which allow "a person" to request that a building application go through a full EA. The industry would like assurance from the Province that the effects of recent reforms are not eroded over time.

Stakeholders also indicated support for Bill 171 (the *Building Transit Faster Act, 2020*), which they say will allow transformative projects such as the Ontario Line to proceed more efficiently. In particular, the Bill provides for the relocation of utilities in advance of the EA process. At the same time, however, construction companies continue to have concerns about the Province's "one call" legislation, which requires the marking of underground infrastructure potentially affected by an excavation or dig.⁶ Obtaining the required markings for hundreds of projects is reportedly taking weeks, rather than the legislated five days. The home building industry is calling for stricter adherence to legislated timelines.

Ontario's waste management industry also identified red tape as an impediment to economic growth. The Ontario Waste Management Association expressed the industry's position:

Believe me, our members appreciate hearing that Ontario is open for business, but everywhere we turn we face unfair and outdated regulatory barriers to investing in new waste diversion, recycling and disposal infrastructure. If the government wants the private sector to improve recycling, food waste composting and safe disposal, then they have to knock down the regulatory barriers that are costing us time and money.

Municipalities said that less red tape around the development and approval of municipal infrastructure projects would allow local government to make a greater contribution to economic recovery. A specific request is that provincial infrastructure funding be distributed in accordance with the "allocation-based model" (i.e., block funding), as opposed to an "application-based" model.

As explained to the Committee by the City of Kitchener, municipalities for years have been saying that the unpredictable nature of application-based funding makes long-term infrastructure planning difficult. Moreover, completing funding applications is a labour-intensive process that requires extensive preparation on the part of the applicant, and time on the part of the provincial entity distributing the funds to assess

⁵ Witnesses cited in particular Bill 197, the *COVID-19 Economic Recovery Act, 2020* and Bill 108, the *More Homes, More Choice Act, 2019*.

⁶ Ontario's one-call legislation is the *Ontario Underground Infrastructure Notification System Act, 2012*.

them. By contrast, the allocation-based model allows municipalities to set budgets for projects and allocate funds in a more predictable way.

Infrastructure Canada's Gas Tax Fund and the Investing in Canada Infrastructure Program (public transit stream) were cited as proven allocation-based funding models.

Witness Recommendations

- *Environmental assessments* — ensure that recent reforms to streamline the environmental assessment process are not eroded over time.
- *Underground infrastructure notification* — ensure stricter adherence to legislated timelines for marking underground infrastructure at excavation and dig sites.
- *Waste management* — eliminate regulatory barriers to investing in new waste diversion, recycling, and disposal infrastructure.
- *Funding distribution* — distribute provincial infrastructure funding to municipalities in accordance with the “allocation-based model.”

RURAL MUNICIPALITIES

Several presentations addressed the needs of rural municipalities.

Rural municipalities indicated general support for efforts to bring broadband to their communities, and believe this service will play an important role in the post-pandemic economy outside of urban Ontario; however, in the face of falling revenues and rising costs, the immediate concern is whether municipalities will be able to maintain basic infrastructure such as roads and bridges.

Municipal officials detailed some of the many challenges facing individual communities. In the Municipality of Chatham-Kent, financial assistance is needed to deal with erosion and flooding along the Lake Erie shoreline. Additional funding will also be necessary to make the Municipal Civic Centre more accessible and energy-efficient, and to refurbish the Municipal Public Works garage.

As with other rural municipalities, the Municipality of West Grey is struggling to maintain basic infrastructure, including more than 100 bridges and 700 kilometers of roads. West Grey's representatives noted that the municipality has long been advocating for the establishment of a “maintenance grant program” to address the problem of how smaller municipalities with limited resources can maintain municipal infrastructure. As argued before the Committee:

We know that taking care of our assets is more affordable and responsible than replacing essential infrastructure. Imagine how much more we could leverage if municipalities were encouraged to participate in proactive grant program[s] specific to extending the lifespan of infrastructure.

Early on in the pandemic, the County of Renfrew created an economic task force, consisting of area business owners. The task force identified infrastructure investment as a key priority for the community. It also requested that the county establish debt-free assistance and regional promotion programs to assist local businesses. The county said that it, along with the City of Pembroke, has been able to distribute \$250,000 for business assistance programs; however, they require outside financial support to pay for infrastructure.

Renfrew officials also noted that they have created the Renfrew Country Virtual Triage and Assessment Centre to deal with the challenges of COVID-19 in a rural community. The purpose of the Centre is to prevent an overflow of patients with COVID-19 symptoms at hospitals in a region where only one in five people have a primary-care physician. The Centre does this through a system of virtual appointments, in-home testing by paramedics, and referral to other services. The county reports a significant drop in emergency room visits since the launch of the initiative, and recommends the model for other rural communities. Such a system requires that the Province allow for virtual billing codes for doctors and nurses, however.

Other witnesses said that a provincial rural investment strategy should include investments in the mining sector. The Ontario Society of Professional Engineers identified the proposed chromite mining operation in the Ring of Fire area as “an immense and untapped economic opportunity.” Proponents of this development acknowledge that “there continue to be barriers to putting shovels in the ground,” but say it is nonetheless important that the government fast-track this project. Indigenous communities, the mining and construction sectors, and the entire province, it was stated, would benefit from the project.

In summing up, the Rural Ontario Municipal Association impressed on the Committee the importance of investing in rural municipalities:

[Investing in infrastructure] increases productivity and job creation, raising the GDP, incomes, and tax revenues over the long term. We saw that after 2008, where the investment in public infrastructure played a key role in the recovery. The investment in infrastructure in rural communities can ensure the recovery is broad-based and benefits local economies in every part of Ontario.

Witness Recommendations

- *Rural municipalities* — invest in rural municipal infrastructure projects.
- *Maintenance grant program* — establish a maintenance grant program for rural municipalities.
- *Ring of Fire* — invest in the Ring of Fire mining project.

COMMUNITY DEVELOPMENT**Community Benefits Agreements**

A clear trend in the infrastructure sector is that communities are becoming more involved in the planning and implementation of projects intended for their benefit. Several witnesses urged the Committee to consider measures that would entrench community participation in project development.

According to a number of presentations, Community Benefits Agreements (CBAs) are a “proven way” of achieving a range of community priorities. A CBA is a legally binding document that

- addresses the issues relating to a specific project (as opposed to a provincial or company policy);
- sets out a process for collaboration between the project owner and the community for achieving a range of broad policy objectives, such as equity, poverty reduction, environmental protection, and local economic development;
- details the specific benefits that a community will receive from the project, such as equitable hiring practices, funding for training, neighbourhood improvements, and support for social enterprises; and
- includes monitoring and enforcement mechanisms.⁷

The Toronto Community Benefits Network (TCBN), a leading proponent of CBAs, summarized potential benefits of these arrangements:

[Community Benefit Agreements can address] the challenges of access to good jobs, local economic development and neighbourhood revitalization, particularly as they impact on historically disadvantaged communities and equity-seeking groups.

⁷ Toronto Community Benefits Network webpage, “What Is [a] Community Benefits Agreement, Or CBA?”

TCBN and other community groups recommend that the government embed a CBA requirement in the procurement process for every transit project. Witnesses mentioned the CBA negotiated for the Eglinton Crosstown LRT as a model for future projects. CBA “pilots” at a number of other current projects (Finch West LRT, West Park Healthcare Centre, Macdonald Block reconstruction) may also provide “best practices” for future agreements.

The Jane-Finch Community Centre

Recent confusion surrounding a community centre in northwest Toronto might lend support to those advocating for a provincial framework that embeds community involvement in the development of public infrastructure projects.

As described to the Committee, the residents of Toronto’s Jane-Finch neighbourhood maintain that Metrolinx, the provincial transit agency responsible for the Finch West LRT project, made a commitment some years ago that it would donate a strip of land related to the LRT project for the purpose of building a community centre (known as the Jane-Finch Community and Family Centre). Residents also understood that Metrolinx would make the land available once the Finch West LRT project is completed.

Confusion arose in July 2020, however, when Metrolinx reportedly took the position that it did not regard the discussions held with residents as having established a formal agreement, and that it was bound by law to sell the land at market value.

Community groups emphasized to the Committee that residents have “invested a considerable amount of time and energy” in the community centre proposal. For example, 1,500 area residents submitted a feasibility study to Metrolinx for its consideration in 2019. More generally, the community has made it clear from the beginning that it would like local concerns taken into account in the design and development of the project.

Witnesses urged the Committee to recommend that the provincial government ensure that the community centre is built. Some argued that the neighbourhood should “not [be] expected to pay or compete for the cost of the land.” Others asked the government to “partner” with the community.

The Committee notes that, shortly before the start of its hearings, the Minister of Transportation and the Premier co-signed a letter to Metrolinx, emphasizing the importance of the community centre and the Province’s desire that the land be used for that purpose.

Witness Recommendations

- *Community Benefits Agreements* — embed Community Benefits Agreements in infrastructure projects such as public transit projects.
- *Jane-Finch Community Centre* — ensure that the Jane-Finch Community and Family Centre is built.

GREEN INFRASTRUCTURE AND ACTIVE TRANSPORTATION

Testimony before the Committee revealed that the COVID-19 crisis has reinvigorated those who have long advocated for a shift toward a greener economy. Two branches of this movement are “green infrastructure” and “active transportation.”

Green Infrastructure

“Green infrastructure” refers to natural vegetative systems (wetlands, forests), enhanced assets (rain gardens; bioswales, or landscaped depressions that capture and treat storm-water runoff; and urban parks), and engineered assets (permeable pavement, cisterns) that “collectively provide society with a multitude of economic, environmental, health and societal benefits.” Stakeholders in this area include landscape and horticultural businesses, storm-water management services, parks, and conservation authorities. A recent study found that the sector employs 122,000 Ontarians and contributes over \$8 billion to the provincial economy.

According to presenters, the landscape and horticulture sector was able to recoup some losses after the Province lifted restrictions on nurseries and gardening centres; however, other sub-sectors are struggling due in part to the cancellation of large-scale planting events.

Despite recent setbacks, green infrastructure advocates say this sector is poised to play a prominent role in the Province’s economic recovery efforts. One area cited for immediate development is shovel-ready flood mitigation and storm-water management projects. These labour-intensive projects take the pressure off municipal storm-water systems by reducing the wear and tear on traditional infrastructure.

Our Green Conservancy highlighted the Indianapolis Cultural Trail as another example of a shovel-ready infrastructure project that could have significant benefits. Bioswales running along the 20-kilometer trail capture 95% of local rain water, with the result that only 5% of the water ends up in the municipal storm-water sewer system. The bioswales also create a barrier that encourages foot traffic and cycling.

Active Transportation

A number of witnesses presented cycling and other emerging modes of active transportation as areas governments should promote as part of an economic recovery/green economy strategy.

Cycle Toronto made the case that active transportation and public transit are complementary, noting that, “supporting active transportation doesn’t need to be a partisan issue.” The group recommended that the Province adopt a policy that active transportation infrastructure accompany all public transit assets.

As noted by Share the Road Cycling Coalition, the pandemic has not only encouraged more traditional cycling, it has stimulated demand for e-mobility and micro-mobility devices, including e-bikes, e-scooters, e-cargo cycles, and bike-share programs. Our Green Conservancy said that it intends to launch a Toronto pilot involving the use of e-cargo cycles, a type of heavy-duty electric bicycle capable of carrying loads of hundreds of kilograms.

Significant barriers to the development of both traditional and new forms of transportation, however, remain. For example, inconsistent municipal bylaws make e-bike movement and deliveries across municipal boundaries uncertain, while recreational bike lanes typically do not accommodate larger e-cargo vehicles used for business purposes.

The Guelph Coalition for Active Transportation (GCAT), a non-profit volunteer organization committed to increasing the quantity, quality, and safety of active transportation, presented two examples of successful “active transportation” assets in the Guelph area.

In June 2020 Guelph city council passed a motion allowing for the closure of the city’s downtown to traffic, opening the door for what is known as the “Downtown Dining Project.” Implemented with the advice of local business owners, the project allows retail businesses and restaurants to expand onto the sidewalks and streets, creating a “people-friendly area to dine and shop in safety while allowing much more physical distancing.” According to GCAT, the project has been so successful that “the downtown business association recommended it to be kept open all week until the end of summer.”

GCAT also cited the Goderich-to-Guelph Rail Trail (G2G) as another example of a successful active transportation initiative. The trail connecting the two communities runs 127 kilometers along a repurposed CP Rail corridor. Noting that there are still rough sections and missing bridges, GCAT said that “investing in making the Guelph trail a complete, safe experience could have enormous benefits to our economy locally.”

Witness Recommendations

- *Funding* — dedicate 15% of infrastructure funding to green infrastructure.
- *Active transportation network* — maintain and improve existing active transportation assets; build new active transportation infrastructure in areas under provincial jurisdiction, including a provincial cycling network.
- *Regulatory barriers* — remove regulatory barriers to facilitate urban freight shipping by e-cargo cycles, and address age restrictions for e-cycles.
- *Consultation* — form a provincial advisory committee on active transportation to address emerging issues.
- *Promotion* — provide rebates on the purchase of bicycles and e-cycles, and vouchers for repairs and servicing.

SOCIAL SERVICES AND AFFORDABLE HOUSING

A number of presentations underscored the fact that the COVID-19 crisis has both highlighted and worsened pre-existing deficiencies and inequalities with respect to social services and affordable housing.

ACB Network in the Waterloo region made the case for infrastructure that takes into account access to social services:

We really need to look at a just recovery that involves strategic investment in our communities with regard to infrastructure and with regard to a reinvestment and reallocation of funds into social and health services to ensure a more equitable outcome as far as people being able to survive during this pandemic, as well as recovery out of this pandemic.

With respect to affordable housing, several witnesses noted that waitlists have grown considerably since the onset of the pandemic. According to the Jane and Finch Economic Opportunities Action Group, “housing is one of the biggest reasons why people are not moving up in their economic circumstances.”

The Rural Ontario Municipality Association observed that access to social services and housing is not exclusively an urban issue: “Rural Ontario faces the same challenges as the larger communities when it comes to human services people rely on.” The Kenora District Services Board, an agency responsible for the delivery of social programs, illustrated this point in its presentation. As outlined by the board, the lack of affordable housing and social supports has led indirectly to significant increases in the district’s operating costs. In 2018 alone, the Province spent \$5.5 million housing homeless people in the Kenora Jail. For the board, the result was that it was spending more on emergency medical services than it was for housing

infrastructure, housing supports, homelessness prevention, and emergency shelters—combined—for the entire year.

One of the board's current initiatives is to use the equity that has built up in existing housing stocks to finance community housing projects in partnership with the private sector. At the same time, the board acknowledged that the Social Services Relief Fund, administered by the Ministry of Municipal Affairs, has been a valuable safety net allowing the district to support families in hotels, set up isolation centres, and convert existing public infrastructure to spaces where families could self-isolate.

Infrastructure policy groups proposed ideas for developing housing infrastructure that do not involve direct government funding. For example, the Future of Infrastructure Group discussed “capitalizing land values,” which involves determining “what that land value is, and then how that can be captured and monetized.” The Ontario Home Builders’ Association suggested that building around and on top of public transit stations is another opportunity to develop affordable housing.

Witness Recommendations

- *Health and social services* — give priority to infrastructure projects that take into account access to health and social services.
- *Affordable housing* — invest in affordable housing; provide government guarantees to encourage development; consider alternative sources of funding such as capitalizing land values and tax incremental financing.

INDIGENOUS ISSUES

The First Nations Technical Institute (FNTI), based in Deseronto, Ontario, provides post-secondary education to First Nation communities. Fully accredited under the *Indigenous Institutes Act, 2017*, FNTI offers academic degrees in the areas of social work, public administration and Indigenous studies, as well as professional training for pilots. More than 4,000 individuals have graduated from FNTI during its 35 years of operation, and the institute prides itself on having a 93% graduation rate.

Due to the pandemic, FNTI closed its main instructional building and shifted to an online teaching platform. Asked how this has been working, the institute said that online delivery has presented challenges, noting that some students do not have internet access. Nonetheless, the institute has adapted, and said that it has not lost a single student during the transition.

Despite the current situation, FNTI is hoping to proceed with the construction of a new facility to replace its main building, described to the Committee as “inadequate” due to the lack of proper ventilation, heating, and air conditioning. Designed by FNTI and submitted as a proposal to both the federal and provincial governments, the new 50,000 square foot building would be “net zero” (carbon-neutral) and would allow for

the introduction of new programs on Indigenous food sustainability and traditional foods.

Lori Campbell, a two-spirit Cree-Métis community member and post-secondary educator working with indigenous students, described infrastructure gaps affecting the indigenous business community. Citing research from the Canadian Council for Aboriginal Business, she said that “businesses on-reserve face unique barriers at this time because of the lack of broadband and infrastructure that enables e-commerce ... [f]our in 10 either have no internet connection or a connection on which they cannot fully rely.”

Ms. Campbell also noted that Indigenous business owners face multiple financing barriers, including locating funding sources, meeting lending requirements, and completing complex application forms. As an example, the requirement to have existing capital in order to access matching funds programs is challenging for on-reserve Indigenous people who cannot own their homes or the land on which they are built.

The Kenora District Services Board echoed these concerns. With respect to residential development in Indigenous communities, the board said that “maybe we need to just get out of the way and set the environment so that Indigenous people actually have an opportunity and a fair shot at creating housing.” As an example, the board described a recent housing initiative in which the board collaborated with district municipalities to purchase and rezone land, and then transferred it to an Indigenous housing developer.

The Kenora board emphasized that all levels of government have responsibilities when it comes to the welfare of Indigenous communities:

There is a lot of responsibility on the federal government to adjust these issues because of on-reserve First Nation federal relations, but provincial, municipal and city governments have a role to play as well. Indigenous peoples and communities should not suffer because of inter-jurisdictional ambiguity.

Professional organizations and private sector companies also spoke to how infrastructure development can support Indigenous communities. The Ontario Society of Professional Engineers (OSPE) noted that mining is the largest private-sector employer of Indigenous people, and stressed the importance of creating professional technical capacity within these communities when planning mining projects. OSPE noted, for example, that members of Indigenous communities, trained as engineers and technicians, could operate the proposed chromium mining and smelting project in the Ring of Fire.

Bruce Power, the electricity generation company, said that it is working with the Saugeen Ojibway Nation to produce a new type of isotope to treat certain types of

cancer. Installation work is scheduled for completion by the end of 2021, with isotope production to start in 2022.

Witness Recommendations

- *Indigenous entrepreneurship* — provide reliable broadband service to Indigenous businesses and communities.
- *Funding* — provide funding for Indigenous-owned businesses, including Indigenous start-ups.
- *Housing* — support the delivery of housing infrastructure in Indigenous communities, including projects led by Indigenous developers.
- *Training* — support the development of professional technical capacity in Indigenous communities; assist with the construction of a new instructional building for the First Nations Technical Institute.

NUCLEAR ENERGY

Executives from several nuclear industry firms urged continued support for this sector, noting that nuclear power has proven to be a low-cost, clean, and reliable source of electricity throughout the pandemic. Moreover, as a major employer, the industry can play a key role in an economic recovery.

Bruce Power, the operator of a large nuclear facility on the shores of Lake Huron, produces over one-third of Ontario's electric power. It is also the world's largest producer of Cobalt 60, a medical isotope used to sterilize personal protective equipment. Electricity and isotope production were both deemed essential work at the start of the pandemic.

To assist with economic recovery efforts, Bruce Power recently formed the Retooling and Economic Recovery Council. The purpose of the council, which includes all of Bruce Power's Ontario-based suppliers, is to identify projects that could accelerate work on the company's reactor Life-Extension Program, launched in 2016. The council is seeking an interest-free loan from the federal government that would fund the building of products necessary for the refurbishment of the remaining units at Bruce Power within "the next five years instead of over the next 10 years." According to the council, the accelerated production proposal would support 3,700 jobs and up to \$2 billion in economic activity between 2020 and 2023.

One of the companies involved with a project identified by the Retooling and Economic Recovery Council is Nu-Tech Precision Metals, an Ottawa Valley manufacturer of specialty metal pipe and tubing. The company is planning to provide Bruce Power with 2,400 pressure tubes over the next ten years to refurbish its reactor units. The council is hoping to secure a zero-interest loan that will finance the early production of these tubes, with the principal repaid when the tubes are sold.

According to Nu-Tech, “unless a decision is made to accelerate supply, 20 workers . . . will be laid off and our purchases from Ontario-based suppliers will fall, resulting in greater economic fallout.”

Northern Transformer, a manufacturer of liquid-filled transformers located in Maple, Ontario, has been servicing the nuclear energy industry for decades. The company is facing strong competition from overseas, and recently lost a large project to a Korean company. According to Northern, “the problem . . . when competing with Korea or Taiwan, is that they have subsidies . . . Their price can be half of what our cost is, and there is no way that we can compete with that. If other governments are willing to subsidize the products, it cuts us.” To support the production of transformers in Ontario, the Retooling and Economic Recovery Council is hoping to obtain funding that could reduce the timeline for building 70 transformers from 10 years (as originally planned) to 2-3 years. This would allow Northern to immediately hire and train new employees.

Cameco Corporation specializes in the production, refinement, and supply of uranium used by nuclear facilities in Ontario and the United States. It employs 740 people at three Ontario fuel fabrication facilities. Echoing the comments of other companies, Cameco said that as the Ontario government considers what an economic recovery might look like, it should keep in mind that

[the nuclear sector] can play a significant role in underpinning this recovery by providing highly skilled, well-paying jobs, engaging suppliers in a wide range of skilled trades and expertise, and also stimulating innovation in a variety of disciplines.

Cameco said that investing in projects identified by the Retooling and Economic Recovery Council is one of the important ways in which governments can support the industry.

Cameco also referenced the potential benefits of Small Modular Reactors (SMRs), technology that might be suitable in smaller, remote communities that do not need a large facility. An SMR test facility in Chalk River, Ontario, is currently in the planning stage.

Witness Recommendations

- *Support the province’s nuclear industry* — invest in provincial nuclear projects, manufacturing of specialized equipment, and new technologies such as Small Modular Reactors.
- *Retooling and Economic Recovery Council* — support Bruce Power’s reactor Life-Extension Program.
- *Nuclear supply chains* — explore collaboration between provincial and federal supply chains to support economic recovery efforts.

- *Medical Isotopes* — recognize the strategic importance of and invest in medical isotope production.

WASTE MANAGEMENT

Waste management in Ontario is a \$3.9 billion industry that employs more than 15,000 full-time employees. Declared essential work under emergency management orders, waste collection and processing staff have remained on the job throughout the pandemic.

Nonetheless, as an industry that touches on almost every area of the economy, the industry has not escaped the effects of the COVID-19 crisis. Since the outbreak, the volume of work in the residential waste sector has increased by 20% to 25%, while the commercial waste sector has experienced a significant decline. The Ontario Waste Management Association (OWMA) reports that roughly 17% of commercial waste customers have suspended their service entirely.

The OWMA presented several recommendations to help grow the sector in the post-pandemic period. The first stems from a 2014 Conference Board of Canada report, which found that the “right” recycling policies could create 13,000 new jobs in Ontario and \$1.5 billion in GDP.⁸ Citing these findings, the OWMA recommended that the Province adopt more aggressive producer responsibility targets. Specifically, the recommendation is to set stricter obligations on producers, retailers, and brand owners to recover the materials they produce and distribute. The OWMA says this would encourage manufacturers to create packaging and products that produce less waste and are easier to recycle.

The OWMA also recommended an amendment to the environmental assessment process so that it encourages private-sector investment in new landfill capacity.

Finally, the OWMA would like the Province to intervene to lower the cost of financial assurance (for example, ensuring that funds are available for future clean-ups and remediation of landfills) so that it is more in line with what the industry views as the actual level of risk associated with waste diversion, recycling, and disposal activities.

Canada’s largest building materials company, Lafarge, also proposed changes to the Province’s waste management system. Currently recycling over two million tons a year in Ontario, the company would like to increase that amount as part of a move to the “circular economy.” One proposal is that the government consider prescribed percentages for recycled aggregates in building materials, and carbon content requirements for building materials, similar to an Energy Star rating for consumer products.

⁸ V. Gill and J. Knowles, *Opportunities for Ontario’s Waste: Economic Impacts of Waste Diversion in North America*, The Conference Board of Canada, May 28, 2014.

Witness Recommendations

- *Producer responsibility* — amend waste management regulations to place greater responsibility on producers and distributors to recover materials.
- *Red tape* — reduce red tape to encourage growth in the waste management industry.
- *Financial assurance* — lower the cost of financial assurance, so that it is more in line with the actual level of industry risk.
- *Circular economy* — prescribe minimum requirements for recycled content in building materials.

SKILLED TRADES AND ACCREDITATION

A common refrain during the hearings was that the pandemic is an opportunity to invest in the development of skills, and specifically the skilled trades. The Associated Equipment Distributors, the Ontario Society of Professional Engineers, and the Construction and Design Alliance of Ontario (CDAO) all recommend that the government continue to invest in skilled trades programs to address the shortage in this area of the labour market.

Several witnesses commented on the importance of promoting the skilled trades as a career for youth, the marginalized, and women. For the Jane-Finch Economic Opportunities Action Group, a priority is to design programs for those from racialized communities who work in the manufacturing and retail sectors. Both sectors have been heavily affected by the current pandemic and ongoing automation.

Another proposal is to invest in education infrastructure so that schools can provide night courses and training for adults who wish to pursue a different career or upgrade their skills. The Toronto Community Benefits Network (TCBN) noted that employers often claim that they simply do not have the networks to find people from diverse communities. TCBN has set up a website it hopes will bridge the divide between employers and skilled workers in diverse communities.

The testimony also highlighted the challenges newcomers to Canada face with respect to the recognition of foreign credentials. According to the Black Creek Community Health Centre, many new arrivals living in northwest Toronto hold nursing degrees earned in other countries, but are unable to work in the profession due to domestic professional regulatory barriers. The CDAO detailed a similar situation in the area of the skilled trades, suggesting that it was an area for the Province to work on with the federal government.

Witness Recommendations

- *Skilled trades* — continue to invest in and promote the skilled trades, with a focus on programs that encourage women and racialized communities to participate in these professions.
- *Re-purposing schools* — invest in schools to provide more adult education and skills training.
- *Foreign accreditation* — work with the federal government to recognize more foreign-trained workers.

RECREATIONAL TRAIL MAINTENANCE

The Ontario Federation of Snowmobile Clubs manages infrastructure related to snowmobiling, including approximately 3,500 bridges, 15,000 culverts, and 250 buildings. According to the federation, COVID-19 has caused it to fall behind on trail, bridge, and groomer repairs, and estimates that its five-year capital infrastructure deficit will be \$11 Million. Falling behind on the upkeep of the trails, the federation noted, can lead to snowmobilers to “ride in places they should not, putting themselves and others at risk while harming our environment, farm fields, and landowners’ private property.”

Snowmobile clubs are asking the Province to provide funding to help maintain the infrastructure related to snowmobile trails. In support of this request, the clubs’ representative emphasized that snowmobiling is a safe, socially distanced recreational activity that contributes up to \$3.1 billion to the economy and supports many small businesses that have been struggling during the pandemic.

Witness Recommendations

- *Snowmobile Trails* — invest in maintaining snowmobile trails across the province.

“CHANGING THE WAY WE DO THINGS”

Stakeholders from across the infrastructure sector, represented by policy-focused organizations and leading infrastructure-related companies, emphasized that the COVID-19 crisis is an opportunity to consider longer-term regulatory and policy changes that would make it easier to identify priority projects, assist in the transition to a greener economy, and generally make the infrastructure process more efficient.

The many proposals submitted for the Committee's consideration draw on both years of pre-pandemic experience in Ontario and on recent international trends. Some of the more notable suggestions are outlined below.⁹

- *Government/Private Sector Collaboration* — collaborate with the private sector to identify and address key infrastructure issues. A leading precedent is New Zealand's *Construction Sector Accord*, signed in 2019 by the government and major infrastructure sector stakeholders. The accord established a forum for government and industry to address critical sector issues such as skills and labour shortages, unclear regulations, a lack of coordinated leadership, an uncertain pipeline of work, and a culture of shifting risk.
- *Project Pipeline Transparency* — develop a multi-year project pipeline document, based on municipal asset management plans and similar to Infrastructure Ontario's Market Updates, which keep the public informed on the status of major public infrastructure projects. Project pipeline documents allow the private sector to plan and allocate resources to meet the province's future infrastructure needs. International precedents for pipeline documents exist in the United Kingdom and Australia.
- *Performance Standards and the Circular Economy* — adopt "performance standards" for the construction industry. In contrast to the current "ingredients-based" system, which regulates what must go into a product, "performance standards" regulation focuses on the desired final result of a product, such as safety, longevity, and chemical resistance. In other words, "don't tell us how to make the chocolate cake, tell us what you want it to look and taste like, and we'll take it from there." A move to performance standards would foster the "circular economy"—an economy in which resources are kept in use as long as possible—by encouraging the private sector to use more recycled and low-carbon materials. Possible regulatory incentives include a recycled aggregate requirement of 10% and/or a limit on carbon content for sidewalks and roads. European jurisdictions have adopted performance standards regulation.
- *Streamlined Approvals* — adopt measures to streamline the project approvals process. Possible reforms include "strategic development zones," which streamline approvals for development on lands surrounding mega-projects that have been designated as areas of economic/social importance. Ireland's *Strategic Development Zones* program was described as a useful precedent. New Zealand recently passed legislation establishing a temporary two-year fast-tracking program for "shovel-ready" walking and cycling, transit, road, housing,

⁹ See the submissions of the Residential and Civil Construction Alliance; the Future of Infrastructure Group; the Ontario Society of Professional Engineers; the Construction and Design Alliance of Ontario; the Ontario General Contractors Association; Associated Equipment Distributors; the Ontario Home Builders' Association; Asset Management Ontario; and Lafarge Eastern Canada.

and environmental infrastructure projects; approvals are issued in 25 days; 50 days for large-scale projects.

- *New sources of funding* — find new ways to fund infrastructure, such as tolling and other user-pay arrangements.
- *Priorities* — invest in infrastructure projects according to clearly defined priorities; for example:
 - select projects that will create jobs immediately, and build more resilient infrastructure¹⁰ that has clear long-term benefits such as savings and efficiency;
 - allocate infrastructure stimulus funding to projects on an evidence-based, business-case approach, using the municipal asset management plan system¹¹ as a model;
 - give priority to “core” infrastructure (roads, transit, water, wastewater) that will support the province’s growing need for housing;
 - continue to invest in rural municipal infrastructure, including development of the Ring of Fire;
 - invest in public transportation systems to keep them in a state of good repair; and
 - accelerate electrification of the transportation system, including electric vehicles.

¹⁰ For example, *The City Resilience Framework*, developed by Arup International Development in 2014, helps cities “to assess the extent of their [infrastructure] resilience, to identify critical areas of weakness, and to identify actions and programs to improve the city’s resilience;” the report is posted on the Rockefeller Foundation’s website.

¹¹ Ontario Regulation 588/17 (Asset Management Planning for Municipal Infrastructure Regulation), under the *Infrastructure for Jobs and Prosperity Act, 2015*, requires every municipality to prepare an asset management plan in respect of its municipal infrastructure assets.

COMMITTEE RECOMMENDATIONS

The Standing Committee on Finance and Economic Affairs recommends that:

1. The government should digitize documentation to allow electronic submissions for projects.
2. Ontario should consider reviewing its infrastructure asset portfolio to determine areas where it could leverage private sector capital by monetizing, selling, or recycling assets.
3. Ontario should provide education and training to municipal leaders and staff to equip them with the skills to structure, procure, and successfully deliver their infrastructure projects.
4. For smaller similar projects, the government should consider bundling smaller similar projects. The program can be built around similar types of asset or geographically.
5. Place more emphasis on the role of organizations such as Infrastructure Ontario in assisting the municipal sector deliver worthwhile projects.
6. The provincial government should work with supportive stakeholders to aggressively advocate for federal infrastructure stimulus support on provincial priorities.
7. Work with the federal government to upgrade and modernize digital infrastructure and build out broadband. These issues are significant in rural, northern, and Indigenous localities.
8. Leverage Ontario's broadband action plan funding to ensure that modern broadband connectivity is available in more public library branches in communities across Ontario, most especially rural and northern areas.
9. The Province should explore ways to reduce the high costs of utility pole access that are a detriment to expanding broadband.
10. As part of the post pandemic recovery strategy, the Province should consult on the potential adoption of a utilities model used in other jurisdictions for the financing and delivery of critical water and wastewater infrastructure.

WITNESS LIST

Organization/Individual	Date of Appearance
ACB Network (Waterloo Region)	August 4, 2020
Asset Management Ontario	August 4, 2020
Associated Equipment Distributors	July 30, 2020
Amalgamated Transit Union (Local 113)	Written Submission
Bell Canada	Written Submission
Black Creek Community Health Centre	July 30, 2020
Brotech Precision CNC	July 30, 2020
Bruce Power	July 30, 2020
Buy Social Canada, Ontario Non-profit Network	Written Submission
Cameco Corporation	August 4, 2020
Canadian Council for Public-Private Partnerships	Written Submission
City of Kitchener	August 4, 2020
Civic Hospital Neighbourhood Association	Written Submission
Construction and Design Alliance of Ontario	August 4, 2020
Consulting Engineers of Ontario	Written Submission
County of Renfrew (Pembroke)	August 4, 2020
Cycle Toronto	August 4, 2020
Emery Village Business Improvement Area	Written Submission
Federation of Ontario Public Libraries	July 30, 2020
First Nations Technical Institute	July 30, 2020
Future of Infrastructure Group	August 4, 2020
Gordon Grant	Written Submission
Grape Growers of Ontario	July 30, 2020

Organization/Individual	Date of Appearance
Green Infrastructure Ontario Coalition	July 30, 2020
Guelph Coalition for Active Transportation	August 4, 2020
Infrastructure and Engineering Services Chatham-Kent	Written Submission
Infrastructure Ontario	August 4, 2020
Jane-Finch Centre	August 4, 2020
Jane-Finch Economic Opportunities Action Group	August 4, 2020
Jodi Di Menna	Written Submission
Kenora District Services Board	July 30, 2020
Lafarge Eastern Canada	July 30, 2020
Lori Campbell	August 4, 2020
Mike Aubrey	Written Submission
Ministry of Infrastructure	July 30, 2020
Municipal Finance Officers' Association of Ontario	Written Submission
Municipality of Chatham-Kent	August 4, 2020
Municipality of West Grey	August 4, 2020
Muskoka Lakes Chamber of Commerce	July 30, 2020
Northern Transformer Corporation	July 30, 2020
Nu-Tech Precision Metals	July 30, 2020
Ontario Construction Secretariat	Written Submission
Ontario Federation of Snowmobile Clubs	July 30, 2020
Ontario General Contractors Association	August 4, 2020
Ontario Good Roads Association	Written Submission
Ontario Home Builders' Association	August 4, 2020

Organization/Individual	Date of Appearance
Ontario Library Association	July 30, 2020
Ontario Public Transit Association	Written Submission
Ontario Society of Professional Engineers	July 30, 2020
Ontario Waste Management Association	July 30, 2020
Our Greenway Conservancy	August 4, 2020
Residential and Civil Construction Alliance of Ontario	July 30, 2020
Rural Ontario Municipal Association	July 30, 2020
Share the Road Cycling Coalition	August 4, 2020
Toronto Community Benefits Network	August 4, 2020
Xplornet Communications	July 30, 2020

APPENDIX A:
TERMS OF REFERENCE*

That the Leaders of the parties represented in the Legislative Assembly as well as Independent Members may file copies of letters with the Speaker, who shall cause them to be laid upon the Table, containing their recommendations to the Minister of Finance with respect to the economic and fiscal measures they proposed to be included in the provisions of Bill 188, and such letters shall be deemed to be referred to the Standing Committee on Finance and Economic Affairs; and

That when the committees of the Legislature resume meeting, the Standing Committee on Finance and Economic Affairs shall be authorized to consider the Party Leader and Independent Member letters, together with An Act to enact and amend various statutes as passed by the Legislature today, with the first witness during such consideration to be the Minister of Finance;

**Votes and Proceedings, March 25, 2020, 42nd Parliament, 1st Session*

That, notwithstanding any Standing Order or Special Order of the House, the Standing Committee on Finance and Economic Affairs, and all other committees when they are authorized to resume meeting pursuant to the Order of the House dated March 19, 2020, are authorized to use electronic means of communication when meeting, and committee members, witnesses, and/or staff are not required to be in one physical place, in accordance with the following guidelines:

- a) The electronic means of communication is approved by the Speaker;
- b) The meeting is held in a room in the Legislative Building, and at least the Chair/Acting Chair, and the Clerk of the Committee are physically present;
- c) Other Members of the committee participating by electronic means of communication, whose identity and location within the Province of Ontario have been verified by the Chair, are deemed to be present and included in quorum;
- d) The Chair shall ensure that the Standing Orders and regular committee practices are observed to the greatest extent possible, making adjustments to committee procedures only where necessary to facilitate the physical distancing and electronic participation of Members, witnesses, and staff; and

That, notwithstanding the Order of the House dated March 19, 2020, the Standing Committee on Finance and Economic Affairs is authorized to meet at the call of the Chair to consider its Order of Reference dated March 25, 2020, respecting the *Economic and Fiscal Update Act, 2020* (Bill 188); and

To study the impacts of the COVID-19 crisis on the following sectors of the economy and measures which will contribute to their recovery:

- a) Tourism
- b) Culture and Heritage

c) Municipalities, Construction, and Building

d) Infrastructure

e) Small and Medium Enterprises

f) Other economic sectors selected by the Committee

- The committee shall study Bill 188 and each specified economic sector for up to 3 weeks with one additional week allotted for report-writing for each.
- The Sub-committee on Committee Business shall determine the method of proceeding on the study, and at its discretion, may extend each sectoral study by one week where a public holiday may fall during the scheduled time for the sectoral study.
- The Legislative Research Service shall make itself available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- That in accordance with s. 11 (1) of the *Financial Accountability Officer Act* the Financial Accountability Officer shall make the resources of his office available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- The time for questioning witnesses shall be apportioned in equal blocks to each of the recognized parties and to the Independent Members as a group.
- The Committee may present or, if the House is not sitting, may release by depositing with the Clerk of the House, interim reports, and a copy of each interim report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and
- The Committee shall present or, if the House is not sitting, shall release by depositing with the Clerk of the House, its final report to the Assembly by October 8, 2020 and a copy of the final report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and

That notwithstanding Standing Orders 38 (b), (c), and (d) the interim reports presented under this Order of Reference shall not be placed on the *Orders and Notices Paper* for further consideration by the House nor shall the government be required to table a comprehensive response; and

That notwithstanding Standing Orders 116 (a), (b) and (c), the membership of the Standing Committee on Finance and Economic Affairs for the duration of its consideration of the Order of Reference provided for in this motion shall be:

Mr. Sandhu, Chair [Sub-committee Chair]

Mr. Roberts, Vice-Chair

Mr. Arthur

Mr. Cho (Willowdale) [Sub-committee Member]

Mr. Crawford

Ms. Hunter [Sub-committee Member]

Mr. Mamakwa

Mr. Piccini

Mr. Schreiner

Ms. Shaw [Sub-committee Member]

Ms. Skelly [Sub-committee Member]

Mr. Smith (Peterborough—Kawartha)

Ms. Andrew (non-voting member)

Mr. Blais (non-voting member)

Ms. Fife (non-voting member)

Mr. Hillier (non-voting member)

Ms. Khanjin (non-voting member)

Mr. Rasheed (non-voting member)

Mr. Vanthof (non-voting member); and

That, should the electronic participation of any voting Member of the Committee be temporarily interrupted as a result of technical issues, a non-voting Member of the same party shall be permitted to cast a vote in their absence.

**Votes and Proceedings, May 12, 2020, 42nd Parliament, 1st Session*

APPENDIX 6
SIXTH INTERIM REPORT:
ECONOMIC IMPACT OF COVID-19 ON SMALL AND MEDIUM
ENTERPRISES

CONTENTS

INTRODUCTION	1
COMMITTEE MANDATE	1
MINISTRY UPDATE	2
IMPACT OF THE COVID-19 SHUTDOWN	3
FINANCIAL ASSISTANCE	5
Liquidity	5
Rent and Utilities	6
Wages and Severance	8
Expenses and Liabilities	8
Witness Recommendations	10
THE NEW NORMAL	10
Communication and Coordination	10
Public Health Guidelines	11
Digital Infrastructure	13
Availability of Labour	14
Regulatory Burden Reduction	14
Witness Recommendations	15
SECTOR-SPECIFIC RECOMMENDATIONS	15
Agriculture	15
Alcohol and Cannabis	16
Arts and Culture	17
Charities and Non-profits	18
Construction and Building	18
Gaming	19
Health	19
Hospitality	19
Infrastructure	20
Tourism	20
LOOKING FORWARD	20
Strengthen Supply Chains and Support Business Growth	20
Strategic Procurement	22
Support Start-ups and Promote Innovation	23
COMMITTEE RECOMMENDATIONS	25
WITNESS LIST	27
APPENDIX A: TERMS OF REFERENCE*	

INTRODUCTION

The Standing Committee on Finance and Economic Affairs is pleased to present its sixth interim report on the *Economic and Fiscal Update Act, 2020*, and the impact of the COVID-19 crisis on the Ontario economy.

The report presents the Committee's findings and recommendations following its study of the impact of the COVID-19 pandemic on small and medium enterprises. It reflects the testimony of more than 200 witnesses who appeared online during public hearings on August 17, 18, 19, 20, 21, 24, 26, 27 and 28, and written submissions delivered to the Committee Clerk as of 6:00 pm on August 28, 2020.¹

The Committee heard from organizations and business owners across the province who shared stories about the financial and personal costs of the COVID-19 “shutdown,” who quickly adapted their business models, and who are frustrated over continued uncertainty as they navigate the new normal. Through all of this, it was clear that Ontario's small and medium enterprises are resilient and that with improved supports, they will continue to be a key driver of our shared prosperity. The Committee is grateful to those who took the time to share their views and personal stories.

This report provides an overview of the main issues raised and recommendations made during the Committee's public hearings. For details of witness submissions, and their responses to questions from Committee Members, readers are referred to the official record of proceedings as reported in *Hansard*, and to the written submissions themselves.

Committee recommendations and a list of witnesses appear at the end of the report.

COMMITTEE MANDATE

Motions adopted unanimously by the House on March 25 and May 12, 2020, established a two-part mandate for the Committee.

When the House passed Bill 188, the *Economic and Fiscal Update Act, 2020*, on March 25, 2020, it also adopted a motion providing that party leaders and independent Members may file letters with the Speaker, setting out their recommendations for economic and fiscal measures that should be included in the Bill. The motion further provided that when committees of the Legislature resume, the Standing Committee on Finance and Economic Affairs would be authorized to consider the Act, together with the letters filed by the leaders and independent Members, and that the Minister of Finance would be the Committee's first witness when it commenced its review.

The motion passed on May 12, 2020, authorizing the Committee to begin consideration of the matters that had been referred to it on March 25. In addition, it empowered the Committee to study the impact of the COVID-19 crisis on specific

¹ For the purposes of this report, the Committee had access to Draft *Hansard*; accordingly, some quotations of witness statements may not be exact.

sectors of the provincial economy, including “measures which will contribute to their recovery.” The sectors identified in the motion are:

- tourism;
- culture and heritage;
- municipalities, construction and building;
- infrastructure;
- small and medium enterprises; and
- other economic sectors selected by the Committee.

The Committee is specifically authorized to release interim reports, as it sees fit. Interim reports are to be presented to the House, and a copy of each report is to be provided to the Chair of Cabinet’s Ontario Jobs and Economic Recovery Committee. Interim reports will not be placed on the Orders and Notices paper for further consideration by the House, and the Government will not be required to table a comprehensive response to them.

A final report will be tabled, and a copy delivered to the Chair of the above-noted Cabinet committee, by October 8, 2020.

Appendix A to this report reproduces the Committee’s mandate in full.

MINISTRY UPDATE

The Honourable Victor Fedeli, Minister of Economic Development, Job Creation and Trade, and the Honourable Prabmeet Singh Sarkaria, Associate Minister of Small Business and Red Tape Reduction, presented to the Committee on August 17, 2020.

The Minister of Economic Development, Job Creation and Trade thanked Ontario businesses for helping front-line workers and vulnerable individuals in Ontario. With support from the \$50-million Ontario Together Fund, the Minister explained that businesses have quickly pivoted to manufacture the supplies and equipment needed in hospitals, long-term care homes and other critical public services. The Minister summarized:

Ontario’s businesses will continue to play an important role in our economic recovery, and it’s our job to provide the right kind of support so that businesses can remain competitive.

Noting that each sector faces a unique blend of challenges and opportunities, the Minister highlighted the importance of supporting manufacturing and the information and communications technology sector.

In 2019, manufacturing accounted for 700,000 jobs in Ontario, or 12% of GDP. However, there was a 29% decline in total monthly manufacturing GDP from February to April 2020. One way in which the Province hopes to restore consumer confidence is through its support of the Ontario Made program administered by

Canadian Manufacturers & Exporters. Ontario Made aims to help consumers use their purchasing power to directly support homegrown manufacturers. The creation of a new agency, Invest Ontario, will also promote the province as an attractive investment destination.

The information and communications technology sector accounted for 323,000 jobs in 2019, approximately 6% of the province's GDP. Despite the sector's importance in an increasingly virtual world, the Minister explained that companies are having difficulty getting the funding they need to be competitive. The Intellectual Property Action Plan will help start-ups, entrepreneurs, and researchers better protect and bring their ideas to market.

The Associate Minister of Small Business and Red Tape Reduction explained that organizations with fewer than 100 employees have a significant impact on Ontario's economy. These enterprises account for 98% of all businesses operating in the province, employ 2.4 million people, and produce 40% of the province's GDP.

Explaining that the Ministry has consulted with the sector in 80 virtual roundtables, the Associate Minister identified three key issues facing small business: cash flow and liquidity, consumer confidence, and the continuation of government supports. The announced \$10 billion in tax deferrals and relief, the Small and Medium-Sized Enterprise Loan program and the Canada Emergency Rent Assistance program were highlighted as initiatives that address these concerns. The Associate Minister expressed conviction that Ontario would eventually pull through the crisis:

We know that if we do work together and support each other through this, that we will truly come out of this even stronger as a province.

IMPACT OF THE COVID-19 SHUTDOWN

The impact of the COVID-19 pandemic on Ontario's small and medium enterprises (SMEs) has been widespread and devastating. Many witnesses stated that SMEs were "the least prepared for" and "the most affected by the pandemic." When the initial shutdown occurred, business owners willingly closed their doors to do their part to help protect the health of fellow Ontarians. Once their region moved to Stage 2 and 3, some businesses remained closed or struggled to open with fewer customers. In some cases the closures have lasted more than 16 weeks and have meant completely forgoing revenue.

While we understand why we needed to shut down, we couldn't have planned or prepared for this. Through no fault of their own, many have already closed their doors permanently or filed for bankruptcy. Thousands more now are on the verge of bankruptcy, including ourselves.

Collab Space and the Urban Centre

The Committee heard about the mental and emotional toll that small business owners have been experiencing due to the threat of losing their life's work and fearing for their livelihood. Testimonies from hard-hit restaurants and arts and not-for-profit organizations depicted the devastating impact of the pandemic.

We were forced to lay off nine of our 11 employees... we are still sick over losing the people who were the core of our business. ... Those first few

weeks are a blur of decision fatigue, guilt over losing our team, and just the uncertainty of everything.

Dispatch

The Committee heard from witnesses who were able to open, but who stressed that just because they reopened did not mean that they were profitable, even in cases where sales appear to have increased. These sales often represented deferred income, not new sales, and certainly not enough to replace the income they had lost. Business owners described offering refunds while losing revenue in the form of membership fees and pre-bookings.

Most witnesses stated that the structural impact of the pandemic on SMEs has yet to take place. Witnesses from seasonal sectors (e.g., hospitality, festivals and special events) said that they anticipate more businesses to dissolve towards the end of the year because they missed their entire 2020 season and would not be able to make any significant revenue until June 2021. Similarly, in the restaurant sector, more closures are expected to take place as government support programs are coming to an end while public health restrictions and work from home practices continue.

The Committee heard from many start-ups and organizations representing start-ups and innovation sectors which presented their unique perspectives on the pandemic. In some cases these organizations had yet to earn revenue, making them ineligible for some forms of government support. The Committee also received testimony from the Community Action Planning Group: Jane-Finch Community which explained that home-based micro enterprises are essential to the livelihood of many individuals living in underprivileged neighborhoods. The pandemic's effects on the operations of such businesses have been particularly severe and owners require mental health services to deal with the stress of trying to pivot in this crisis.

The Committee heard that small businesses owned by women and members of racialized communities were being hit particularly hard by the pandemic.

Some 80% of our members identify as female, and on average, just 15% of Canadian small businesses are majority female-owned. About 20% of our members identify as members of a visible minority, which is also higher than the national average. Please take a look at us. We are the face of the pandemic's "she-cession" in Ontario.

Beauty United/Sugar Moon Salon Inc.

A Canadian Council for Aboriginal Business survey found almost four of five respondents reported that their business revenue had decreased by 30% or more, and 53% said their business revenue decreased by 75% or more. Over a third are no longer generating sales.

Witnesses shared concerns over the ripple effects of a decimated entrepreneurial sector including, but not limited to, rising unemployment rates and homelessness, loss of tax revenue for government, and the hollowing of downtown cores and main streets. The Ottawa Board of Trade summarized the concern: "SMEs' failure is everyone's failure."



According to a survey conducted by the Canadian Federation of Independent Business, 62% of small businesses in Ontario were fully open in late August, with only 38% operating at or above normal staffing and only 26% at or above normal revenues. While troubling, witnesses stated that with the right kind of government support and policies, SMEs have the resilience and agility to bounce back and seize the opportunities that this crisis presents. Witnesses stressed that one-size-fits-all solutions will not work for SMEs; instead, they need nuanced and tailored programs given their diversity.

FINANCIAL ASSISTANCE

Liquidity

Canada Emergency Business Account

Business owners expressed gratitude for programs being offered by various levels of government to defer costs and improve cash flow. In particular, business owners spoke favourably of the Canada Emergency Business Account (CEBA), which provides interest-free loans of up to \$40,000 to eligible small businesses and not-for-profits. Repaying the loan before December 2022 results in loan forgiveness of 25%. CEBA is administered by more than 200 financial institutions.

A few businesses indicated that eligibility for CEBA is too narrowly defined and the application process is confusing, even after recent improvements.

We go to the bank and the bank tells us to contact the CRA; we go to the CRA and the CRA tells us to contact the bank. Literally, the bank has helped us apply for this loan that we still keep getting declined for.

Snuggles n Bubbles Baby Spa

Of more concern to witnesses, however, was the amount being offered and the length of the loan. Businesses explained that due to the ongoing nature of the crisis, they will need the deferrals to continue for several years.

Some business owners and their representatives said that deferrals and loans are insufficient because some enterprises will never recoup lost revenues. These witnesses asked that a greater portion of the loan be forgivable or that the government introduce other business-focused grants. A few indicated that these

grants could be industry-specific, while others suggested that they could be targeted at growth-oriented sectors.

Witnesses also reminded the Committee that female, Indigenous, Black and minority-owned businesses face unique barriers to accessing capital, and suggested that grants targeting these groups could pay larger economic and social dividends.

What I would say during this pandemic is that with most of the ACB [African, Caribbean and Black] community, they're the ones who are going to be at a huge loss, and have suffered substantially. We're not getting the support like we're supposed to get from any kind of government resource.

Aroma Salt Therapy & Beauty Spa

The Anishnawbe Business Professional Association explained that only a small percentage of First Nation businesses can access financing from traditional financial institutions, particularly in Northern Ontario.

We'd like the Ontario government to consider these granting or future funding programs as investment decisions to support Indigenous communities as we seek a path of reconciliation.

Anishnawbe Business Professional Association

Tax Relief

The Canada Revenue Agency allowed all businesses to defer GST/HST payments or remittances owing on or after March 27, 2020, and before July 2020. Many witnesses told the Committee that simply deferring HST payments is not a solution. Instead, the government should allow SMEs to keep the HST or provide a rebate in order to have more available liquidity.

Similarly, the Canadian Federation of Independent Business suggested the Workplace Safety and Insurance Board (WSIB) rebate continue until 2021 and that the Employer Health Tax threshold increase be made permanent.

Rent and Utilities

Canada Emergency Commercial Rent Assistance

Witnesses spoke at length about the Canada Emergency Commercial Rent Assistance (CECRA) program, which provides forgivable loans to landlords whose tenants have experienced at least a 70% decline in revenue. To be eligible, the landlord must not charge more than \$50,000 in rent, and the tenant must not generate revenues in excess of \$20 million annually. The loans cover up to 50% of rent, the tenant pays 25% and the landlord agrees to forgo the remaining 25%. The program initially offered assistance from April to June, but was extended to include July and August.

Although landlords are encouraged to apply, participation in the program is voluntary. The Committee heard that many landlords refuse to participate, either because they are unwilling or unable to forgo a portion of the rent, do not want the extra work of applying, do not want to be unfair to those tenants who may not qualify, or because they do not want to invite government involvement or scrutiny to their

business. A few witnesses indicated that participation in the program was being used as leverage by some unscrupulous landlords to negotiate leases which are unfavorable to the tenant.

I cannot understand how it was ever in the best interest of any small business that the government handed over full control of our futures to our landlords.[...] I spent countless nights worrying about my family's business while waiting to see if my three landlords would participate.

Cambridge Butterfly Conservatory

It was recommended that the program be revised to allow tenants to apply directly, and/or that the 25% landlord contribution no longer be required. If this option is not possible, it was requested that funding be reallocated to other rent relief programs for business.

A number of witnesses also asked that the threshold for revenue loss be reduced. They explained that start-ups and newer companies do not qualify because they cannot prove loss of income. Furthermore, some are unable to participate because their revenue decrease fell just short of the 70%. This was particularly frustrating, the Committee heard, when a business owner's revenue loss was mitigated by successfully pivoting.

We hustled and pivoted... We delivered groceries. We sold via companies like Uber... I am most proud of the "Feed the Front Line" program that we launched ... where people could buy meals for doctors and nurses in four Ottawa hospitals. It was so successful that Freshii head office in Toronto decided to roll out our initiative across North America. However, when the rent relief program was announced ... all our efforts to pivot ... bit us in the behind... [because] our sales had dropped by 60%.

Entrepreneur

Despite challenges identified with the program's design, those in receipt of the CECRA described it as essential to the survival of their business. The Committee heard that the program should be extended, but one landlord cautioned that small landlords could not continue to forgo rent if that remains a requirement of the program.

Witnesses expressed gratitude that the Province had passed legislation temporarily halting or reversing evictions of commercial tenants. They asked that these provisions be extended alongside the CECRA program. The Better Way Alliance also asked that the *Commercial Tenancies Act* be updated to cap rent increases, provide stronger eviction protections and establish a dispute resolution mechanism.

[Extending the moratorium is] a solution that does not cost taxpayers money and helps level the playing field between landlords and small businesses. And I'm pleading out here: Please, we have about two weeks to go, and after 60 years of operation, it appears that my business may actually be closed down on me against my will.

Business owner

Utilities

While businesses appreciated the government's efforts to date to reduce hydro rates, they urged further reforms. The recommendations included tax credits, removing the global adjustment charge, and continuing to offer off-peak electricity rates.

Wages and Severance

Business owners also provided their thoughts on the Canada Emergency Wage Subsidy (CEWS). The Committee heard that the wage subsidy allows employers to keep loyal employees on payroll, providing much-needed continuity and reducing future recruitment and training costs. For some, the wage subsidy is crucial to the survival of their business, as they currently do not have enough revenue to pay for staff that are essential to their operations.

While appreciative of the program, the Ontario Business Improvement Area Association explained that some small businesses take dividends instead of wages, and are not eligible for the program. Contractors would also not be able to benefit from the program.

A few witnesses said that the application process is overly complex and confusing for business owners. For example, one restaurant owner indicated that the definition of a taxable benefit for the purpose of the subsidy was confusing, while another business said the online spreadsheet did not accurately calculate their claim.

Witnesses asked that the CEWS be extended into 2021 or until pandemic-related restrictions were lifted. While this was a common request before the Committee, a number of witnesses made the case that the extension could be focused on seasonal industries (which are unlikely to make up revenue during the winter months) or those industries that were typically dependent on large gatherings, such as those involved in hosting weddings and corporate events.

Under the *Employment Standards Act*, an employee who is laid off for long periods may be considered permanently terminated and therefore eligible for termination or severance pay. Regulatory changes made to the Act temporarily stopped the clock on pandemic-related layoffs. These new provisions, however, are set to expire in September and witnesses asked that they be extended. They indicated that having to provide severance pay will immediately bankrupt some businesses.

We are seeking an exemption for the tourism industry as severance costs come mid-November are significantly more than businesses can bear. Many businesses are at great risk of bankruptcy.

Kingston Accommodation Partners

Expenses and Liabilities

Safety and Cleaning

The Committee learned that small businesses are struggling with the costs of protecting their employees and patrons, including the costs of procuring personal protective equipment (PPE), redesigning workplaces with physical barriers, and providing additional cleaning and sanitization services. For example, Iron Fitness

Strength Club in Markham explained that its operating costs have increased by almost \$4,500 a month due to the installation of multiple sanitizing stations and increased janitorial costs.

The Province provides a Workplace PPE Supplier Directory. One witness suggested that the government should also bulk order PPE to provide it to SMEs at a lower cost. It was further suggested Ontario offer a tax credit for cleaning and PPE supplies in 2020 and 2021.

Insurance

Many SMEs have business interruption coverage under their insurance plans. However, the Committee heard that pandemic-related closures were not eligible due to policy restrictions.

Challenges with insurance costs and claims have added to SMEs' stress and fatigue while trying to keep their businesses operating. Witnesses said that businesses are seeing their premiums increase or losing coverage altogether. In addition, insurance companies have added new COVID-19 waivers to policies.

Witnesses called on the Province to pressure insurance companies to provide a payout for loss of sales due to the government-mandated shutdown. In the absence of being indemnified, many witnesses asked that insurance companies provide some relief in the form of rebates or credits for the large insurance premiums they contributed over the course of their policies. They also asked that premium increases be capped.

Noting that insurance concerns are not restricted to the private sector, the Ontario Nonprofit Network asked that the Province establish "good Samaritan" protection for non-profits that follow all emergency orders and public health guidelines. They explained that some organizations have not reopened and some board members are resigning because of liability risks.

Bankruptcy Protections

Many small and medium businesses are in risk of declaring bankruptcy in the wake of COVID-19. Small business owners often have a personal guarantee on their business loans or commercial leases – meaning that if the business cannot pay its debt, the owner (or whoever signed the guarantee) assumes personal responsibility for the debt. As a result, small business owners are facing immense pressure:

My wife and I stand to lose everything we have worked for in the last 25 years. We will lose our house, and it will push us into personal bankruptcy. [...] I obviously would have never signed a personal guarantee or even made the decision to try to continue to grow our business over the last year, if we had reasonably predicted what is probably going to be the largest financial crisis in the past 100 years.

Business Owner

Witnesses urged immediate action to alleviate personal emotional turmoil and ensure businesses avoid bankruptcy and permanent closures.

Witness Recommendations

- *Federal Assistance Programs* — work with the federal government to ensure that programs targeting small and medium-sized employers are easy to apply to, are extended for the duration of pandemic-related restrictions and/or until the economy recovers, and provide special relief for hard-hit industries and businesses. Specifically:
 - *Canada Emergency Business Account (CEBA)* — increase loan amounts and provide more debt forgiveness.
 - *Canada Emergency Commercial Rent Assistance (CECRA)* — lower the threshold for revenue loss and provide support directly to tenants.
 - *Canada Emergency Wage Subsidy (CEWS)* — simplify the application process and extend the subsidy.
- *Loans/Grants* — provide industry-specific and community-focused grants and loans.
- *Evictions* — extend moratorium on commercial evictions.
- *Utilities* — continue to provide and enhance measures to reduce electricity rates.
- *Severance* — extend provisions that paused pandemic-related layoffs.
- *Tax Relief* — extend current tax relief measures and provide HST relief.
- *Insurance* — exercise provincial regulatory power to control insurance costs and require insurance companies to provide relief to SMEs.
- *Personal guarantee* — provide government protection for no-fault bankruptcies for small businesses for up to 18 months.

THE NEW NORMAL

Communication and Coordination

The Committee frequently heard about the challenges associated with the new environment that SMEs and Ontarians are now operating within. As fundamental changes to the way Ontarians work and live continue, the small business ecosystems that previously existed are struggling.

The reality is that if people are working at home and that is going to be the future trend, then we will continue to see a diminished quantity of customers. Many other takeout operations, independently owned coffee shops, depanneurs, dry cleaners, florists, just to name a few examples, are all vulnerable in the same way. We rely on people being at work in the vicinity of our operations. The reality is, as a small business, we strategically choose our business locations where we see a potential need.

Business owner

To operate in this new reality, witnesses stressed the need for effective and timely communication between the government and businesses about any plans regarding future shutdowns, restrictions, and reopening strategies. Most witnesses said that they received very little information which made it difficult for them to plan and be prepared. Businesses also requested to be consulted and included in future planning stages.

We beseech you [...] allow us a voice in the development of such re-opening plans. Lives depend on getting it right; so do livelihoods.

Stratford Festival

Businesses provided feedback about their experiences with government offices during reopening stages and highlighted major delays in processing requests/approvals that were necessary for their operations. Witnesses also pointed to the lack of coordination among government agencies. They hoped that such problems would not occur during a second wave.

[W]e're [a dance studio in Stage 3] still waiting for a response on the guidelines that we submitted back in May. We still have not heard from the government to have those guidelines approved that we wrote for reopening dance studios safely, and we have over 550 studios that have signed those guidelines.

Business owner

Public Health Guidelines

Categorization of businesses

Many witnesses stated that the categorization of businesses as essential and non-essential during the first wave discriminated against small businesses and created inconsistencies in practice. Particularly, small retailers stated that it was unfair for them to accumulate debt with no possibility of making revenue while they watched big box retailers continue to sell nonessential items (such as clothing, shoes, and appliances) during the shutdown. Some businesses said they could not survive a second shutdown.

Allowing big-box stores to monopolize this pandemic and grow stronger over independent small business cannot be tolerated ever again. [...] Things like curbside pickup for all retailers who can position themselves safely should be respected moving forward. Alternatively, if drastic measures are required, make certain to close all non-essential aisles in any store deemed essential.

Party Mart

Most witnesses stated that, in practice, certain public health guidelines resulted in inconsistencies, confusion, inefficiencies, and in some cases, misbranding of sectors as unsafe. Witnesses representing attractions, amusement and water parks, and racetracks said they were particularly disadvantaged. Attractions Ontario said the announcement from the government that not all parks would be able to open in stage 3 was a huge blow to the recovery prospects of their members, especially after they had made significant investments in their safety plans.

The province needs to understand that how it has handled this situation has substantially inappropriately branded this industry [waterparks] as unsafe, which in the current environment has damaged the industry's reputation with consumers.

Bingemans

Special events, wedding, and entertainment businesses stressed that a 50-person cap on indoor gatherings was not economically feasible for their operations. Many witnesses requested flexibility to increase that number (up to 50% capacity) if they can provide physical distancing and other safety measures in their facilities.

Some businesses asked for regional variations and demanded a more nuanced approach to the application of public health guidelines. Others suggested that they should have a say over, or means to appeal, their classification.

While we were pleased to see bowling centres included as part of the reopening plan for Stage 3, the rigid 50 person per facility limit has meant there has been very little if any practical benefit. The small number of bowlers allowed to be in a centre at one time costs more to service than they can ever generate in revenue.

*Rinx Entertainment Centre Inc. and
Playtime Bowl & Entertainment*

For businesses that have operations in the United States, rapid testing is essential to avoid workforce disruptions, as voiced by Innovative Automation. The Coalition of Concerned Manufacturers and Businesses of Canada also stated that an orderly opening of the economy should include rapid illness and antibody testing to provide the industry with an accurate picture of the disease and outbreaks.

Consumer Confidence

Ontarians are hesitant to resume their regular activities and are forgoing some entirely. Many businesses explained that while they understand these fears, they can, and do, operate following strict public health safety guidelines.

When they allowed for dine-in, I was so excited because I'm like, "Okay, the floodgates are going to open. We're finally going to be able to get back to business." And it didn't happen. That's when I went through a depression. [...] How do we bring confidence back? You're going to boost the economy when you bring the confidence back to the people that they're safe and it's okay to go out.

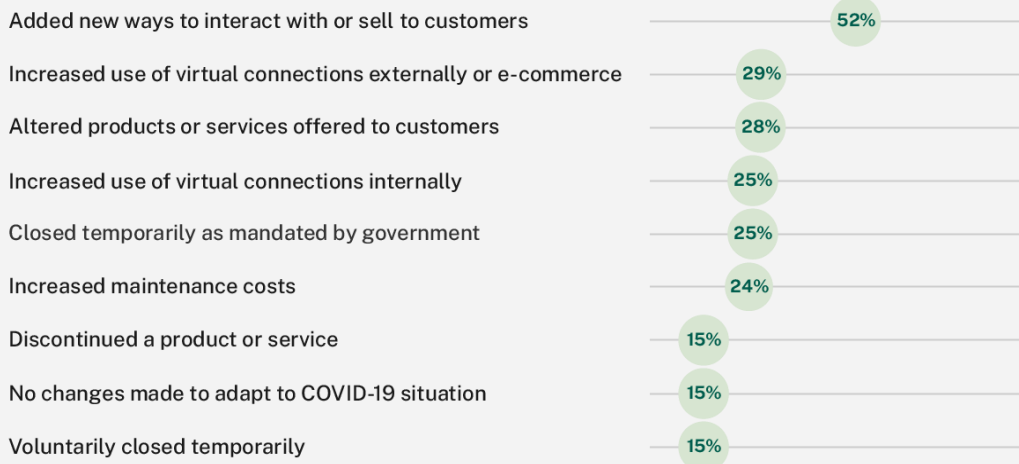
Simmering Kettle and Dosti Eats

The Committee heard from business owners who are working hard to build confidence among consumers so they feel comfortable entering their premises and using their services. Not surprisingly, consumer-based businesses were particularly concerned about their customers' willingness to return to normal. They noted that the messaging the public receives can be confusing—the public is being asked to both stay home to protect each other from the virus but also to buy from local business.

One way the government could be more consistent is to mandate mask use in all public spaces. The Retail Council of Canada told the Committee that there are 32 different sets of rules about masks in Ontario, mandated by local health units, and urged a harmonization of mask policy throughout Ontario. Business owners noted that it reassures employees, removes the burden to request it from customers, and makes everyone more comfortable with the shopping experience.

Changes Made by Ontario Businesses to Adapt to COVID-19

Percentage of survey respondents (%)



Source: Data from Statistics Canada, Table 33-10-0250-01 *Changes made by businesses to adapt to the COVID-19 pandemic, by business characteristics*, May 2020. List above highlights the most frequent responses. Graphic by Legislative Research.

Digital Infrastructure

The Committee heard that SMEs were less prepared for the drastic shift to e-commerce than larger businesses. Prior to the pandemic, only 60% of Ontario small enterprises had a website and only 7% had an online payment solution.

The Digital Main Street program provides grants up to \$2,500 to companies to adopt digital technology. Witnesses were appreciative of the program and urged its continuation in order to support small businesses. They recommended expanding the program beyond downtown business improvement areas and to organizations without a storefront.

However, as noted in previous sector meetings of this Committee, e-commerce and digital tools only work insofar as the broadband internet which supports it. Witnesses highlighted the importance of improving broadband access in rural and northern areas. The Anishnawbe Business Professional Association stated that unreliable broadband access makes it difficult for Indigenous entrepreneurs to grow their businesses. Witnesses from the agriculture industry noted that better broadband is needed for farmers to use precision agriculture, an advanced farming method that relies on satellite-technology, as well as to improve their e-commerce efforts.

One of the biggest and hardest hit are the rural communities, and moving forward on how they will make an e-commerce digital imprint is next to impossible due to the lack of infrastructure.

1000 Islands Gananoque Chamber of Commerce

Availability of Labour

The Committee heard from business owners who were making investments to keep their employees safe, but whose employees had nevertheless not returned to work when businesses began to reopen. Some business owners attributed this to the Canada Emergency Response Benefit (CERB), describing it as overly generous. Others argued workers were not returning because of low wages and a lack of paid sick days.

Witnesses explained that the lack of child care made it impossible for many parents—especially mothers—to return to work. When parents tried to juggle work and family responsibilities, it negatively impacted their productivity. The Ontario Chamber of Commerce and the Canadian Women's Chamber of Commerce were among those noting the disproportionate impact the recession is having on women, urging the Province to consider child care as part of its economic recovery plan.

This is a “she-cession” even more so than a recession. Women have been disproportionately hit [...] Most of the productivity gains that Canada has made in recent years have actually been because of increased participation on the part of women and underrepresented groups, and everything that can be done to encourage that is critical to a robust recovery.

Ontario Chamber of Commerce

When you look at women-identified business owners or entrepreneurs, the top three concerns or impacts that really stood out were a devastating loss of revenue through loss of contracts, loss of customers, loss of clients, as well as other associated events or other associated impacts such as payment delays and supply chain disruptions.

Canadian Women's Chamber of Commerce

Regulatory Burden Reduction

Witnesses told the Committee that they appreciated the government's recent efforts to reduce the regulatory burden for small businesses. However, witnesses stressed that further streamlining regulatory processes is both “revenue neutral” and essential to Ontario's economic recovery.

Witnesses representing various sectors, including manufacturing, construction, and agriculture, stated that permitting processes were long, convoluted, and costly for small businesses.

Examples of regulatory burdens that business owners highlighted included:

- the high number of environmental approvals required to start a construction project in Ontario;

- duplicative requirements from federal and provincial governments;
- inefficient and complicated permitting processes for building and renovations; and,
- a lack of standardized permitting processes for fibre optic, and high costs for deploying broadband infrastructure in rural Ontario.

Witness Recommendations

- *Communication and coordination* — consult with businesses on second wave planning and provide consistent information in a timely manner.
- *Standardized essential businesses* — ensure small and medium-sized businesses are treated fairly by prohibiting large retailers from selling nonessential items or allowing for curbside pickup for all businesses.
- *Clarify public health guidelines* — introduce clear, nuanced standards and guidelines according to regional realities and sector/facility specifics, and provide consistent, effective, and timely feedback to businesses regarding their application.
- *Consumer confidence* — mandate mask use and clarify provincial messaging to encourage safe consumer behaviours.
- *Regulatory burden* — further reduce the regulatory burden on small and medium-sized businesses.
- *Broadband technology* — invest in broadband technology for better internet access in rural and remote communities.
- *Digital Main Street Program* — extend the program to small businesses without a storefront.
- *Child Care* — consider child care as part of future economic recovery plans.

SECTOR-SPECIFIC RECOMMENDATIONS

Witnesses also commented on pandemic-related issues affecting SMEs in specific industries: agriculture, alcohol and cannabis, arts and culture, charities and non-profits, construction and building, gaming, health, hospitality, infrastructure, and tourism.

Agriculture

The Ontario Federation of Agriculture told the Committee, “if there’s one thing that COVID-19 has highlighted, it’s the importance of a strong domestic supply chain for the agri-food industry.” They urged the Committee to continue to keep this a top priority.

Both the Beef Farmers of Ontario and Chicken Farmers of Ontario discussed pressure on the supply chain as they experienced reductions in processing capacity while processors adjusted to new health and safety guidelines. The Chicken

Farmers of Ontario also explained there were some distribution challenges as demand decreased in out-of-home consumption and grew in retail grocery and e-commerce.

The Ontario Fruit and Vegetable Growers' Association explained that farmers faced labour-related challenges this year, including outbreaks among workers.

Agriculture societies provide facilities and grounds for various community and business activities, meetings and fundraising events, and sports and recreation. The Ontario Association of Agriculture Societies determined that their membership is facing a revenue shortfall while the Canadian Association of Fairs and Exhibitions estimate that at least one in 10 Ontario fairs will shut down permanently without additional funding.

Witnesses from this industry had a number of recommendations including

- Reduce property taxes for value-added agriculture to encourage growth and diversification of Ontario's agri-food products.
- Enhance the rural and urban (i.e., transportation and retail) side of the agri-food value chain.
- Develop a quarantine support program to address labour shortages excluded from crop insurance programs.
- Develop a beef processing infrastructure fund for projects at provincial abattoirs to increase processing capacity, combining no-interest loans, non-repayable loans, and cost-share funding.
- Work with the federal government to improve funding programs offered to producers through the Canadian Agricultural Partnership.
- Fund the \$12.2 million shortfall for Ontario agriculture societies.
- Remove the requirement for organizations with revenue over \$250,000 to have an auditor's report to be eligible for Resilient Communities Fund.

Alcohol and Cannabis

While alcohol sales at the LCBO were robust, sales to restaurants and export markets, as well as revenues from events for weddings and corporate meetings, all but vanished. Cannabis sales benefited from curb-side pick-up but the industry was still emerging when the pandemic hit, and witnesses said it needs support to reach its potential.

The Committee heard from numerous businesses that explained that alcohol sales are essential to their survival. They recommended the Province

- continue to allow the sale of alcohol for delivery and takeout; and
- continue to support efforts to expand the use of patios as weather permits without an additional application or permitting fee.

Witnesses from the wine industry had a number of recommendations including:

- Extend additional support measures from the LCBO to at least the end of 2020.
- Implement a wholesale pricing structure and create specialty stores throughout the province.
- Eliminate the 6.1% wine tax

Witnesses from the craft beer industry recommended the following:

- Expand retail locations and lift restrictions on listings for craft beer.
- Allow craft beer brewers to open a retail store without an operating brewery on site.
- Eliminate the environmental levy on beer cans.

Cannabis-related recommendations included:

- Reinstate curbside e-commerce, pick-up and delivery for licensed cannabis retailers.
- Allow private retailers to buy directly from licensed cannabis producers rather than only from the Ontario Cannabis Store.

Arts and Culture

The arts and culture sector provides a significant contribution to the economy and to the wellbeing of Ontarians. However, months of canceled music events and theatre performances have grinded the sector to a standstill. The radio industry, which is the only source of news in many smaller communities, is struggling with lost revenues. The Committee received testimony that the sector needs funding to ensure its survival.

Witnesses had a number of recommendations including:

- Create a provincial wage subsidy or live arts labour credit for hiring professional contracted musicians and/or actors.
- Partner with municipalities to hire musicians to provide small-scale “cultural relief” events for the public.
- Invest in the Ontario Arts Council to provide viable virtual alternatives to live theatre performance, and provide support for the Ontario Cultural Attractions Fund to encourage outdoor festivals.
- Ensure that the Ontario Arts Council consults with rural municipalities to develop a funding model with eligibility for small rural art galleries.
- Create a donation matching program to incentivize private-sector donations.

- Create two radio advertising funds, \$20 million each, with an additional required contribution from broadcasters. The funds would allow small businesses and tourism organizations to advertise their local goods and events.

Charities and Non-profits

The Committee heard from numerous charities and not-for-profit organizations which described the difficult circumstances they are facing while trying to serve the public. According to a report by the Ontario Nonprofit Network and the Assemblée de la Francophonie de l'Ontario, 59% of surveyed non-profits and charitable organizations reported a decrease in revenues, 40% experienced an increased demand for services, 30% had laid off staff, and 23% incurred an increase in costs (PPE and technology). One in five organizations are expecting to close in the next six months.

Charities and non-profits stressed they need funding to keep their doors open to deliver essential programming, especially supports to vulnerable populations such as those with chronic illnesses and conditions. The sector also needs support to reimagine how to deliver its programming for the next two to three years.

These organizations made several recommendations including those below:

- Provide \$680 million in sector stabilization funding.
- Double the provincial portion of the Charitable Donation Tax Credit through to the end of 2021 and make the credit refundable.
- Match donations to provincial charities or national charities with provincial offices.

Construction and Building

The Committee heard from the construction sector during hearings leading to its fourth interim report on municipalities, construction and the building industry. However a number of witnesses reminded the Committee of the impact that COVID-19 has had on small and medium-sized business operating in this sector, and the importance of attracting people to skilled trade professions and removing barriers to practice.

Projects underway when the pandemic first began experienced delays, and many continue to proceed more slowly due to supply chain issues, permitting delays and social distancing requirements.

Witnesses from this industry had a number of recommendations including those below:

- Exempt contractors and subcontractors from liability for pandemic-related delays.
- Establish a relief provision that allows banks and bonding companies to financially support contractors while they deal with contractual and payment delays.
- Create a home renovation tax credit.

- Create a home and building retrofit program focused on improvements to indoor air quality and on reducing energy costs.
- Provide grants or tax incentives for small businesses to take on apprentices.

Gaming

The gaming industry was identified by witnesses as needing help to pull through the cash flow and business development challenges triggered by the pandemic, and exacerbated by the still-emerging nature of the industry. Witnesses pointed to Quebec's tax framework which has allowed the industry to grow more rapidly than it has in this province.

To increase competitiveness, several recommendations were made including the following:

- Improve the Ontario Interactive Digital Media Tax Credit by, for example, implementing a service standard, redefining eligible labour activities, and allowing for more collaboration between Ontario companies.
- Allocate a higher proportion of tax credits for the cultural and media sector to gaming.
- Allow the establishment of video gaming terminals in licenced restaurants, bars and service clubs.

Health

The Association of Optometrists of Ontario and the Ontario Pharmacists Association made presentations reminding the Committee that their membership includes many small business owners who are themselves struggling with the increased costs of PPE. Both associations suggested that government could use their services to divert patient care away from emergency rooms, allowing hospitals to focus on COVID-19 efforts.

To recoup PPE costs and address other cost pressures, optometrists recommended increasing eye exam fees whereas pharmacists recommended increasing the per flu shot subsidy.

Hospitality

The hospitality industry is affected by many of the challenges already noted in this report: rent, wages, additional costs, and depleted revenues. A common request from restaurant owners was that the Province continue to allow them to deliver alcohol alongside food. They also asked that the Province allow them to buy alcohol at a lower price.

Restaurants Canada asked that the government reduce credit card interchange fees, and slow down the implementation of the requirement that takeout containers be made from 100% EPR. The Kit Kat Restaurant Group asked that Ontario mandate lower fees for food delivery services such as Uber, following in the footsteps of other jurisdictions like the New York.

Infrastructure

Witnesses reminded the Committee of the importance that investments in public infrastructure can have on Ontario's economic recovery. These projects could include traditional stimulus investments in roads, bridges and transit that revitalize communities and connect cities, as well as broadband and cellular infrastructure needed in northern and rural areas.

Witnesses also commented that infrastructure investments should help the most vulnerable and strengthen cultural communities. The Ontario Non-Profit Housing Association, for example, suggested elevating community housing as part of essential infrastructure for Ontario's economic recovery. The Toronto Symphony Orchestra suggested renovating cultural facilities to help them meet social distancing requirements, and equipping them for digital content capture.

Tourism

While tourism was the focus of this Committee's second interim report, many small and medium-sized enterprises in this industry shared their concerns during this round of hearings. They provided more detail on the continuing impact of the pandemic on their sector, explaining that they are among the hardest hit and that they will be among the last to recover. They asked again that the Province consider the long-term trajectory of their sector's recovery when designing supports, develop tax credits to encourage travel within Ontario, and continue to invest in marketing to support small tourism-related businesses. Referring to the industry as the "single-biggest employer of young people under the age of 30," witnesses shared their concerns for youth employment in the province.

Northern and rural areas are particularly reliant on the tourism industry, and representatives of these regions asked that the Committee consider this fact as it develops its recommendations. The Tourism Industry Association of Ontario also highlighted the devastating impacts on Indigenous-owned SMEs in the industry.

Indigenous tourism in Ontario was the fastest-growing segment of our industry in the last few years. It is one of our key draws for international visitors. The fact that our borders are closed to international visitors and that there are still quarantine measures in place certainly has had a huge impact, and unfortunately, Indigenous businesses are suffering the brunt of that. They are closing. They are not able to open.

Tourism Industry Association of Ontario

LOOKING FORWARD

Strengthen Supply Chains and Support Business Growth

The pandemic exposed weaknesses in Ontario's supply chains across many industries. Witnesses asked that manufacturing within the province be encouraged to strengthen the supply chains of essential goods and services.

I think the disruption to supply chains really brought into focus the idea that we need a flexible and resilient manufacturing sector, because that will often supply the upstream or the downstream products that make the products that

can be assembled or sold in our local shops or provided by local service providers.

Wellmaster Pipe and Supply Inc.

As VentureLAB explained, the production of foundational pieces of technologies, such as those embedded in medical devices and contactless solutions, are currently manufactured outside the province. By bringing the engineering and manufacturing of these technologies to Ontario, we can stabilize the supply chain of products and services that keep schools, homes and communities safe. Reshoring these and other high-value electronics can also create opportunities for SMEs along the supply chain and increase the demand for skilled workers. Canadian Manufacturers & Exporters further explained that leveraging Ontario's resources will have an impact on the upstream and downstream supply chain.

Manufacturers develop the technologies, machinery and equipment, and infrastructure needed for resource extraction. As resource extraction expands so too does demand for manufactured products. And, in turn, manufacturers use many of the resources in the production of their goods by turning raw materials into value-added products. In other words, a reliable and stable supply of natural resources is critical for manufacturing growth.

Canadian Manufacturers & Exporters

Witnesses asked that the Province continue to encourage consumers to buy locally, and to create the conditions where companies can purchase services from one another. However, they cautioned Ontario's market is small and could benefit from increased interprovincial trade. Different standards and regulations impede the movement of goods and services. The Ontario Chamber of Commerce stressed the urgency of prioritizing interprovincial free trade given the rise of protectionist policies around the world. Despite the current challenges, such trade was described by many witnesses as a stepping stone to international markets. Witnesses also asked the Province to work with the federal government to ensure favourable trade agreements.

The Committee was inspired by stories of businesses that have expanded in Ontario and internationally during these unprecedented times. For example, Club Coffee LP explained how it was able to expand during the pandemic by providing environmentally-friendly coffee pods. The witness noted that there is a huge demand for plant-based packaging, and that government has a role to play to support its development and export. More generally, witnesses asked for tax incentives and investments to help companies grow here and abroad.

Canadian Manufacturers & Exporters commended the government for its Ontario Made initiative, describing it as an indication that "manufacturing matters once again." The organization suggested that the program could be a permanent part of the Province's recovery strategy, through increased and multi-year funding, similar to the Good Things Grow in Ontario campaign.

Witnesses recommended the following:

- *Make and buy local* - encourage consumers and businesses to buy from Ontario small and medium enterprises.
- *Support manufacturing* – create a competitive tax environment and increase investment in Ontario-based manufacturing industries.
- *Interprovincial trade* — reduce barriers to the movement of goods within Canada.
- *International trade* – work with the federal government to negotiate favorable international trade agreements.

Strategic Procurement

Government procurement can be used strategically to support small and medium-sized businesses while stimulating economic growth. While trade agreements forbid governments from officially giving preference to their own citizens, one witness said that many jurisdictions have figured out how to structure their RFPs to do this in practice.

To help SMEs compete more effectively, witnesses recommended that the RFP process be simplified, the decisions made transparently, and that the money flow quickly. Many SMEs do not have the resources to participate in long and technical procurement processes, even when they could provide a better service or price than their larger counterparts. The Province was also asked to give feedback to smaller companies that are not successful, and to broaden its search outside of existing vendors of record, which tends to favour larger and more established companies.

Witnesses explained that having a government entity as a customer can provide financial stability and growth opportunities to smaller companies since it validates the company's products and services, making them more attractive to larger customers. Futurpreneur Canada noted that having even one small government contract can make a transformative impact on a young entrepreneur's business.

A number of sectors were highlighted as a potential focus of procurement efforts, including advanced manufacturing, technology and health sciences. Some witnesses asked that the Province focus on virtual health initiatives, which have the potential to keep seniors in their homes and out of long-term-care facilities, and address the health needs of Ontarians during the pandemic. The Ontario Centres of Excellence suggested the public sector issue a challenge to support innovation-based procurements to drive digitalization and technology adoption across the public sector, allocating procurement budgets on a “use it or lose it” basis.

Up until COVID, there were these two solitudes: the tech industry and the health care industry. What has happened, one of the benefits of COVID is we've been brought together.

Communitech

The Ontario Non-Profit Network noted that the government could also use its purchasing power to support social enterprises by establishing a target to shift a portion of its existing contract-based spending to the non-profit sector.

Recommendations related to procurement included:

- *Simplify* — help small and medium enterprises compete more effectively, by simplifying the RFP process, making decisions transparently, and flowing money quickly.
- *Engage* — encourage public sector organizations to broaden their search outside of their existing vendors of record through a challenge-based call for proposals.
- *Digitize* — procure small and medium enterprises to support virtual health care and other digital public sector efforts.

Support Start-ups and Promote Innovation

Start-ups and entrepreneurial talent spur economic growth and job creation and are critical for the Province's economic recovery. COVID-19 abruptly interrupted these activities and compounded previously existing problems, such as access to capital and the ability to scale-up and commercialize ventures.

The Committee heard that access to private investment capital pools, which are pivotal to start-up growth and operation, vanished in the early months of the pandemic. Moreover, essential networking opportunities were reduced, leaving a gap in relationship building and mentoring. Many witnesses stressed the need for the government to step in to support networking infrastructure and provide funding directly to start-ups. Another idea presented to the Committee was investing in a network of early adopter institutions to enable commercialization and innovation.

Several witnesses commented that Ontario could better recognize how intellectual property-based technologies contribute to the knowledge economy.

Our financial institutions do not know how to lend against intellectual property. For a small business, if I'm going to a bank looking for a loan, they'll look for whether I own some physical assets as collateral, right? But if I tell them I have some IP, they don't know how to finance it. Therefore, the knowledge economy typically gets underfinanced in our economy today.

Technology expert

Witnesses stressed the need to strengthen investments and protections around companies that are rich in intellectual property, for example by adopting policies which encourage private capital to provide financing for companies built on intellectual property, and developing a patent program.

The Committee also learned that challenges persist when attempting to scale start-ups. Canadian Manufacturers & Exporters recommended tax incentives during scale-up periods to reward companies that are turning intellectual property into locally commercialized and produced projects. Ontario Centres of Excellence summarized how capital, scaling, commercialization, and procurement are linked to support economic growth.

For start-ups and advanced manufacturing, the Committee received testimony about the importance of retaining and attracting highly skilled labour to Ontario. Witnesses said that remote work presents an opportunity to find talent across the province,

while federal and provincial immigration programs can be used strategically to attract the best from around the world.

Several witnesses were optimistic that the entrepreneurial spirit remains strong in Ontario, citing an increase in applications to grant programs and attendance at online training classes. The Ontario Bioscience Innovation Organization suggested retraining highly skilled individuals displaced by pandemic-related layoffs for careers in this growing industry.

Witnesses had many recommendations, including those listed below:

- *Intellectual property* — develop an intellectual property strategy to encourage capital investment in companies rich in intellectual property.
- *Capital* — improve access to capital for start-ups.
- *Health Innovation Fund* — create a Health Innovation Fund to accelerate the development of health science companies in Ontario.
- *Tax incentives* — provide tax incentives to encourage local investment for local and early-stage companies to help organizations scale-up.
- *Retain and train skilled labour* — invest in a talent program to retain and train highly skilled labour in Ontario.

COMMITTEE RECOMMENDATIONS

The Standing Committee on Finance and Economic Affairs recommends that:

1. The Province advocate for small business by working with the Federal government to change the Canada Emergency Commercial Rent Assistance program to allow tenants to apply for support and to extend the program to January 1, 2021.
2. The Province advocate for small business by working with the Federal government to change the Canada Emergency Commercial Rent Assistance program to lower the threshold of revenue loss for eligibility.
3. The provincial government commit to work with the federal government to determine the next phase of the Canada Emergency Commercial Rent Assistance program and whether the program would benefit from the extension of the commercial eviction ban and other measures.
4. The Province explore grants and provide funding programs as investment decisions to support Indigenous communities as a path to reconciliation and economic recovery from the COVID-19 pandemic.
5. The Province work with the federal government to expand the Women Entrepreneurship Strategy to increase funding specific for Black, Indigenous and people of colour.
6. The Province explore the creation of a buy local radio advertising campaign or program to support Ontario broadcasters and to promote Ontario's small businesses.
7. The provincial government explore ways to assist individuals and businesses with personal, auto and commercial insurance.
8. The provincial government explore ways to incentivize home renovations focused on improving indoor air quality and reducing energy costs.
9. The provincial government explore establishing a stabilization fund for Ontario's non-profit sector.
10. The Province should expand the support provided to small businesses at all of the 47 Small Business Enterprise Centres across the province.
11. The Province should explore options for assisting small businesses to offset increased costs due to procuring PPE for their employees.
12. The Province should provide mental health supports geared to small business owners.
13. The Province should make permanent the temporary regulation that permits restaurants to offer alcohol delivery and take-out and allows for 24-hour a day truck deliveries.
14. The Province should explore which other temporary regulatory burden relief measures taken during the pandemic should be made permanent.

15. The Province should continue to assist small and medium enterprises by modernizing regulations, digitalizing and working through suggestions submitted through the Tackling the Barriers portal.
16. The Province should create a new one-stop COVID-19 recovery-focused website for small businesses.
17. The Province should continue to work with the Federal Government to provide further COVID-19 relief measures for small and medium enterprises.
18. The Province should create a focused campaign to increase awareness of existing programs geared towards small businesses.
19. The government continue to promote, stabilize, and grow Ontario's manufacturing sector by increasing access to capital, reducing red tape, and lowering the cost of doing business.
20. The government continue to strengthen the manufacturing and supply chain of Ontario Made goods for vital PPE and other critical goods.
21. The government continue investment and support for Ontario made innovation and intellectual property.

WITNESS LIST

Organization/Individual	Date of Appearance
1000 Islands Gananoque Chamber of Commerce	August 17, 2020
ALS Society of Canada	Written submission
Alzheimer Society of Ontario	Written submission
Angel Investors of Ontario & Georgian Angel Network	August 19, 2020
Anishnawbe Business Professional Association	August 20, 2020
Ardra Inc.	August 17, 2020
Aroma Salt Therapy & Beauty Spa	August 28, 2020
Ascari Hospitality Group	August 18, 2020
Attractions Ontario	August 28, 2020
Automotive Industries Association of Canada	August 18, 2020
AVARA Media Inc.: Oakville	August 26, 2020
Baccanalle & Capital Fare Café	August 27, 2020
Barrie & District Association of REALTORS®	August 24, 2020
Barrie Chamber of Commerce	August 26, 2020
Barton Village Business Improvement Area	August 20, 2020
Bayshore Healthcare Ltd.	August 28, 2020
Beauty United/Sugar Moon Salon Inc.	August 19, 2020
Beef Farmers of Ontario	August 27, 2020
Better Way Alliance	August 18, 2020
Betty McGie	August 21, 2020
Bingemans	August 17, 2020
Bishop Water Technologies	August 18, 2020
Boating Ontario Association	August 24, 2020
Bob Desauntels	Written submission

Organization/Individual	Date of Appearance
Body Mind Fitness	Written submission
Boneyard Event Services Inc.	August 24, 2020
Bottle Shop	Written submission
Bowl Canada	Written submission
Boys and Girls Clubs of Canada	August 24, 2020
Bradley Elkins	August 24, 2020
Brampton Board of Trade	August 26, 2020
BTi Brand Innovations Inc.	August 20, 2020
Byrnes Communications Inc.	August 21, 2020
Cambridge Butterfly Conservatory	August 17, 2020
Camping in Ontario	August 18, 2020
Canada's National Brewers	Written submission
Canadian Actors' Equity Association	August 24, 2020
Canadian Association of Tour Operators	August 18, 2020
Canadian Business Resilience Network	Written submission
Canadian Cancer Society	August 19, 2020
Canadian Cancer Society, Lung Association, Heart and Stroke Foundation and Diabetes Canada	Written submission
Canadian Chamber of Commerce	August 26, 2020
Canadian Federation of Independent Business	August 24, 2020
Canadian Federation of Independent Grocers	August 18, 2020
Canadian Lung Association	Written submission
Canadian Manufacturers & Exporters	August 26, 2020
Canadian National Institute for the Blind Foundation	Written submission
Canadian Nuclear Isotope Council	August 26, 2020
Canadian Women's Chamber of Commerce	August 24, 2020

Organization/Individual	Date of Appearance
Carpenters District Council of Ontario	August 19, 2020
Category 5 Imaging	August 18, 2020
Chemistry Industry Association of Canada	Written submission
Chicken Farmers of Ontario	August 27, 2020
Chris James	August 28, 2020
Ciena Corporation	August 28, 2020
City of Brampton	Written submission
City of Stratford: investStratford	August 20, 2020
Clarington Board of Trade	August 28, 2020
Club Coffee LP	August 24, 2020
Coalition of Concerned Manufacturers and Businesses of Canada	August 20, 2020
Cogeco	Written submission
COLE Engineering Group	August 20, 2020
Collab Space Corp	August 19, 2020
Communitech	August 26, 2020
Community Action Planning Group: Jane-Finch Community	August 24, 2020
Community Fibre Company	August 19, 2020
Competition Bureau Canada	Written submission
Convenience Industry Council of Canada	August 24, 2020
Corktown Residents and Business Association	August 26, 2020
Council of Canadian Innovators	August 26, 2020
Cristina's Tortina Shop Inc.	August 20, 2020
CropLife Canada	August 24, 2020
Crown Group of Hotels	August 28, 2020

Organization/Individual	Date of Appearance
Crystal Longo	August 24, 2020
Ctrl V	August 21, 2020
Cultural Arts Studio	August 28, 2020
Cybersecurity Compliance Corp.	August 21, 2020
Direct Sellers Association of Canada	August 26, 2020
Dispatch	August 17, 2020
DMZ Innisfil and Participating Companies	Written submission
DMZ/DMZ Ventures	August 21, 2020
Drinks Ontario	August 26, 2020
DriveWise and KnowledgeSurge Institute	August 18, 2020
Eirene Cremations Inc.	August 26, 2020
Electrical Contractors Association of Ontario	August 27, 2020
Explore Waterloo Region	August 17, 2020
FanSaves	August 18, 2020
Fire & Flower	August 21, 2020
First Work	August 27, 2020
FirstOntario Performing Arts Centre	August 26, 2020
ForaHealthyMe Inc.	August 27, 2020
FSET	August 26, 2020
Futurpreneur Canada	August 24, 2020
Gabriel Araujo	Written submission
Gathering of Ontario Developers	August 19, 2020
GavCom Media Productions	August 21, 2020
Global Skills Hub	August 17, 2020
Gordon Grant	August 20, 2020

Organization/Individual	Date of Appearance
Grape Growers of Ontario	August 27, 2020
Greater Kitchener Waterloo Chamber of Commerce	August 24, 2020
Greater Niagara Chamber of Commerce	August 21, 2020
Greater Peterborough Chamber of Commerce	Written submission
Greyhound Canada Transportation ULC	August 26, 2020
Guelph Chamber of Commerce	August 28, 2020
Habitat for Humanity – Ontario Caucus	Written submission
Halibut House Fish and Chips	August 28, 2020
Haunted Walks Inc.	August 18, 2020
Heart & Stroke Foundation	Written submission
Heating Refrigeration, Air Conditioning Institute of Canada	August 20, 2020
Hilton Niagara Falls	August 17, 2020
Imperial Tobacco Canada	Written submission
Indo Canada Ottawa Business Chambers	August 28, 2020
Innovative Automation	August 19, 2020
Innovative Dance	August 21, 2020
Institute for Advancements in Mental Health	Written submission
Insurance Brokers Association of Ontario	August 26, 2020
Intellectual Property Institute of Canada	August 24, 2020
Interactive Ontario	August 26, 2020
Iron Fitness Strength Club	August 18, 2020
Jay9 Dance Centre	August 21, 2020
Jodi Di Menna	Written submission
K. Winter Sanitation Inc.	August 18, 2020
Karla Briones	August 28, 2020

Organization/Individual	Date of Appearance
Karna Gupta	August 26, 2020
Kawartha Art Gallery	Written submission
Kim Thiara	August 27, 2020
Kingston Accommodation Partners	August 20, 2020
Kit Kat Restaurant Group	August 21, 2020
KW Oktoberfest Inc.	Written submission
Lab Improvements	August 18, 2020
Lawrence O'Brien	August 18, 2020
Linda J. Howes-Smyth	Written submission
Live History	August 17, 2020
Louis Roesch	August 19, 2020
Mahtay Café	August 18, 2020
Manny Mellios	August 20, 2020
Mappedin	August 19, 2020
Marco Pronto	August 19, 2020
Marlin Stoltz	August 19, 2020
MasterCard	Written submission
Mayor's COVID-19 Economic Support Task Force (City of Brampton)	Written submission
MediSeen Health	August 26, 2020
Memories Bridal	August 28, 2020
Mississauga Board of Trade	August 24, 2020
Mortgage Professionals of Canada	August 19, 2020
Municipality of Sioux Lookout	August 19, 2020
Neighbourhood Pharmacy Association of Canada	August 27, 2020
Norah Rogers	August 26, 2020

Organization/Individual	Date of Appearance
Officelnc! Corp.	August 21, 2020
Oliver & Bonacini Hospitality	August 27, 2020
Ontario Aids Network	Written submission
Ontario Association of Agricultural Societies	August 26, 2020
Ontario Association of Broadcasters	August 20, 2020
Ontario Association of Optometrists	August 17, 2020
Ontario Bioscience Innovation Organization	August 24, 2020
Ontario Business Improvement Area Association	August 24, 2020
Ontario Centres of Excellence	August 26, 2020
Ontario Chamber of Commerce	August 24, 2020
Ontario Convenience Stores Association	August 26, 2020
Ontario Craft Brewers Association	August 19, 2020
Ontario Craft Wineries	August 27, 2020
Ontario Dairy Council	August 27, 2020
Ontario Dance and Performing Arts Studios	Written submission
Ontario Federation of Agriculture	August 20, 2020
Ontario Fruit and Vegetable Growers' Association (OFVGA)	August 24, 2020
Ontario General Contractors Association	August 19, 2020
Ontario Library Association	Written submission
Ontario Motorsports Promoters	August 18, 2020
Ontario Music Educators' Association	August 26, 2020
Ontario Non-Profit Housing Association	August 18, 2020
Ontario Nonprofit Network	August 19, 2020
Ontario Pharmacists Association	August 20, 2020
Ontario Restaurant Hotel and Motel Association	August 18, 2020

Organization/Individual	Date of Appearance
Ontario Sewer and Watermain Construction Association	August 17, 2020
Ottawa Board of Trade	August 26, 2020
Ottawa Coalition of Business Improvement Areas (OCOBIA)	August 24, 2020
Ottawa Gatineau Wedding Industry Association	Written submission
Ottawa Special Events	August 17, 2020
Party Mart	August 17, 2020
Paul Goulet	August 21, 2020
Pembina Institute	Written submission
Pioneer Craftsmen Ltd.	August 17, 2020
Purecolo Inc.	August 17, 2020
Quality Entertainment	August 17, 2020
RBC Analysis	Written submission
Rebecca Brettingham-Filice	August 19, 2020
Reception House Waterloo Region	August 21, 2020
Restaurant Brands International	August 27, 2020
Restaurants Canada	August 20, 2020
Retail Council of Canada	August 27, 2020
Rinx Entertainment Centre Inc. and Playtime Bowl & Entertainment	Written submission
Robert Schickedanz	August 19, 2020
Royal City Studios	August 19, 2020
Rural Opportunity & Investment Coalition	August 20, 2020
Russell Arthurs	August 20, 2020
Rycom	August 24, 2020
Ryerson University	August 24, 2020

Organization/Individual	Date of Appearance
Sault Ste. Marie Chamber of Commerce	August 20, 2020
Sault Ste. Marie Chamber of Commerce, Burlington Chamber of Commerce	Written submission
Sax Appeal Ottawa and The Entrepreneur Social Advantage Experience (eSAX)	August 24, 2020
Scott Vivian	August 17, 2020
Select Wines	Written submission
Select Wines/Drinks Ontario	Written submission
Shoaib Ahmed	August 17, 2020
Showplace Performance Centre	Written submission
Simmering Kettle and Dosti Eats	August 26, 2020
Skinsational Inc.	August 26, 2020
Snap Hoek Productions Inc.	August 27, 2020
Snuggles n Bubbles Baby Spa	August 21, 2020
South Simcoe Community Startup	August 24, 2020
Spring Valley Corp.	August 18, 2020
Startup Canada	August 26, 2020
Stephen Beckta	August 26, 2020
Stonefields Estate and Ottawa Gatineau Wedding Industry Association	August 24, 2020
Stratford Festival	August 20, 2020
Sudbury Workers Education and Advocacy Centre	August 17, 2020
Sunshine Restaurant	August 27, 2020
Surati Sweet Mart	August 17, 2020
Susanna de Beer	August 21, 2020
Team Eagle Ltd.	August 19, 2020
TechAlliance of Southwestern Ontario	August 28, 2020

Organization/Individual	Date of Appearance
TECHNATION	August 21, 2020
TechTO	August 26, 2020
Tego Design Center	August 24, 2020
The City of Brampton: Economic Development Office	August 28, 2020
The SPACE: Ontario Dance and Performing Arts Studios	August 28, 2020
The Wellington Diner	August 21, 2020
Think Research	August 19, 2020
Tim Hortons	Written submission
Timmins Chamber	August 28, 2020
Toomey Paralegal Services	August 18, 2020
Toronto Musicians' Association: Local 149 of the American Federation of Musicians of the United States and Canada	August 24, 2020
Toronto Region Board of Trade	August 18, 2020
Toronto Regional Real Estate Board	August 20, 2020
Toronto Symphony Orchestra	August 21, 2020
Tourism Industry Association of Ontario	August 18, 2020
Trillium Automobile Dealers Association	August 21, 2020
True North Gaming	August 20, 2020
Uken Games	August 18, 2020
United Nations Decade for People of African Descent (UNDPAD) Push Coalition	August 28, 2020
Vaughan Chamber of Commerce	August 28, 2020
VentureLAB	August 21, 2020
Warriors of the Light Inc.	August 24, 2020
Wellmaster Pipe and Supply Inc.	August 20, 2020
Wesley Clover International	August 20, 2020

Organization/Individual	Date of Appearance
Western Ontario Wardens' Caucus	Written submission
Wine Growers Ontario	August 24, 2020
Wounds Canada	Written submission
YMCA Northeastern Ontario	August 24, 2020
YMCA Ontario	August 19, 2020

APPENDIX A:
TERMS OF REFERENCE*

That the Leaders of the parties represented in the Legislative Assembly as well as Independent Members may file copies of letters with the Speaker, who shall cause them to be laid upon the Table, containing their recommendations to the Minister of Finance with respect to the economic and fiscal measures they proposed to be included in the provisions of Bill 188, and such letters shall be deemed to be referred to the Standing Committee on Finance and Economic Affairs; and

That when the committees of the Legislature resume meeting, the Standing Committee on Finance and Economic Affairs shall be authorized to consider the Party Leader and Independent Member letters, together with An Act to enact and amend various statutes as passed by the Legislature today, with the first witness during such consideration to be the Minister of Finance;

** Votes and Proceedings, March 25, 2020, 42nd Parliament, 1st Session*

That, notwithstanding any Standing Order or Special Order of the House, the Standing Committee on Finance and Economic Affairs, and all other committees when they are authorized to resume meeting pursuant to the Order of the House dated March 19, 2020, are authorized to use electronic means of communication when meeting, and committee members, witnesses, and/or staff are not required to be in one physical place, in accordance with the following guidelines:

- a) The electronic means of communication is approved by the Speaker;
- b) The meeting is held in a room in the Legislative Building, and at least the Chair/Acting Chair, and the Clerk of the Committee are physically present;
- c) Other Members of the committee participating by electronic means of communication, whose identity and location within the Province of Ontario have been verified by the Chair, are deemed to be present and included in quorum;
- d) The Chair shall ensure that the Standing Orders and regular committee practices are observed to the greatest extent possible, making adjustments to committee procedures only where necessary to facilitate the physical distancing and electronic participation of Members, witnesses, and staff; and

That, notwithstanding the Order of the House dated March 19, 2020, the Standing Committee on Finance and Economic Affairs is authorized to meet at the call of the Chair to consider its Order of Reference dated March 25, 2020, respecting the *Economic and Fiscal Update Act, 2020* (Bill 188); and

To study the impacts of the COVID-19 crisis on the following sectors of the economy and measures which will contribute to their recovery:

- a) Tourism
- b) Culture and Heritage

c) Municipalities, Construction, and Building

d) Infrastructure

e) Small and Medium Enterprises

f) Other economic sectors selected by the Committee

- The committee shall study Bill 188 and each specified economic sector for up to 3 weeks with one additional week allotted for report-writing for each.
- The Sub-committee on Committee Business shall determine the method of proceeding on the study, and at its discretion, may extend each sectoral study by one week where a public holiday may fall during the scheduled time for the sectoral study.
- The Legislative Research Service shall make itself available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- That in accordance with s. 11 (1) of the *Financial Accountability Officer Act* the Financial Accountability Officer shall make the resources of his office available to the Committee collectively, and to members of the Committee individually, on a priority basis.
- The time for questioning witnesses shall be apportioned in equal blocks to each of the recognized parties and to the Independent Members as a group.
- The Committee may present or, if the House is not sitting, may release by depositing with the Clerk of the House, interim reports, and a copy of each interim report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and
- The Committee shall present or, if the House is not sitting, shall release by depositing with the Clerk of the House, its final report to the Assembly by October 8, 2020 and a copy of the final report shall be provided by the Committee to the Chair of the Ontario Jobs and Economic Recovery Cabinet Committee; and

That notwithstanding Standing Orders 38 (b), (c), and (d) the interim reports presented under this Order of Reference shall not be placed on the *Orders and Notices Paper* for further consideration by the House nor shall the government be required to table a comprehensive response; and

That notwithstanding Standing Orders 116 (a), (b) and (c), the membership of the Standing Committee on Finance and Economic Affairs for the duration of its consideration of the Order of Reference provided for in this motion shall be:

Mr. Sandhu, Chair [Sub-committee Chair]

Mr. Roberts, Vice-Chair

Mr. Arthur

Mr. Cho (Willowdale) [Sub-committee Member]

Mr. Crawford

Ms. Hunter [Sub-committee Member]

Mr. Mamakwa

Mr. Piccini

Mr. Schreiner

Ms. Shaw [Sub-committee Member]

Ms. Skelly [Sub-committee Member]

Mr. Smith (Peterborough—Kawartha)

Ms. Andrew (non-voting member)

Mr. Blais (non-voting member)

Ms. Fife (non-voting member)

Mr. Hillier (non-voting member)

Ms. Khanjin (non-voting member)

Mr. Rasheed (non-voting member)

Mr. Vanthof (non-voting member); and

That, should the electronic participation of any voting Member of the Committee be temporarily interrupted as a result of technical issues, a non-voting Member of the same party shall be permitted to cast a vote in their absence.

**Votes and Proceedings, May 12, 2020, 42nd Parliament, 1st Session*

APPENDIX 7
DISSENTING OPINION OF THE NEW DEMOCRATIC PARTY MEMBERS
OF THE COMMITTEE

DISSENTING OPINION FROM THE OFFICIAL OPPOSITION

The Official Opposition is grateful to the many Ontarians who took the time to present to the Committee and share their feedback and experience with us. It is not an overstatement to suggest that COVID-19 is the challenge of our time. It has impacted every facet of life, not only in here in Ontario, but all over the world. As Ontarians grapple to respond to the pandemic, questions arise about the role of government and the responsibility it has to help people navigate this crisis.

Unfortunately, in spite of the insightful advice and feedback from stakeholders, the recommendations made by the majority of the Committee largely fail to address the concerns that were brought forward by the hundreds of witnesses who appeared over the course of the hearings. As the independent dissenting opinions filed with following each sector are absent from the sector reports contained within this document, New Democrats are tabling this final dissenting opinion outlining our concerns with the majority's response to the witness testimony from each sector. Each report contains the Official Opposition's recommendations to better address the challenges presented by the pandemic.

Tourism

The Government members of this committee may want to pat themselves on the back for finally getting around to listening to small business owners – three months after the pandemic started – but throughout this committee Ontario's New Democrats heard a different story. Time and time again, and with each submission, minority members of the committee heard loud and clear from submission businesses all agreed that, while better than nothing, this government's response to this crisis has time and time again been a day late and a dollar short. Now, for business that rely on tourism in the summer or the return of students in the fall for their income, the thought of trying to make ends without the support of the government is devastating.

When this crisis began, Ontario's business owners and the hard working people who power them were all told by the government that, if we wanted to beat this virus, they had to shut down and stay home. This meant putting their lives on hold and their livelihoods in jeopardy. While these workers and businesses did their part for Ontario, the government refused to do theirs.

We've been hearing for months now from businesses owners who are concerned about the extra costs that they're going to have to deal with during the re-opening. They don't know how they're going to pay for PPE and the protections they need to keep themselves and their customers safe. They're worried about problems accessing insurance and how that's going to impact their re-opening. And increasingly they're worried about how they're going to deal with the extra debt that the government put them into with their loans and deferrals. Many are worried that they'll never get out of the hole that trying to pay months of rent without income has left them in.

The government likes to talk a lot about Ontario being open for business but, after months of inaction from the government, this crisis has meant the permanent closure of thousands of small businesses. It's now clearer than ever that the current plan isn't working and, for the tourism sector, the loss of the summer season – the key to survival for many – creates an added level of

uncertainty. We owe it to these business owners and their communities to step up with the direct supports they need, for as long as they need them. Loans and deferrals aren't enough, that's why New Democrats are calling for concrete action.

Despite clear and consistent calls for action by small business and other key stakeholders, the government and the committee majority were slow to respond to the key pressures facing many in Ontario's tourism sector. It was clear that the action necessary to slow COVID-19 would deal a significant blow to the operations that are vital to the survival and success in the tourism industry and the communities that depend on it. Given the magnitude of the challenge, the response had to be both swift and meaningful, especially for operators who are dependent on a single season and do not have the ability to recoup losses later on in the year. That's why, after consulting with business owners from every corner of the province the Official Opposition New Democrats released the Save Main Street plan in the early days of the pandemic. This five point plan provided concrete solutions to the concerns that Ontario businesses were raising – and unlike the government's plan – was built directly on the suggestions of those in the business community.

- A 75 per cent commercial rent subsidy up to \$10,000 a month for three months
- A utility payment freeze
- A remote-work set up fund, which could help them with things like setting up an online retail operation, or buying laptops and software for staff
- An auto insurance grace period for taxis and car-sharing drivers, established in partnership with the insurance industry and the Financial Services Regulatory Authority
- A designated emergency fund for small businesses and entrepreneurs who have faced historic barriers to accessing traditional capital, as proposed by the Canadian Black Chamber of Commerce.

The Committee heard during their consultation that many of the concerns Ontario's small businesses are facing could be solved if the government chose to adopt these simple, concrete, solutions. We know that our economy will not go back to normal overnight. So it's essential that the government to step up with the direct financial supports and services that businesses need today. We're calling on the committee to ensure that that businesses have these supports in place for as long as the impacts of the pandemic are with us as well.

The NDP Official Opposition has four main recommendations

1. That the government take the advice of the Official Opposition and of business advocacy groups like the Ontario Chamber of Commerce and the Canadian Federation of Independent Business and adopt the Ontario New Democrat Caucus's Save Main Street plan
 - a. This includes working with business owners and land lords on a rent relief program that works for everyone – and doesn't just lead to more debt and evictions like the current program
2. That the government release a set of clear guidelines for the distribution of pandemic pay for frontline workers – including a clear rational, and specific criteria for eligibility and timelines for delivery of fund from the government

3. That the government immediately introduce specific strategies and new direct funding options to support the call from the Canadian Black Chamber of Commerce as referenced by the Min of Finance
4. That the government provide clarification on current economic supports for Indigenous communities and reduce red tape for Indigenous business owners and communities who need

Culture and Heritage

The immense contributions of culture and heritage to Ontario's economy are rivalled only by their importance to who we are as a society. Not only does the sector help ensure the economic wellbeing of our communities, it also plays a key role in shaping who we are as a people, and our ability to share that message with each other and the world beyond our borders.

The impact of COVID-19 on culture and heritage cannot be overstated, and the resounding message that came from the witnesses who appeared before the Committee is that immediate help in the form of emergency funding – not just tax deferrals – is critical to the sustainability and long-term health of the sector. Presenter after presenter made it clear that this type of support is crucial not only to maintain the economic viability and the broader economic benefits that culture and heritage provide to both local and regional economies, but to also safeguard the non-economic contributions made by the sector that are essential to the overall well being, general health and identity of their home communities. For many of these stakeholders, the loss of the 2020 summer season – key to their survival – has made things that much more challenging, and their calls for the province to step forward with solutions like a viable commercial rent relief program, adequate income supports and additional funding for personal protective equipment and other changes necessary to help better manage the current state of affairs are more than reasonable. Additionally, a large number of those who came forward at Committee noted that any stimulus plan should have both short and long-term strategies to aid the sector, estimating that the negative impacts and economic strain of COVID-19 would resonate for two to four years, much longer than the 18-month recovery projections put forth by the Government.

Though the effects of the pandemic have been felt across culture and heritage, witness testimony mirrors the growing body of data that some areas of society have been harder hit than others. Small and medium sized community-based stakeholders serving and employing equity-seeking communities have disproportionately borne added pressures that compound the systemic challenges they have historically faced accessing funding and supports; COVID-19's impact on their already modest revenue generating activities has further highlighted the precarity of their existence. The Government's failure to adopt measures like the revival of the of the Indigenous Culture Fund, and reversal of 2019 funding cuts to the Ontario Arts Council are lost opportunities to mitigate some of these systemic issues. New Democrats have called on the Ford Government to address these concerns and make these necessary investments since the early days of the pandemic.

While the supports of the federal government have been appreciated, there is ample evidence that it has not been sufficient to meet the needs of the sector. Presenters made it clear that the

obstacles faced in the early days of the pandemic still loom ominously and made a powerful case for the Ford Government to take the action necessary to help an industry that faces a challenge like none other in modern history. Yet, despite the convincing evidence and compelling testimony of respected stakeholders, the recommendations endorsed by a majority of the committee ignore the clear and present dangers facing Ontario's culture and heritage sector and essentially tells them to wait until 2021 for the help they and their communities need to weather the storm. New Democrats cannot support a plan that fails to reflect the realities that were clearly communicated to the Committee via oral testimony and written submissions.

Promising help tomorrow when the industry is desperate for assistance today isn't just irresponsible and misguided, it's an abdication of responsibility, especially in a field where the business model is disproportionately impacted by restrictions on gathering and social engagement – measures necessary to keep all of us safe from COVID-19. The Ford Government needs to heed the advice and alarms raised by stakeholders and the Official Opposition and immediately:

1. Adopt the Ontario New Democrats' *Save Main Street* plan
 - a. This plan includes direction financial supports so businesses can pay their rent instead of the current program of debt and loans from the government
 - b. The creation of a fund and tax credits to help businesses deal with the extra costs associated with buying PPE and implementing required safety measures (retrofitting, new equipment, business practices), and making the investments necessary to conduct business during COVID-19.
2. Provide adequate support to the emergency wage program, augmenting federal support, where necessary, so that those who still aren't able to work won't have to worry about how they'll put food on the table. Presenters to the Committee made it abundantly clear that the Province needed to step up with provincial supports of its own, not simply rely on Ottawa's contribution.
3. Develop a COVID-19 specific culture and heritage strategy that addresses the challenges that are unique to this industry through expanded eligibility requirements and a reversal of the reckless cuts to the arts, culture, and heritage sector made in the 2019 budget. The strategy should also address systemic barriers facing Black, Indigenous, racialized, women, 2SLGBTQ+, Deaf, and disabled artists and stakeholders, and place an emphasis on equity.
4. Create an Ethnic Media Stabilization Fund which would support ethnic and multilingual news producers and the dissemination of culturally relevant information to intergenerational community members especially during this unprecedented pandemic
5. Immediately stop all evictions during this crisis and reverse legislation that makes it easier for landlords to evict renters from their homes

Municipalities

The funding challenges faced by Ontario's municipalities were brought into stark relief by COVID-19, highlighting their overdependence on property taxes and user fees to pay for essential services. The lack of sustainable and adequate provincial funding for services like transit operations, infrastructure maintenance (roads) and social housing – a point emphasized

by municipal leaders throughout the province for decades – had stretched many municipalities thin under normal conditions and pushed them to their breaking points as the pandemic interrupted these already tenuous revenue streams. The combination of inadequate provincial funding and COVID-19 also laid bare the inequalities that permeate our society, as municipalities were forced to consider record tax increases or making impossible decisions about services cuts, both of which would have a disproportionate effect on those already marginalized within these communities.

While recent agreements on emergency federal funding have been welcomed news, it is disappointing that the province has failed to step up to the plate and commit to becoming a true partner in the delivery of essential services in Ontario's municipalities. The overemphasis on unlocking new revenue streams continues to leave a disproportionate burden on the province's towns and cities to use what are essentially new user fees to cover the lion's share of these costs, despite the widely held understanding that these municipally provided services are essential to life in Ontario. The absence of a renewed commitment to accepting a fair share of the operating costs is a significant hole in this report and is a missed opportunity to strengthen recovery efforts. It is imperative that any new revenue tools only be implemented after real and meaningful engagement with municipal leaders, and must be accompanied by a long overdue new deal for municipalities where the provincial government acknowledges the full extent of its obligations to our rural and urban communities.

Another missed opportunity is the failure to leverage the reset brought about by COVID-19 to facilitate municipalities that work better for everyone. Although New Democrats welcome long-overdue injections into infrastructure, recent data highlights that conventional methods of stimulus often leave women and members of marginalized communities out of the gains made during recovery. Aside from promises to flow emergency dollars, the recommendations are surprisingly silent on the investments that the Ford government are committing to rebuilding efforts, instead heavily relying on reduced regulations and further pushing Ontario's municipalities into overdependence on local revenue generation or federal funding to shoulder operating costs on things that are essential to everyday life in the province.

The Ford government cannot continue to make others responsible for the changes that are necessary to help Ontario's towns and cities stronger post-COVID. The province must make the best of these difficult times and do what's necessary to usher in a fair and just recovery for Ontario's municipalities by:

1. Restoring adequate and sustainable provincial funding for municipal services such as transit, housing and roads, reducing the overreliance on property taxes and user fees for these items.
2. Ensuring that recovery strategies and plans emphasize a just recovery and address the challenges faced by marginalized groups, women and racialized communities, placing an emphasis on equity for all proposed solutions, such as universal childcare and community benefit agreements
3. Investing adequate provincial dollars to build broadband capacity in rural and northern communities

4. Leverage provincial investment to encourage the use of local labour and local supply chains for procurement and local infrastructure projects through the RFP process.

Infrastructure

The Official Opposition is grateful for the stakeholders who came forward to share their time and expertise with the members of the committee, particularly in the midst of many competing priorities. That's why it's disappointing that the recommendations put forward by the majority of the committee fail to act on their valuable advice on how to better leverage public dollars in the pursuit of a more inclusive recovery and the steps required to insulate the province from anticipated future waves of COVID-19 and other unforeseen challenges. It is our concern that the leaders who took the time to come forward will not see their feedback reflected in the recommendations which will only undermine confidence in the recovery plan.

There is a compelling body of data that reveals that the effects of COVID-19, while felt throughout Ontario, had a disproportionate impact on communities across the province. The hard questions that this evidence prompts us to ask also provides a chance to do things differently, and it is incumbent on the Assembly to seize this opportunity to help build a stronger and more just society. Instead, the path forward advanced by the majority of the committee overlooks the realities exposed by COVID and instead doubles down on past approaches to infrastructure stimulus that are proven to have limited benefit and, as such, the New Democrat members of the committee cannot support these recommendations.

As with preceding sector reviews, once again, the recommendations display an over reliance on following the path of least resistance, with the emphasis on cutting red tape and leveraging private sector dollars instead of making critical investments that provide the framework that will foster private sector investment. One key example of this flawed approach is the existing rural and northern broadband access recommendation, where the Ford government has simply – and inappropriately – repackaged its same underfunded strategy unveiled in 2019 as new initiatives to address COVID-19. Understandably, the private sector will go where the opportunities and profits are most readily available, and it should come as no surprise that the places that have benefitted from the government's current strategy are those that fall in the shadow of higher service areas; there has been little uptake in remote northern and rural communities where the path to profitability is most difficult and the impact of the lack of access becomes an even bigger problem in the face of challenges like the pandemic.

A second missed opportunity is the government's unwillingness to appropriately leverage the limited public investment dollars already committed for projects in ways that not only accomplish the primary project goal, but also help build capacity and better distribute opportunity in communities across Ontario. Absent are recommendations such as broader use of community benefit agreements or a government commitment to address woefully underfunded social infrastructure. Here again, emphasis is disproportionately placed on simply reducing regulation and "encouraging" private sector participation as the only effective use of public dollars, instead of developing the policies and approaches necessary to create the conditions of investment – and actually *make* the required investments – that foster both the economic and social stimulus necessary in post-COVID Ontario.

If our goal is to foster the conditions that are necessary to build stronger and more resilient communities, then we cannot simply repackage previous measures or double down on ineffective existing policies to address the current challenge before us. The Ford Government needs to heed the evidence and the advice of stakeholders and the Official Opposition and immediately:

1. Make necessary and appropriate investments in municipal infrastructure, reducing the overreliance on property taxes and user fees for these items.
2. Develop a social infrastructure investment strategy that includes adequate stimulus provided for the development of affordable housing, community amenities and incorporates tools like inclusionary zoning.
3. Ensure that recovery strategies and plans emphasize a just recovery and address the challenges faced by marginalized groups, women and racialized communities, placing an emphasis on equity for all proposed solutions, such as community benefit agreements
4. Invest adequate provincial dollars to build broadband capacity in remote rural and northern communities
5. Accelerate funding for Indigenous and on-reserve water and wastewater projects
6. Leverage provincial investment to encourage the use of local labour and local supply chains for procurement and local infrastructure projects through the RFP process.
7. Discontinue the use of the P3 project model, freeing up more public dollars for investment in infrastructure.

Small and Medium-Sized Enterprises

The impact of Small and Medium Enterprises (SMEs) goes far beyond their contribution to the province's bottom line. Their presence plays an essential role in shaping both the economic and social identities of our communities and helps make Ontario a vibrant and incredible place to live. No matter where you live or where your passions lie – from the arts, to business, to construction, urban and rural, north or south – there is no aspect of life in Ontario that SMEs do not touch, and the Official Opposition would like to thank everyone who took the time to share their insight with the Committee.

The issues brought forward by the witnesses in this sector echoed the contributions made by stakeholders in the preceding four sections. The Committee heard loud and clear once again that the supports currently in place to help SMEs are welcomed, but fall woefully short of what they need. We heard again that commercial rent relief should flow directly to businesses, not be dependent on landlords applying for the program; we heard – again – that tax deferrals, while appreciated, fail to adequately address the fundamental challenge of little or no revenue to cover basic costs related to running a business, never mind turning a profit; we heard – a fifth time – that Government needs to provide business owners with the financial supports to make the necessary investments into items like renovations to install plexiglass, purchase PPE and make the transitions to online commerce; and we heard that the Government needs to communicate more clearly and consistently how it arrives at the decisions it makes so business owners can better navigate the challenges of operating under what we all know are incredibly trying circumstances.

It is unfathomable that, after four tries to get this right, the recommendations put forward by the majority of the Committee fail once again to call for real action on the key concerns brought forward by the witnesses who came to provide their thoughtful, clear and moving insight into the steps that the Assembly could take to address the challenges they face. SMEs, like the presenters in the sectors prior – and who, quite frankly, were many of the presenters in the sectors prior – have demonstrated their ingenuity and willingness to double their efforts to navigate this unprecedented crisis. We know that the solutions in place are not working, because if they were, hundreds of stakeholders would not have felt the need to sign up and present to the Committee. Yet once again, the majority presents a series of recommendations that push the responsibility for workable solutions onto the federal government and simply tinker around the edges of the problem. These recommendations repeatedly repackage what is currently happening as new -- and already failing to meet the needs of SMEs – while totally ignoring what all Committee members heard repeatedly over hundreds of hours and several days of testimony. These challenges are exacerbated by the fact that the Government extols the billions of dollars of unallocated funds being held in reserve for COVID-19 response while sectors like education and SMEs struggle with the burdens imposed by the pandemic – this is like bragging about your rainy day fund while your family is getting wet from the hole in the roof. These challenges need more than the Ford Government's customary overreliance on cutting taxes and eliminating red tape.

The recommendations made in our dissenting opinions in the prior sectors are directly applicable to this sector, because there has been little or no movement on them in the Government's pandemic response to date. Issues like rent relief to tenants remains an issue along with targeted financial supports for businesses and entrepreneurs that have traditionally faced barriers existing capital, a problem exacerbated by the pandemic. Despite our increased reliance on broadband, investments in expanding access in northern and rural communities still fall short of what the pandemic has shown us is desperately needed. These are only a quick overview of what Ontarians have told is us necessary to help them through these trying times, and we encourage the Ford Government to make the most of the time and insight that was shared with the Committee. Ontarians embraced the opportunity to come forward and speak with us about the concerns and challenges that they face, so it would only be fitting to respond in a way that honours what was brought to our attention.

APPENDIX 8
DISSENTING OPINION OF THE LIBERAL PARTY MEMBERS OF THE
COMMITTEE

Dissenting Opinion of the Ontario Liberal Committee Members – Economic Impact of the COVID-19 Crisis on the Ontario Economy

Introduction

The committee heard from hundreds of presenters across a wide spectrum of society, who outlined the impacts of the COVID-19 pandemic on jobs, businesses and communities; all of whom are calling for increased funding and support. We, the Ontario Liberal members of the Committee, understand and acknowledge these impacts. Immediate support and investment are required to ensure the overall economic recovery of our Province. Our recommendations represent what the Committee members heard and reflect what the Ontario Government will need to contribute in financial support, reducing red tape and regulatory changes to recover from the COVID-19 pandemic.

Priority Recommendations

1. The Province to develop a new grant program to put more cash in the pockets of small businesses to help in the adjustment to COVID-19 and to aid in recovery. This could also include providing low cost loans for small businesses with potential.
2. The Government increases funding for the Ontario Broadband and Cellular Action Plan, and redevelops it to ensure that every Ontarian has access to affordable and reliable high-speed internet by 2024.
3. The Ministry double funding for the Ontario Arts Council (OAC), and:
 - a. Ensure a designated stream of funding for rural and northern Ontario;
 - b. Restore the cuts to the Indigenous Culture Fund;
 - c. Create a stand-alone fund for Black culture and heritage through the OAC;
 - d. Provide long-term stabilization funding for BIPOC artists and those from equity-seeking communities; and
 - e. Fund an Ontario-wide marketing plan that addresses safety concerns to grow consumer confidence and encourage people to engage with their local arts institutions
4. The province creates a program to support female, indigenous, lower income or racialized artists who are disproportionately impacted in the “gig economy” due to pandemic related health measures.
5. Increase investments into affordable housing projects, with a special stream supporting indigenous communities.

6. The Government should make temporary spending increases to infrastructure related to education infrastructure by building 14,000 new classroom locations with consideration to the use of community centres, college and university campuses, arenas, etc.
7. Invest in re-developing and retrofitting school transportation networks so that they are safe and clean for our child. The Government promotes the development of Ontario's Green Auto Industry:
 - a. Restoring Ontario's electric vehicle purchase incentive program; and
 - b. Creating a partnership program to expand the availability and affordability of both private and public electric vehicle charging stations.
8. Canada Emergency Commercial Rent Assistance needs to be enhanced and expanded into the New Year.
9. The Province waives the collection of taxes including payroll premiums for six months for small businesses.
10. The Province creates education and employment training grants for women impacted by COVID-19 employment losses. The Province creates partnerships with private employers for job placements.
11. The Province shall work with the Anti-Racism Directorate and establish the collection of race-based data, specifically when it comes to layoffs, unemployment, and business closures during COVID-19.

Ontario's COVID-19 Financial Outlook

Where We Started: Ontario's Action Plan, Economic and Fiscal Update

Ontario's Action Plan and Fiscal Update announced in March was comprised mainly of delayed tax collection and deferrals, which need to be repaid in November. Ontario's businesses need real support for a real recovery.

Where We Are Now: Premier Ford is Shortchanging Ontarians

The Financial Accountability Office of Ontario (FAO) confirmed that the Ford Government is not investing in Ontarians the way they have led us to believe. In an analysis requested by the Members of the Finance Committee, the FAO concludes that 97% of all supports received by Ontarians comes from the Federal Liberal Government. The Premier's tough talk and support for everyday Ontarians is equivalent to 3 cents on the dollar. We believe Ontarians deserve more support than the pennies you keep in the spare change jar in your front foyer.

The FAO also estimated the Province is sitting on close to \$7 billion in unallocated funds, including \$3.5 billion in cash transfers from the Federal Government. The Premier cannot argue that he has

no money to spend. Ontario's small businesses desperately need tax relief, more regulatory changes, spending measures, financial support and liquidity from the Province should they expect to survive.

The survival of Ontario's businesses and economic sectors is linked to the Province's economic recovery and revenues needed to fund programs and services. As one veteran family-owned operator demonstrated to the Committee, if her business is unable to make sales, pay employees, and fuel her planes then the Province loses thousands of dollars in sales taxes, payroll taxes, and other remittances. We must work together to avoid this scenario in which we all lose.

Summary of Testimony and Recommendations

Small and Medium Enterprises

Small and medium enterprises have been exceptionally affected by the COVID-19 pandemic, with the issue of commercial rent support at the centre of their hardship.

The current CECRA program is not working effectively to safeguard small businesses against the financial impacts of the COVID-19 pandemic. CECRA does not entice all landlords, and this leaves many small businesses falling through the cracks.

In his testimony, Minister Sakaria speaks to the action taken by the Ford Government to support small businesses with their rent payments.

"We're also aware that rent remains a significant operational cost for many small businesses, especially during a period when they have seen a sharp decline in revenue."

What the Minister fails to mention is that the Ford Government left businesses across the Province struggling for months longer than necessary before the Federal Liberal Government bailed them out with this program. In the absence of the Ford Government stepping up to the plate, the Federal Liberal Government stepped in to provide businesses with commercial rent support, once again showcasing the disproportionate split between federal and provincial funding for Ontarians in the wake of this pandemic.

Similarly, the Ontario Liberal Party was the first to call for enabling restaurants to sell alcoholic beverages through take-out and delivery. We urge Premier Ford to consider making this policy permanent. The policy would assist restaurants moving forward as responsible alcohol sales provide a valuable source of revenue. Restaurants will continue to rely on take-out, as capacity will be reduced without patios in the winter months and limited dine-in service to allow for physical distancing. There is still more that Premier Ford can do to support our restaurants and restaurateurs.

In their submission, The Kitkat Restaurant Group asked that Ontario restrict third-party delivery service commission fees on restaurants. Members of our caucus have called for this throughout the pandemic while the Progressive Conservative government remains standstill. Perhaps this is because Premier Ford is "for the corporations" instead of "For the People."

In May, Liberal MPP Amanda Simard delivered an open letter to Minister Sakaria, calling for this specific regulatory change that follows what jurisdictions like New York and Los Angeles have done. Restaurants now heavily rely on these services to survive, but big corporations take commission fees as high as thirty to forty percent from these small businesses. As these businesses still have hard costs and declined revenue as a result of the pandemic, it is only fair that the Government regulates large enterprises to step up and do their part to protect small businesses from collapsing. This would also shield consumers from excessive fees at a time when they are limiting dining out during the COVID-19 pandemic.

The Committee also heard from businesses and organizations critical to Ontario's economy - the start-up and innovation sector. In their testimony, Melissa Chee from ventureLAB, a technology hub, identified unique challenges facing the technology and innovation sector due to the COVID-19 pandemic. As is true in many sectors, the sector is faced with gaps in their supply chains, from sourcing PPE to essential supplies. More uniquely to start-ups, the sector has seen a sharp drop in investment capital, which is critical to developing small businesses that have been tracking for rapid growth.

We also heard from ventureLAB about the possibility of a brain drain, as talent leaves Ontario due to investments dropping and economic uncertainty. Ontario is home to a quality education system and several post-secondary institutions globally renowned for their leading STEM programs. They attract large numbers of international students who want to stay and work in Canada. We have a large pool of potential talent to drive the technology and innovation sector and reinvigorate Ontario's economy. As Ontario moves forward with the economy, a strong start-up and innovation sector will be vital in fuelling growth now and for decades to come.

She-Cession & BIPOC

As Ontarians adjust to a harsh new reality, women along with Black, Indigenous, and people of colour (BIPOC) are disproportionately affected by the devastating economic impacts of COVID-19.

The last three Statistics Canada Labour Force Surveys have emphasized the consistent trend that job recovery for COVID-19 related employment losses are "more advanced among men than among women." Given the Government's lacklustre plan for return to school and the lack of alternative safe childcare options, mothers face high barriers to return to work as the "he-covey" expedites. MPP Hunter illustrated these concerns to the Minister of Finance in her open letter dated July 8th of 2020. We are approaching the month of October and have yet to see any specific or adequate action to address the unique concerns of women's economic recovery.

Indigenous and Black businesses have also reported facing additional barriers to receiving essential supports and emergency relief funding. Government policy and programs often overlook the needs of Black and Indigenous population - for example, by excluding home-based businesses from the Digital Main Street platform by having eligibility criteria which requires a retail store front. However, Ontario lacks race-based data to identify and target solutions correctly. The Premier must mitigate this problem, step up and ensure every Ontarian has an equal chance at

surviving this economic crisis. We cannot reverse the gains that women have made in the labour force or leave anyone behind due to the pandemic.

Tourism

Businesses in the tourism and hospitality sector depend on seasonal revenues and may not be able to resume normal operations until we have a vaccine and it is safe for Ontarians to gather in large numbers.

The cautious, regional approach to re-opening and the delayed action in support of these industries has meant that vast sums of seasonal revenue for Summer 2020 has been lost and cannot be recuperated.

To prevent permanent closures, further job losses, and to allow for businesses to fully recover, an effective tax relief plan is needed. Companies will not be able to pay deferred taxes in addition to accumulated debt in a matter of weeks and months. Our province needs to structure a multi-year repayment plan for deferred taxes, with an option for forgiveness of a portion which will help keep businesses from permanently closing and help build a climate of investment that will accelerate Ontario's economic recovery.

CBRE forecasts that the tourism industry will not experience demand recovery for 24-36 months.

Agricultural societies have also been hit hard by the pandemic, primarily because they have had to cancel all of their major agricultural fairs and exhibitions per public health guidelines. The fairs and exhibitions hosted by these organizations attract thousands of tourists every year and are responsible for promoting Ontario's rural communities' lifestyle, history, and culture.

The grape and wine industry are a significant contributor to our provincial economy and is a driving asset for tourism in the Province. Ontario's grape growers compete with 39,000 tonnes of imported grapes, which is then blended into a product that contains 75% import and 25% domestic grapes and is given a tax break. This Ontarian product deserves the advantage, or at least an even playing field. The Premier must prioritize local businesses if he is "for the people."

Similarly, Pride festivals are enormous economic and tourism drivers for the Province.

Hill Strategies conducted a study considering the effect pride festivals have on small towns. It shows that small-town pride festivals support dozens of jobs and generate hundreds of thousands of tax dollars. These festivals used to be significant tourist draws but taking the festivals online does not positively impact communities.

This community is under the threat of losing parts of its identity, support services, safe spaces, history and economic vibrancy. Pride Toronto has even reported cutbacks to its grants, including a \$150,000 cut to its Celebrate Ontario Grant. At times like this, the Province needs to support marginalized communities like the LGBTQ+ population.

Culture and Heritage

Before the COVID-19 pandemic, the Ford Government made significant cuts to this sector. The cuts were devastating then, and have only been further aggravated by the complete economic shutdown resulting from COVID-19. As we begin to reopen, the rebound of this sector will be slow. Costs of reopening are unsustainable, and consumer confidence is at an all-time low.

The Ford Government has repeatedly demonstrated an indifference towards preserving Indigenous culture. The elimination of the Ontario Arts Council administered Indigenous Culture Fund has had severe negative impacts on Indigenous cultural production, and left producers of this culture and its community feeling undervalued. Dawn Setford, President of the Aboriginal Arts Collective of Canada, explained:

“As Indigenous women, we were just getting there, to the point where people wanted to learn about us... and we were confident enough, we felt safe enough and proud enough to start sharing.”

The response from the Minister-responsible at the time was that the Government needs to make sure its spending is sustainable. His response is disappointing, and Indigenous culture should not fall under the Premier’s hunt for efficiencies and drastic cuts. ***We call on the Premier to fully reinstate the Indigenous Culture Fund.***

Film and television have also experienced a complete shutdown with an estimated loss of \$20 million in 2020. Given the inability to obtain insurance covering pandemic related losses, Ontario is at risk of losing many local independent producers and having productions relocated out of province. Other jurisdictions like Quebec or Spain, are modifying their incentivization programs to keep their market competitive. Ontario artists and producers deserve a government willing to make similar investments, but the Ford Government is nowhere to be found.

In her testimony to the Committee, Minister MacLeod voiced a commitment to review programs to flow targeted funding to marginalized groups.

“One area that I have asked—there should be a specific lens on every single program, a lens on accessibility, attainability, women and girls, our Indigenous peoples, people of colour, and new Canadians, and making sure that that applies.”

The government has yet to indicate that it will take action to support Black, Indigenous and people of colour artists in Ontario.

Municipalities, Construction & Building

The COVID-19 crisis has dealt a devastating blow to Ontario municipalities. The combination of increased expenses and a dramatic reduction in revenues is a developing crisis that threatens to stifle economic recovery and lead to social discord.

As like most other employers, municipalities also face increased costs related to physical distancing measures, personal protective equipment, and public health expenses. All told, municipalities across Ontario are in deep financial trouble.

Unlike the federal and provincial governments, municipalities cannot run operating deficits. This leaves them with bleak options: draconian spending cuts, massive property tax increases, or both.

In his testimony, the Minister of Municipal Affairs and Housing emphasized a willingness to work with municipalities to determine their needs:

“We’ll keep working with our municipal partners to support local decision-making....municipalities need the flexibility to make local decisions quickly and effectively.”

Yet when it came time to provide support to municipalities, the Ford Government was late to the table. When they did arrive, they brought with them a long list of ideologically driven strings to attach in exchange for municipalities receiving critical financial support. Forcing municipalities to study privatizing public transit in exchange for emergency relief is unacceptable.

The province must recognize that locally elected municipal representatives, with the advice of their professional public service, are best positioned to understand their local needs and how best to allocate provincial recovery resources within their jurisdiction.

Ensuring an adequate supply of affordable housing and protection for renters was also an important topic discussed at committee by municipalities and housing stakeholders across the province. Municipalities from across Ontario have discussed the challenges COVID-19 has posed to the shelter system and the urgent need for provincial investments to provide long-term affordable housing options.

We are calling on the provincial government to develop a housing-first model for managing the long-term housing crisis in Ontario, and to create a rental housing program to ensure that Ontarians who are without work due to COVID-19 are not evicted from their homes while also providing support and security to their landlords.

The Covid-19 pandemic has also had lasting impacts on the construction and building industry in Ontario. Although many construction projects have proceeded during the pandemic, the industry is faced with delays and additional hurdles as it balances the increased public health requirements and copes with crippled supply chains. In the wake of this crisis, the construction and building sector will require a number of supports in the form of regulatory changes and red tape reduction to help kick-start construction and infrastructure projects, in order to provide key jobs, economic opportunity, and to bring affordable housing options to the market sooner.

Infrastructure

One of the most important infrastructure issues discussed over the course of this study was the need for all Ontarians to access reliable broadband.

Ontario's infrastructure needs are not limited to roads and transit. The lack of access to reliable internet connectivity hinders the ability of Ontarians to work and learn from home, as well as to undertake commercial activities on a daily basis.

As Ontario moves through the COVID-19 pandemic and into the stages of recovery, one thing has become clear: any question about the necessity and importance of broadband internet access must finally be put to rest.

The Committee heard repeatedly about the need to address the ongoing gap in equitable broadband access across Ontario, which is affecting primarily the residents and businesses located in rural, northern, and Indigenous communities.

The Ford Government has abandoned rural and northern residents. According to the FAO, in 2019-2020 the Ford Government spent 0 of the over \$33 million budget for broadband infrastructure.

Ontario must treat broadband as an essential service. The government should take a leadership role and ensure that all residents have access to fast, reliable and affordable broadband within the next five years. Moreover, the government should report on its progress in meeting this target every six months.

Similarly, concrete investment in education infrastructure that ensures a safe return to school should have been reflected in the report and recommendations.

Our Leader, Steven Del Duca, has called for 14,000 new classroom locations and investments in re-developing school transportation networks. These steps of action are vital to ensure safe, physically distant learning. While our children's safety is our number one priority, investing in re-developing educational infrastructure is also the first step in getting parents back to work and reopening the economy.

In the lead up to September, Minister Lecce went on record saying that students would return to school in cautious model and later went on to say:

"What that means is classroom sizes of no more than fifteen students for September".
(Hon. Stephen Lecce)

However, what we know now, is that the government has ignored the very best advice from experts, including the need for capping classes.

Sick Kids Toronto, a globally recognized medical institution and leading expert in health, recently released observations from their COVID-19 Safe School Simulation, which indicated that with the current classroom sizes "it was not possible to maintain a two-metre distance between students and accommodate more than 12-15 students in the class even with the desks against all four walls"

Schools need to be just as safe as grocery stores, and this requires investments in classroom and school transportation infrastructure.

Equally important from an infrastructure perspective are new jobs and investment for rural communities if they expect to survive this pandemic's economic impacts. Rural communities already experience broadband barriers as we adjust to a virtual world, so physical connectivity to neighbouring towns is essential for survival. The Ford Government stalled two community transport pilot projects that were to launch later this year, and we highly encourage that they immediately continue the flow of funds for these projects.

These transportation networks are vital for rural Ontarians to obtain employment, access medical appointments and other services. Businesses in their communities have shut down throughout the pandemic and need increased connectivity if we expect an economic restart anytime soon.

Finally, Indigenous communities throughout the province have long been marginalized and have continuously faced the consequences of severe infrastructure gap including housing, water, electricity, healthcare and roads. While the COVID-19 pandemic has certainly identified many of these infrastructure gaps, it has also presented an opportunity to rethink our systems and make them more resilient. The government should prioritize investments that will bring Indigenous infrastructure up to par and ensure that indigenous people and businesses are given the opportunities necessary to be successful.

Ontario Liberal Committee Member's Recommendations

1. The Government increases funding for the Ontario Broadband and Cellular Action Plan, and redevelops it to ensure that every Ontarian has access to affordable and reliable high-speed internet by 2024.
2. Reinstate the RTO funding for Ottawa Tourism and Tourism Toronto.
3. Small and medium businesses operating in the tourism and hospitality sector, among other sectors, should qualify for payroll tax relief rather than the deferrals previously announced by the provincial government
4. Canada Emergency Commercial Rent Assistance needs to be enhanced and expanded into the New Year.
5. Develop an Explore Ontario marketing plan with incentives and discounts for snowbirds, younger Ontarians, and families including free or discounted licensing, subsidies, and discounts to Ontario resorts and attractions.
6. Expand the LCBO product call for bag-in-box wine for wineries who currently do not have access to that market, and expand the VQA Wine Support Program by 50% to assist these wineries.
7. To support Ontario restaurants, the Province should make beer and wine permanently available for takeout and delivery. The Province should also issue an emergency order restricting third-party delivery service commission fees to 15%, like New York and Los Angeles have done.
8. The Province must increase funding to LGBTQ+ community centres, like the 519 in Toronto.

9. The Province should increase investments into festivals across Ontario and restore the \$150,000 cut to the Pride Toronto's Celebrate Ontario Grant.
10. The Government must put forward legislation that protects volunteer and sports organizations from issues related to insurability, and litigation due to following COVID-19 related public health guidelines.
11. The Province should provide direct, non-repayable government funding to agricultural societies and rural communities who have had to cancel their agricultural exhibitions and fairs.
12. The Province should create a program that incentivizes Ontarians for staying in hotels by providing vouchers and to order at restaurants with a program similar to the U.K.'s model for discounting restaurant bills.
13. Create a Visit Ontario grant to support tourism, hospitality and retail sectors. To provide funding to communities to meet pandemic guidelines, and to bridge the revenue gap caused by cancelled festivals and attractions.
14. The Ministry double funding for the Ontario Arts Council (OAC), and:
 - Ensure a designated stream of funding for rural and northern Ontario;
 - Restore the cuts to the Indigenous Culture Fund;
 - Create a stand-alone fund for Black culture and heritage through the OAC;
 - Provide long-term stabilization funding for BIPOC artists and those from equity-seeking communities; and
 - Fund an Ontario-wide marketing plan that addresses safety concerns to grow consumer confidence and encourage people to engage with their local arts institutions
15. The Ministry increases funding to Ontario Creates, and:
 - Ensure an immediate temporary increase to the Ontario Creates Film Fund (OCFF);
 - Instructs Ontario Creates to broaden their definition of "studio" in the OCFF to permit filming in locations that are closed due to the pandemic, like Toronto's Roy Thomson Hall;
 - Ensure an immediate temporary increase to the Ontario Creates Book Fund to help support publishers for the year ahead, with a stream specifically for helping BIPOC writers; and
 - Establishes a new program under the Ontario Music Investment Fund (OMIF) to support independent live music venues in hosting outdoor events and meet health and safety protocol initiatives.
16. Create a philanthropy and tax credit program to incentivize private philanthropy such as charitable deductions; introduce matching donation program to encourage private and corporate gifts; enable in-kind donations; and increase amounts for Ontario's non-refundable tax credit benefits for arts education courses and donations.
17. Create a backstop that is for Ontario-based culture producers with their insurance claims relating to COVID-19 or other infectious diseases. Ontario producers would pay fees or premiums into a pool of funds to cover pandemic-related losses. The Province would provide a reserve amount to cover claim amounts that exceed the pooled funds.

18. Ontario establishes a fund that supports culture organizations and artists to develop digital infrastructure.
19. The province creates an Ontario digital public library, with download options, to support K-12 and post-secondary students learning from home.
20. The province incentivizes libraries for purchasing Canadian/BIPOC Canadian authored books or publications.
21. Ontario establishes a Museum Relief Fund to address the immediate and significant loss of revenue and assist with building capacity as they reopen.
22. The province creates a program to support female, indigenous, lower income or racialized artists who are disproportionately impacted in the “gig economy” due to pandemic related health measures.
23. Ontario encourages the Federal Government to extend the CERB, but also expand its eligibility requirements to ensure “gig-economy” workers such as artists or film staff do not fall through the cracks.
24. The Province considers changes to the Ontario Film and Television Tax Credit (OFTTC), including:
 - A temporary pandemic raise or elimination, of the 25% eligibility cap for non-Ontario expenses;
 - Credits for COVID-19 health and safety costs;
 - Raise the OFTTC from 35% to 40%;
 - Simplifying requirements for residency;
 - Expand qualification criteria for projects on all platforms;
 - Eligibility for service tax credits in terms of location fees; and ○ expand incentives for productions using made in Ontario music content.
25. The Province consider an update and renewal of the Ontario Interactive Digital Media Tax Credit (OIDMTC), to address:
 - Setting a service standard for processing times;
 - Supporting smaller companies by reducing the minimum threshold for labour expenditures; and
 - Allow businesses to claim the tax credit for new first year Ontario employed residents
26. The Province consider changes to the Ontario Computer Animation & Special Effect (OCASE) Tax Credit, including:
 - Ensuring work from home arrangements are considered an eligible form of permanent workspaces; and
 - Allow visual effects animation in post-production studios to independently file for the OCASE tax credit.
27. Ontario modifies existing Provincial-Federal infrastructure programs to:
 - Expand its criteria to provide funding for cultural and heritage programs and venues;
 - Provide targeted infrastructure support for Black heritage sites and their operation; and
 - Support the building of new affordable housing for artists.

28. The Province makes strategic and targeted investments through the Northern Ontario Heritage Fund to highlight and promote our great north.
29. The Province consider changes to the Northern Ontario Internship Program that include:
 - Extending the opportunity for paid internships by a year for BIPOC candidates;
 - Increasing financial support for interns; and
 - Enabling international graduates of northern Ontario post-secondary institutions to apply for these internships.
30. Ontario needs to increase its funding to municipalities with the purpose of supporting the culture and heritage sector, with emphasis on providing grants instead of deferrals for these industries.
31. Create an Ontario Emergency Municipal Support Fund which would make available a minimum of \$4 billion, cost-shared with the federal government, to provide urgent relief funding to municipalities facing financial hardship.
32. Double the funding provided to municipalities through the Provincial Gas Tax Program so that municipalities have the support needed to continue operating transit systems without fare increases.
33. Expediting provincial infrastructure funding to already approved and viable projects that municipalities have previously budgeted for as a form of important local and regional economic stimulus.
 - Simplify procurement and tendering procedures; and
 - Increase project eligibility and reduce the limitations on eligible costs that add layers of administration to complicated infrastructure projects.
34. Fully compensate Public Health Units for increased expenses related to COVID-19.
35. Create a comprehensive multi-year strategy that addresses the long-term COVID-19 related impact on municipalities and addresses the growing municipal fiscal imbalance.
36. Amend the Payment in Lieu of Taxes formula to include cargo and remove the 5% cap on passenger increases.
37. Provide funding to municipalities for improvements to technology to expedite site plan and building permit approval processes and improve online service delivery.
38. Develop a comprehensive inventory of surplus public lands (provincial, municipal, school board and agency) and work with stakeholders to release these lands to support affordable housing.
39. Increase investments into affordable housing projects, with a special stream supporting indigenous communities.
40. Create a residential rent support program for tenants who will never be able to repay months of accumulated rent.
41. Prioritize measures to address the massive rental housing supply crisis we currently face in the province of Ontario.
42. Inject new housing supply into the market quickly, using time-limited tax incentives.
43. Reduce red tape to bring housing to market faster by streamlining the subdivision control process and other municipal permit issuance.
44. Harmonize the Ontario Building Code with the National Building Code.

45. Create a permanent Home Renovation Tax Credit for environmentally sustainable projects to stimulate job opportunities and reduce greenhouse gas emissions.
46. The Province permits apprentices in the skilled trades to work for more than one organization and provides incentives to hire and train new workers from the local area.
47. Increase resources available to the Local Planning and Appeals Tribunal to increase staff, increase the number of board members and ensure the appropriate technology is available to expediently tackle any backlog of appeals that emerges.
48. Expediting provincial infrastructure funding to already approved and viable projects as a form of important local and regional economic stimulus.
 - Simplify procurement and tendering procedures; and
 - Increase project eligibility and reduce the limitations on eligible costs that add layers of administration to complicated infrastructure projects.
49. The Government should make temporary spending increases to infrastructure related to education infrastructure by:
 - Building 14,000 new classroom locations with consideration to the use of community centres, college and university campuses, arenas, etc.
 - Invest in re-developing and retrofitting school transportation networks so that they are safe and clean for our children.
50. The Government increases on-reserve infrastructure spending to ensure every Ontarian has access to clean, running water.
51. Support the delivery of housing infrastructure in Indigenous communities, including projects led by Indigenous developers.
52. Provide reliable broadband service to Indigenous businesses and communities to promote Indigenous entrepreneurship.
53. The Province develops a digital infrastructure strategy with rural and agricultural stakeholders with a focus on reduction of input costs.
54. Ontario adopts construction performance standards that drive innovation by focusing on decarbonization and end result performance.
55. Ontario creates new recycling regulations that expand producer responsibility to increase collection and diversion targets, and puts stricter obligations on producers, retailers and brand owners to recover materials.
56. The Government promotes the development of Ontario's Green Auto Industry by
 - Restoring Ontario's electric vehicle purchase incentive program; and
 - Creating a partnership program to expand the availability and affordability of both private and public electric vehicle charging stations.
57. Form a provincial advisory committee on active transportation and micro-mobility with the goal of creating a provincial active transportation strategy.
 - Build new active transportation infrastructure in areas under provincial jurisdiction; and
 - Provide support and funding to municipalities for their pandemic mobility planning.
58. Allocate infrastructure stimulus funding to priority projects using evidence-based business-case approaches, supported by asset-management plans for municipal projects.
59. Establish a maintenance grant program for rural municipalities.

60. Integrate community benefits agreements into infrastructure projects.
61. Address the skilled trades shortage by:
- Increasing investment in training and education programs for women in the construction industry; and
 - Permitting apprentices in the skilled trades to work for more than one organization and providing incentives to hire and train new workers from the local area.
62. Invest in Ontario's mining industry including the development of the Ring of Fire.
63. The Province creates incentives for economic stimulus programs that consider the needs of women in a She-covery e.g. stimulus programs include opportunities for women.
64. The Province creates education and employment training grants for women impacted by COVID-19 employment losses. The Province creates partnerships with private employers for job placements.
65. The Province creates an Ontario start-up and innovation fund for investments in new and emerging ideas in response to COVID-19.
66. The Province waives the collection of taxes including payroll premiums for six months for small businesses.
67. Some sectors of the economy (like tourism) have been hit particularly hard by COVID- 19. The Province shall establish a task force to identify sectors of the economy that remain mostly inactive and examine how to ensure their long-term survival.
68. The Province creates an affordable child-care strategy as we prepare to re-open the economy.
69. The Province shall work with the Anti-Racism Directorate and establish the collection of race-based data, specifically when it comes to layoffs, unemployment, and business closures during COVID-19.
70. The Province establishes a program that reimburses a portion of property taxes on farm-based agricultural businesses to protect the industry and support a consistent local supply chain.
71. The Minister of Economic Development, Job Creation and Trade shall establish a task force to identify strategies and support for Northern and Rural Ontario, and work with local communities to revive economic activity.

Ontario Liberal Dissenting Opinions

First Interim Report: The Economic and Fiscal Update Act, 2020

Fiscal Update

In governance, transparency is of the utmost importance, especially in democracies. Ontario has yet to see a fiscal update from the Ontario Government since March 25, a few weeks into this pandemic. On July 8th, the Government of Canada will give the country an economic update of the impact of the pandemic on the Canadian economy, but the Ontario government is still making economic decisions based on pre-pandemic projections. Premier Ford needs to provide a fiscal update before July 15th as Ontario enters the final stages of reopening. Ontarians deserve to know the full economic impact of the shutdown.

The Minister of Finance informed the committee that he plans to introduce a fiscal update by August 15th. That is too long of a wait to evaluate spending decisions during this crisis. In his presentation to the committee, the province's Financial Accountability Officer (FAO), indicated that the pandemic has pushed Ontario in a sharp recession projecting a 9% decline in real GDP, and a record \$41 billion deficit: twice as large from the Government's projections back in March. The disparity between the FAO's data and the province's projections in March shows that now is the time for a fiscal update.

The FAO also stated that 2.2 million workers have been directly affected by the crisis. Ontarians deserve to understand the economic effect on their communities, and should hear it from the Government's Ministry of Finance. When the economy spirals in such turmoil, the books need to be open. Now is not the time to be silent. Ontarians' fear about the health of the economy is growing and requires clear and direct communication from their government. Ontarians deserve answers on the economic impact of COVID-19 thus far on Ontario, and what it means for the future of the province.

Specifically:

How much does the provincial government provide Ontarians with direct new spending due to COVID actions?

Are the existing supports just reversals to cuts from previous budgets?

How much have we lost in tax revenue from business shutdowns and the loss of jobs?

What is the Ford Government's forecast for projecting a full economic recovery for Ontario?

Accurate fiscal information is necessary to evaluate program spending to determine who needs support and how to provide it best. From the sections below, it will become clear that government support will need to come from various mechanisms to support Ontario's economic recovery.

Business Supports

The Ontario Liberal Caucus has held over 20 consultations across different sectors in the province regarding reopening and recovering the economy. The vast majority of Ontario businesses need more from their government.

Organizations are having trouble accessing PPE and supplies to protect employees and consumers. In addition to supply chain issues, businesses are also facing increased costs to implement health and safety protocols with no help from the government. Committee members heard that small businesses needed assistance in covering the costs of reopening, such as plexiglass for restaurants.

Many businesses in other provinces and across the continent are applying a COVID-19 surcharge on customers to make up these costs. As we enter stage two of reopening our economy and promoting economic recovery, we cannot allow businesses to take on these costs alone. A COVID-19 surcharge will affect consumer spending and hurt enterprises even further. Businesses need support for these new costs.

We also heard repeatedly that reopening guidelines are very vague, which is causing interpretation issues between government and local public health units, affecting the ability of people to re-open their businesses. Businesses need clarity and time to prepare, and they are hesitant to invest in costly adaptations for unclear public health measures that are required.

As businesses shift to online services and meetings, this is disproportionately impacting many Ontarians in rural communities where there is a lack of broadband infrastructure for high-speed internet and use of Xplornet. Information, video conferencing and the ability for purchasing from suppliers are all examples of the difficulties many rural businesses are facing. Instead of travelling to urban communities to meet with stakeholders, the many business owners who are doing the right thing by staying in their homes are seeing their businesses' local economy suffer.

Many small businesses are falling through the cracks of federal programs and need the province to fill in the gap. New and seasonal companies who do not have the revenues from the year prior do not qualify for the Canada Emergency Wage Subsidy (CEWS). Those with contractors, instead of payroll employees, also do not qualify for it. The wage subsidy also needs to be extended so employers can continue to afford operations.

There needs to be a centralized support hub for businesses to access services and information, to help limit the amount of bankruptcies and avoid permanent business closures.

Commercial Rent

Ontario's ban on commercial evictions may help small businesses in the immediate term but not in the long run. The Government is not doing much to support commercial landlords either.

Consider small-business owner Courtney Anderson's case: Anderson told the CBC that he has put every resource he has into his Caribbean restaurant in Ajax. Coincidentally, in the same riding

of the Finance Minister. His restaurant is struggling since the closure with sales reducing to fraction from when it opened. Although his landlord applied for the CECRA, he still needs to pay 25% of the rent. To cover the cost for April, May and June, he needed to borrow from his family. When it comes to the months ahead, he says, "I don't know if I'm gonna (going to) make it. I'm trying." Anderson's story is a carbon copy of many small-businesses in the province.

We heard in committee that the CECRA program is voluntary, and the feedback the some of the committee members heard from landlords, is that they are reluctant to participate in the program. From the perspective of a commercial landlord, Premier Ford's Government could do much more for them. The provincial government needs to step up and do their part as the federal government has. Toronto landlord Susan Chiu, who has five commercial properties and 30 tenants qualified for the CECRA, also spoke with the CBC. She is baffled by the eviction ban. "There's no one to move in. It doesn't make business sense for a landlord to evict a tenant." Chiu still fears for her losses. The consensus opinion of building owners is that it is not fair for them to take on the losses of their tenants.

Benjamin Shinewald, The President of Building Owners and Managers of Canada, deemed the best course of action is providing direct rent relief to tenants and let them come to terms with their landlords. Many of the small businesses whose landlords have not applied for CECRA certainly feel the same way. CECRA is a federal program, but when it comes to possible future expansions, Ontario should work with the federal government to restructure the program based on these recommendations so we can have an effective solution.

Many landlords are also weighing whether lower rent is better than a vacancy. In an attempt to help save businesses and encourage landlords, the Quebec Government provides a more substantial contribution towards CECRA to assume more of the landlords' cost. Landlords of CECRA eligible Quebec properties see a reduction of 50% in the amount typically forgone by CECRA, with the Quebec government taking on a larger share of the rent burden, reducing the landlord's percentage from 25 to 12.5. Meanwhile, Ontario has done nothing to step up to the plate.

The current CECRA program is not working. With data as of June 8, the federal government has paid out 2% of the budgeted \$3 billion for this program. CECRA does not entice landlords, and this leaves small businesses behind. Minister Phillips stood before the committee, affirming that the government is taking action to support businesses, but favouring a failing program does not help Ontario's business owners and commercial landlords.

Deferred Business Taxes

Small businesses are facing unprecedented losses through no fault of their own. Most small and medium enterprises (SMEs) do not have access to the same financial instruments as large corporations and have a reduced capacity to weather this economic storm. We heard in committee that the Ontario's Action Plan was intended to defer provincial taxes for a period of five

months, to improve businesses cash flow. It was pointed out to Minister Phillips that business belief that in six months this will compromise their ability recover as an economy.

The road to economic recovery will take many months and years, as the pandemic will have extended impacts on consumer behaviour and purchasing power which is particularly true for SMEs in the tourism and culture industries, which depend on seasonal revenues and may not be able to resume normal operations until we have a vaccine and it is safe for Ontarians to gather in large numbers.

To prevent permanent closures, further job losses, and to allow for businesses to fully recover, an effective tax relief plan is needed. Companies will not be able to pay deferred taxes in addition to accumulated debt in a matter of weeks and months. Our province needs to structure a multi-year repayment plan for deferred taxes, with an option for forgiveness of a portion which will help keep businesses from permanently closing and help build a climate of investment that will accelerate Ontario's economic recovery.

Low Income Ontarians, Youth, and those with Disabilities

In the Interim Report, the Committee heard that the hardest-hit sectors of the economy are public-facing, as services, retail, and hospitality sectors closed their doors as Ontarians stayed home to stop the spread of COVID-19.

These public-facing industries employ women, new Canadians, and youth in proportionally higher numbers. In Committee the FAO confirmed in their presentation that these public-facing sectors of the economy have been the hardest hit. Many of the jobs in these industries are part-time and pay low hourly wages. They are also slower to resume operations as limits on social gatherings continue into the summer, impacting tourism and cultural events.

Many high school and post-secondary students seek summer employment in seasonal tourism and cultural events. For the second time in its 142 year history, the Canadian National Exhibition has cancelled the annual festivities that attract visitors to the city and provides employment opportunities for hundreds of Ontario's youth. Across the province, summer jobs are disappearing for youth, and many are unlikely to return this year.

At the same time, the cost of living is going up for many during the COVID-19 pandemic—families with children no longer can rely on school or childcare. Low- cost summer recreational activities, including local programming, are unable to continue as planned or face limited enrollment to allow for physical distancing. Families face new costs to keep their children educated and entertained at home.

Ontarians with disabilities also face increased costs. Food prices increase as the pandemic impacts supply chains of fresh meat and produce, making it more expensive to eat nutritious food. Immuno-compromised Ontarians may no longer be able to rely on public transit safely or do their shopping. For months, the medications that Ontarians require have been dispensed in 30-day supplies, tripling regular dispensing fees. These impacts add up to people on low and fixed-incomes.

While the government has taken some positive actions, including a moratorium on residential evictions, small payments for families with children, and income support from the federal government, in many cases, they are insufficient to meet peoples' needs.

The Government of Ontario needs to address these realities by providing relief, support, and programs for students, youth, low-income Ontarians, and Ontarians with disabilities.

The Government of Ontario, acknowledging that summer employment opportunities have disappeared for thousands of young Ontarians, should reverse their cuts to OSAP to prevent students from dropping out because they cannot afford tuition. Ontario's future needs help now. The province should join the federal government in doubling student grants, and forgive the grants that were converted into loans for many Ontario students. The government should also provide training programs for youth to address the lost workplace skills and experience due to summer unemployment.

The government should also move to provide rent relief directly to families at risk of eviction after the pandemic subsidies. Direct financial support will assist families with accumulated debt to make ends meet and prevent a wave of evictions in the fall.

Finally, the government should increase financial support for Ontarians in the ODSP program by making additional COVID-19 funds universal and automatic for all enrolled in the program. The government should not claw back CERB benefits from those on ODSP who have lost their supplementary income sources. Ontarians with disabilities face unique financial challenges resulting from the COVID-19 pandemic, and should not be treated as an expendable afterthought by their government. All Ontarians deserve to be supported with dignity as we face these unprecedented challenges.

Municipalities

The COVID-19 crisis has dealt a devastating blow to Ontario municipalities. The combination of increased expenses and a dramatic reduction in revenues leads to a crisis that threatens to stifle economic recovery and leads to social discord.

With millions of Ontarians remaining at home over the first three months of the COVID-19 crisis, municipalities across the province have seen a significant revenue decline. Ontario's Large Urban Mayors have projected a shortfall in transit revenue of over \$400 million from April to June. So, the 100 million of direct support to municipalities, that the Minister informed the committee about, will not come close to covering the revenue shortfalls.

While revenue from room rentals and fees for adult and youth programming has all but evaporated, the costs of maintaining and operating community centres, arenas and pools are mostly unavoidable. With millions of residents off work, some are unable to pay property taxes and utility bills in a timely fashion. As like most other employers, municipalities also face increased costs related to physical distancing measures, personal protective equipment, and public health expenses. All told, municipalities across Ontario are in deep financial trouble.

According to an analysis published by RBC, Ontario municipalities face a revenue shortfall from user fees and property taxes approaching \$5 billion. Unlike the federal and provincial governments, municipalities cannot run operating deficits, which leaves them with bleak options: draconian spending cuts, huge increases to property taxes, or both.

The City of Toronto is projecting the possibility of a \$1.5 billion shortfall as a result of the COVID-19 crisis. Without service cuts, this would require a 47% increase to property taxes. To avoid significant tax and user fee increases, layoffs and cuts to services that Ontarians rely on daily to maintain their high quality of life, the province needs to assist its municipalities.

Transit

With millions of Ontarians remaining home to comply with public health guidance, transit agencies have seen an unprecedented drop in ridership and a sharp drop in transit fares that fund the majority of their operating costs. In a memo to their city council, Ottawa's OC Transpo sees 70-90% lower levels than usual.

The Minister admitted to committee that we are a long way from restoring consumer confidence, even with a national approach to contact tracing. Even if a second wave event does not occur, a lack of adequate support will force transit agencies to reduce service, increase fares and potentially lay off employees. As we contemplate Ontario's economic recovery, we cannot overlook the value of public transit.

Here is what Toronto Mayor John Tory had to say to reporters back in May:

“Increased transfers from provinces for all sizes of cities, or targeted funding for public-transit operations for larger ones could help. Transit funding may also speed economic recovery if it subsidizes more trips with fewer passengers per trip. Making it safe for people to stay on the train rather than drive would also alleviate pressures on other infrastructure and mitigate carbon emissions.”

Second Interim Report: Economic Impact of COVID-19 on Tourism

The Ontario Liberal committee members would like to thank the Minister of Heritage, Sport, Tourism and Culture Industries, and all presenters who have provided oral or written submissions. We heard about the devastating impacts on the Ontarian economy from the collapse of our tourism sector.

Ontario's Tourism Sector Facing a Difficult 2020 Season - Tax Deferrals Won't Work

At the time of the writing of this report, the COVID-19 pandemic has had extended impacts on consumer behaviour and purchasing power, which is particularly true for SMEs in the tourism and culture industries. While a portion of attractions and tourism businesses have re-opened, the regional approach to re-opening the Ontario economy has prevented intra-provincial travel. These businesses depend on seasonal revenues and may not be able to resume normal operations until we have a vaccine and it is safe for Ontarians to gather in large numbers. Both the cautious, regional approach to re-opening and the delayed action in support of these industries has meant that a large amount of seasonal revenue for Summer 2020 has been lost and cannot be recuperated. To prevent permanent closures, further job losses, and to allow for businesses to fully recover, an effective tax relief plan is needed. Companies will not be able to pay deferred taxes in addition to accumulated debt in a matter of weeks and months. Our province needs to structure a multi-year repayment plan for deferred taxes, with an option for forgiveness of a portion which will help keep businesses from permanently closing and help build a climate of investment that will accelerate Ontario's economic recovery.

CBRE forecasts that the tourism industry will not experience demand recovery for 24-36 months. As the province reopens, many operators will still not open their doors over concerns for liquidity issues. There needs to be a plan to bring people to our restaurants and visit our hotels and resorts if we expect them to survive.

International travel remains nearly impossible into the foreseeable future with international borders closed, including our largest trading partner to the south in the USA. Thousands of Ontario residents regularly visit the USA for tourism purposes annually, especially in the winter. To address the gap in recreational travel for young Ontarians, for families, and for "snowbirds", the Province should consider the promotion of intra-provincial tourism. We also need a grant style program that provides funding to communities to meet pandemic guidelines and bridge the revenue gap caused by cancelled festivals and attractions.

Hospitality Industry at Risk of Disappearing

The hospitality industry heavily relies on the flow and gathering of people. As we are all aware, the novel coronavirus has confined people to their homes, severely damaging this sector. Within ten days of the pandemic's onset, the Hotel Association of Canada released a statement that their industry had crashed. In his submission to the committee, Tony Elenis of the Ontario Restaurant Hotel and Motel Association told us that 50% of Ontario hotels have closed, and 99.9 % of why

most stayed open is to help "necessitate" rooms for our front-line workers. Even then, these hotels operate with skeleton staff seeing 94% year-on-year declines in revenue.

A CBRE report also identified that resorts contribute to 3.6% of the province's GDP in tax revenues alone. Which, on a grand scale, may seem minuscule, but it means significant losses to Ontario. Many resorts also run in certain seasons, making them unable to access support programs like the 75% wage subsidy. Restaurants have been able to stay open to serve take-out and delivery, and can now sell alcoholic beverages in these formats which the Ontario Liberal Party initially called for. Making this policy permanent would assist restaurants moving forward as alcohol sales provide a valuable source of revenue. Restaurants will continue to rely on takeout as capacity remains limited to allow for physical distancing and while consumer confidence is restored. However, restaurants themselves still face some challenges.

In May, Liberal MPP Simard delivered an open letter to Minister Sakaria, noting what more the Government can do for restaurants. We are yet to see action from the issues MPP Simard raised. Restaurants now heavily rely on third-party food delivery mobile applications such as "Uber Eats" or "Skip the Dishes." However, these companies have been charging commission fees as high as 30 percent of sales to deliver food into app-user's hands. Small businesses still have hard costs, and with declined revenue from the pandemic, big corporations need to do their part to protect these businesses from collapsing. Cities like New York and Los Angeles have implemented emergency orders restricting these fees to 15 percent, so why cannot Ontario? Perhaps because the Progressive Conservative Government is "for the corporations" instead of "For the People."

Our offices spoke with Sue Murano, a restaurateur who has businesses in Minister MacLeod's riding, and indicated that they are nowhere near a recovery period and have experienced significant revenue losses, with no way of regaining it. Like many other restaurateurs, she also said they are close to contemplating the worth of even trying to stay open.

Tony Elenis also pointed out that restaurants were already in a tough position to operate before the virus came along, and now need immediate support if they are to survive the course of this pandemic.

Rural and Northern Ontario

The Ontario Liberal members of the committee heard about the effects of COVID-19 on tourism in rural and northern communities in Ontario extensively during committee proceedings.

Agricultural societies have been hit hard by the pandemic, primarily because they have had to cancel all of their major agricultural fairs and exhibitions per public health guidelines. The fairs and exhibitions hosted by these organizations attract thousands of tourists every year and are responsible for promoting Ontario's rural communities' lifestyle, history, and culture.

From the Lindsay Agricultural Society (LAS), Harry Stoddart explains that agricultural events generate millions of dollars in hotels, restaurants and small business spending and credits Ontario's agricultural societies with an "aggregate impact estimated at \$700 million". The LAS has

been hosting yearly events since before Canada was established. They spoke about cancelling all of its events, primarily the LEX event, which draws a yearly average of about 45,000 people. Due to the cancellations and the restructuring of their exhibition, the Lindsay Agricultural Society faces a \$1 million shortfall in 2020.

The Cumberland Township Agricultural Society was among organizations who needed to cancel their major events, including the 74th edition of the Navan Fair in Ottawa's East-end.

Fortunately, the City of Ottawa, as an example, has already recognized the essential impacts that these agricultural fairs have on rural tourism and will be providing a \$15,000 one-time grant to each of the five rural fairs within its borders. Covid-19 has threatened the viability of these agricultural societies and their larger rural communities. They require immediate assistance to ensure their sustainability.

Senior levels of government should follow the lead of municipalities and provide concrete support to struggling agricultural societies and rural communities.

Grape and Wine Industry

The grape and wine industry is a significant contributor to our Ontarian economy and is a driving asset for tourism in this province. It is also a form of identity for many communities. Pre-COVID-19 this industry was at the helm, and still is of factors that could detrimentally affect industry and jobs. As we now face the novel coronavirus, the grape and wine industry face additional extenuating circumstances that determine many people's businesses' survival.

Presently, our province's grape growers compete with 39,000 tonnes of imported grapes, which then blended into a product that contains 75% import and 25% domestic grapes and given a tax break. The Ontarian product deserves the advantage, or at least an even playing field. The Premier must prioritize local businesses if he is "for the people." We are also under a trade challenge from Australia, who want greater access to the Ontarian market. The Canadian Wine Growers Association says that the tax burden from losing the dispute would set back our wine industry by 15 years. Already, Ontario wineries do not have the same international market exposure as others like the US and Australia have to ours. Wineries also bear an exclusive cellar door tax, which puts them at a disadvantage to other distributors.

The grape and wine sector faced many hurdles pre-COVID-19; they also have to bear their share of this pandemic. We learned from Debbie Zimmerman of Grape Growers Ontario, that grape growers are at risk of facing a crisis this fall. During the harvest season, there is a chance of a potential outbreak at processing plants. Grapes are perishable, and if plants close, there are no other revenue alternatives. Ontario Craft Wineries told us that two-thirds of wineries feel they will be in a position with bad debts from restaurants and licensees. Half of wineries would have to cease operations indefinitely, and 30 to 40 wineries could face permanent closures.

The Temporary Foreign Worker Program is very important to grape growers, as well as the backbone to many small businesses in agriculture. Due to the constraints facing foreign workers, including the mandatory 2-week quarantine, producers are delayed in bringing workers into the

country and into the province to support this year's harvest. This delay will impact vineyard production and fall harvest.

Premier Ford must immediately support this \$4.4 billion industry that draws 2.4 million visitors per year. The Ontario Liberals were the ones that called on the Progressive Conservative Government for allowing alcoholic beverage sales in restaurants' takeout and delivery, and then the Premier acted on it. It is the Ontario Liberals today, demanding the Premier save this industry. It needs serious support, and the Progressive Conservative government should not be giving it a blind eye.

Canada Emergency Commercial Rent Assistance (CECRA)

In an attempt to help save businesses and encourage landlords, the Quebec Government provides a more substantial contribution towards CECRA to assume more of the landlords' cost. Landlords of CECRA eligible Quebec properties see a reduction of 50% in the amount typically forgone by CECRA. Meanwhile, Ontario has done nothing to step up to the plate.

The current CECRA program is not working effectively to safeguard small businesses against the financial impacts of the COVID-19 pandemic. CECRA does not entice all landlords, and this leaves some small businesses falling through the cracks.

Groups from the hospitality industry, restaurants, and other organizations with brick- and-mortar establishments have called for assistance with commercial rent. Tony Elenis of the OHRMA presented data from a survey taken a month ago - 76% of restaurants in Ontario state that rent is the biggest factor contributing to their business debt. It is forecasted that 50% of independent restaurants will be forced to close their doors permanently due to rent debt. Many groups including Attractions Ontario and Central Counties Tourism have called on the CECRA program to be extended at least through the summer - the busiest season for the industry – which would allow business a buffer of time to rebuild their finances.

LGBTQ+ Community

The committee was very fortunate to hear from organizations like Pride Toronto and the Church and Wellesley Business Improvement Area. They raised vital issues that the Province cannot ignore.

It shows that small-town pride festivals support dozens of jobs and generate hundreds of thousands of tax dollars. These festivals used to be significant tourist draws but taking the festivals online does not positively impact communities.

Toronto Pride is one of the largest globally and brings \$374 million to Ontario's GDP on an annual basis, primarily by bringing tourists and locals to the Church-Wellesley Village. Some could now describe the usual busy tourist destination as a "ghost town." Many businesses are boarded up, but the impact of this goes far beyond presenting economic issues. Pride festivals and villages like Church-Wellesley are safe spaces and a historical hub for the community's people. These were the gathering spots for activists who fought for societal equality that included the LGBTQ+

community. In recent years, the Church-Wellesley village has faced increased rents of over 200%, which drive many LGBTQ+ owned businesses into more tight margins and even bankruptcy.

Bobby MacPherson of Pride Toronto explained the impacts of the closure on LGBTQ+ businesses before the committee. He said, "Queer business owners prioritize the hiring of marginalized community members within the queer community because they understand how hard it is for queer folks to get jobs, to be able to make a living, especially just the hardships queer people face, especially at a young age, in getting to that starting point." There is a fear that if queer business owners were to go out of business, it would not be queer business owners taking over.

Losing LGBTQ+ owned and operated business eliminates the fabric of promoting an economy that allows all Ontarians to thrive and have a fair chance at making ends meet.

Toronto's 519 Community Centre, one of the largest in serving the LGBTQ+ community, hosts their Green Space Fundraiser every year, which provides a large amount of the operating funds for their programs. The loss of the festival takes a considerable hit to their revenue. It hurts their ability to support LGBTQ+ community members who struggle with mental health, addiction and other issues that LGBTQ+ members are more likely to face. This community is under the threat of losing parts of its identity, support services, safe spaces, history and economic vibrancy.

However, Pride Toronto has also seen cutbacks to its grants, including a \$150,000 cut to its Celebrate Ontario Grant. At times like this, the Province needs to support marginalized communities like the LGBTQ+ community and not aid the deterioration of its community's hard-fought work. We need to see an Ontario where there are Pride Festivals, hubs for the LGBT community and places for all Ontarians to feel safe and a sense of belonging.

Sport and Events

The Covid-19 pandemic has had major implications on youth's health and well-being in our province and on tourism as a result of cancelled sporting events such as Special Olympics Ontario and Indigenous Summer Games; sports organizations stressed the financial impacts on tourism resulting from cancelled sporting events and the mental health impacts on youth who have not been able to participate in regular sporting activities.

There is a challenge when it comes to reopening as to how to comply with public guidelines, while also charging full registration fees. For certain sports, rules will need to be modified, and it will be difficult to justify charging parents full fees. Girls are also disadvantaged during this pandemic with female-dominated sports like cheerleading facing extra restrictions as a result of not being considered an official sport in Ontario, despite being recognized by the International Olympic Committee and Canadian Olympic Committee. When asked about making cheerleading an official sport, Minister Macleod said this was not a priority for the government. Volunteer and sports organizations also face concerns over insurability and possible litigation from following COVID-19 guidelines. These organizations positively impact the lives of children and families, but also our communities, the tourism sector, and the economy. These organizations need a government plan to protect them from these issues if we expect them to survive the pandemic. Our communities would not be the same without them.

The Ontario Liberal caucus believes the burden on parents and youth sports organizations is already too high. The Committee should take immediate action to support youth in sport.

Third Interim Report: Economic Impact of COVID-19 on Culture and Heritage

Introduction

The Ontario Liberal committee members would like to thank the Minister of Heritage, Sport, Tourism and Culture Industries, and all witnesses who have provided oral or written submissions. We heard about the devastating impacts on the Ontarian economy from the shutdown of the culture and heritage sectors.

According to the Financial Accountability Office of Ontario, Ontario's culture and heritage sector collectively employed close to 300,000 Ontarians and contributed \$43.7 billion to our economy in 2019. Before the COVID-19 pandemic, the Doug Ford Government made significant cuts to the support available for this sector. The cuts were devastating, and now they are felt more severely as the province shut down, and public gatherings were prohibited. As we begin to reopen, the rebound of this sector will be slow. Costs of reopening are unsustainable, and consumer confidence is at an all-time low, which is particularly concerning for those in any arts or productions, as opportunities are and will be less widely available.

Concrete Action Required to Preserve Ontario's Culture and Heritage

The committee recommendations for this Third Interim Report, do not nearly substantiate its contents. The committee's recommendations do not reflect what the Culture and Heritage sector calls for. None of the committee's recommendations in the report reflect or address the need to support our libraries, authors, publishers, digital media, marginalized Ontarians and their culture and heritage, the need for digital infrastructure, or the adequate amount of support needed to assist local arts, sports, culture and heritage institutions.

The Ontario Liberals understand and acknowledge the impact culture and heritage has on the life and vibrancy of this province and how it can be a critical tool for our economic recovery. We endorse a majority of the witnesses' recommendations from the report which have been overlooked by the government policies and have included them in our list below. These recommendations represent the Ontario Liberal position and the spirit of the witness recommendations so that the dissenting opinion can truly reflect what the culture and heritage sector needs to move past COVID-19.

The She-cession and Impacts on Female, BIPOC Culture and Heritage Workers

As Ontarians shift to a new way of life in the pandemic world, they have also seen the devastating impacts on the economy. The Ontario Liberal Party is a strong advocate for women and equity for all Ontarians. The Ontario Liberals believe it is crucial that the Progressive Conservative Government does not ignore that women and Black, Indigenous, and people of colour (BIPOC) are disproportionately feeling these economic impacts. In their testimony before this committee, many witnesses highlighted the impacts of COVID-19 on BIPOC Ontarians in the culture and heritage sector, but the final committee report does not reflect these appropriate recommendations that serve and assist these Ontarians.

The Statistics Canada Labour Force Survey for June indicated that the job recovery for COVID-19 related employment losses is “more advanced among men than among women.” Given the uncertainty with the Government’s plan for return to school, and lack of childcare being widely available, mothers face high barriers for return to work as the “he-covey” expedites, and men double the rate of women for employment resumption. In an open letter to the Minister of Finance dated July 8th of 2020, MPP Hunter illustrated these concerns. We are now entering the month of August and are yet to see any specific action to address this.

Miranda Mullholland emphasized to this committee that women are “shouldering an even greater share of housework and childcare than normal,” and they cannot perform to audiences with sizes that make financial sense. The Ontario Liberal Party knows that virtual concerts from home still pose challenges for mothers and parents burdening these increased responsibilities.

In Canada, the median income pre-COVID for an artist was just over \$24,000, which is 44% less than the average Canadian worker. Female, Indigenous and artists of colour have even lower median incomes. Music Ontario informed this committee of the disparity that women, Black, Indigenous, and people of colour face from the shutdown of this sector. They testified that artists with economic or white/male privilege can “afford the risk of a gig economy.” They also expressed concerns as many artists face homelessness, the surging rental market, and reduction in tenant protections as a result of the government’s Bill 184.

Government Undervalues Indigenous Culture

The Ontario Liberal Party committee members are concerned by the indifference Progressive Conservative Government and Premier Ford have demonstrated regarding the importance of preserving Indigenous culture. Indigenous culture productions and programs are vital to the economic stimulation and growth of the Indigenous community. Ontario is home to the largest Indigenous tourism industry in Canada, equating to 34% of the market share, which is substantially more than any other province or territory. Indigenous witnesses appearing before the Committee shared that, Ontario Indigenous Tourism provides \$622 million to Canada’s GDP and supports over 12,000 jobs. These statistics illustrate how important it is that we support our Indigenous cultural programming. Ontario leads this area nationwide, and we must continue to set an example for other provinces and territories.

The elimination of the Ontario Arts Council administered Indigenous Culture Fund has had severe negative impacts on Indigenous cultural production, and left producers of this culture and its community feeling not valued. The Indigenous community, which has already been designated as a non-priority for the Government under Premier Ford, now faces particularly pronounced economic impacts of COVID-19, especially in culture and heritage programming. In particular, Indigenous tourism is facing a loss of \$330 million in direct revenues, 4,000 jobs, and 140 businesses.

When the Premier slashed this funding, Dawn Setford, President of the Aboriginal Arts Collective of Canada, said, “As Indigenous women, we were just getting there, to the point where people wanted to learn about us... and we were confident enough, we feel safe enough and proud enough to start sharing.” The response from the Minister-responsible at the time was that the Government

needs to make sure its spending is sustainable. His response is disappointing, and Indigenous culture should not fall under the Premier's hunt for efficiencies and drastic cuts. We call on the Premier to fully reinstate the Indigenous Culture Fund.

Film, Television and Animation are at Risk and Critical for Ontario's Economic Recovery

The Standing Committee on Finance and Economic Affairs has heard from various members of the Film, Television and Animation industry in Ontario as we consider culture and heritage in our COVID-19 study. This Third Interim Report highlights the challenges the industry faces. However, the committee recommendations do not reflect the dire support the industry needs. Ontario's renowned film, television and animation sectors are at risk of leaving Ontario, and are critical for our economic recovery as we come out of this fiscal crisis. Before COVID-19, production in Ontario ranked third in North America. The final report does not acknowledge the importance of film, television and animation, and there are no specific solutions geared at supporting this industry in the report.

This Interim Report highlights that prior to the pandemic, Ontario film and television production was at record levels. Film and television support 45,000 jobs and \$2.16 billion in annual spending, 40% of which is on domestic production. This growing industry saw a 15% increase in spending from 2018 to 2019. Animation directly added \$308 million to provincial GDP, with an estimated 30% increase in 2020. With Ontario's well renowned animation post-secondary education such as Sheridan College, OCADU and George Brown College there is a pipeline of talent that feeds the digital animation and post production space. This is an important entry point into the film and television industry for young artists. This industry is an essential contributor to Ontario's economy.

The COVID-19 pandemic has brought on many issues for film, television and animation, concerning employment, workforce readiness, increased costs for PPE and insurability. Film and television alone have faced a "complete shutdown of all live action production" with an estimated loss by June of this year at \$700 million. Like many industries who have faced unforeseen increased costs to facilitate meeting public health requirements in their places of work, Animation Studios, in particular, are seeing significantly higher costs to establish appropriate bandwidth and security infrastructure for their employees to work from home. Given the inability of independent producers to obtain insurance covering the risk of a pandemic, they say they cannot afford to take the risk on their own. Losing these independent producers is not only devastating towards our economy but to the Ontario culture itself. The independent producers provide the world with Ontario's stories and creative art. Slawko Klymkiw of the Canadian Film Centre illustrated to this committee that it is much easier to mitigate these issues for huge Hollywood studios, but not so much for our local producers.

Animation Studios have also expressed concerns with access to a competitive workforce. Before this pandemic, there was already a shortage of artists by 30% to meet demand. There has always been a severe challenge at acquiring and retaining employees in the post-production process as well. As existing artists have looked elsewhere for work due to being laid off, animation studios worry if they will retain the employees they had to let go.

As other jurisdictions continue to ease restrictions and offer fewer hurdles to production than here in Ontario, producers are considering shelving their productions or relocating out of our province. Ontario's global competition acknowledges that this industry is at risk of depletion, and can be a critical factor in revamping the economy. Many competing jurisdictions have offered new or modified their incentivization programs to keep their market competitive. The Spanish Government increased its base incentive by 5%, and the French Government has increased theirs by 10%. The United Kingdom has created a 500 million pound fund to backstop insurance claims as they attempt to jump-start their productions, and Quebec has put forth a \$51 million fund of their own to support their film and television industry. Ontario artists and producers deserve a government willing to make similar investments.

With the fluid nature of a film set, it is challenging for productions to resume. The industry needs robust COVID-19 prevention regulations and changes to existing programs to ensure Ontario is a viable market to film. Without meaningful support from the Government, this meaningful multi-billion dollar industry cannot return to this province or restart in a meaningful capacity. We need to protect these jobs and keep these investments in Ontario. The Ontario Liberals endorse the industry's recommendations to ensure that film, television and animation are not forgotten or left under the parliamentary radar.

Rural and Northern Ontario Disproportionately Affected

The Ontario Liberal members of the committee heard about the disproportionate effects of COVID-19 on culture and heritage in rural and northern communities in Ontario extensively during proceedings. These testimonies are concerning to us, and indicate that the Government must take immediate action. The Final committee report does not include these recommendations, which would provide relief for rural and northern communities, and we feel that our Progressive Conservative Government overlooks rural and northern Ontario.

The shutdown of our province has caused a need for a shift in culture and heritage programming to move online. However, there is a lack of infrastructure to facilitate this, which is particularly crucial for rural and northern communities as they lack access to affordable and reliable high-speed internet, and they cannot make the shift as easily. Investments in digital infrastructure and expanding broadband connectivity plays a critical role in our economic recovery, and ensuring these communities do not fall behind during this pandemic and when we reopen tourism.

Through Destination Ontario, the province has created "Ontario Live" as a virtual marketplace for local artists, operators, attractions and businesses. This service is not as easily accessible for the many Ontarians who do not have the same broadband connectivity that urban parts of the province have. Ontario Live better serves as a tool for Ontario's more dense areas of the province but falls short of meeting the needs of our northern and rural Ontarians.

The Ontario Liberals recognize that culture establishments in these communities are impacted at a more substantial level by this pandemic. Zainub Verjee of the Ontario Association of Art Galleries highlighted her concerns that there is a massive risk for art galleries, especially in these regions, as they face possible permanent closures if funding is not made available. Other witnesses explained that rural cultural establishments already do not have the same levels of

accessibility to funding or a strong, established donor base than those of larger organizations. We are heartened that members of this committee agree that there is a need to increase funding for the Ontario Art Council, but we need to ensure that there is a specific stream in that increase for rural and northern communities.

The committee heard testimony from the Ontario Association of Agricultural Societies. We learned that agricultural societies play a vital role in the heritage, vibrancy, and fabric of rural Ontario's culture and life. Agricultural societies have had to cancel all of their major agricultural fairs and exhibitions per public health guidelines, which has caused devastating impacts and questions their ability to survive. 60% of Ontario's agricultural societies are older than Canada. Their fairs and exhibitions attract thousands of tourists every year, promoting Ontario's rural communities' lifestyle, history, and culture. The local economic impact of these societies is estimated to be around \$690 million. As many agricultural societies are not eligible for most federal and provincial funding programs, they require immediate assistance to ensure their sustainability.

Ontario must do its part to attract and maintain investment in our economy for the culture and heritage sector. We need a government that works for all Ontarians, no matter where they live.

Fourth Interim Report: Economic Impact of COVID-19 on Municipalities, Construction & Building

Introduction

We heard from over 45 presenters and received over 40 written submissions from municipalities and stakeholders in the construction and building sector, all of whom have been affected by the COVID-19 pandemic.

We understand and acknowledge the impact that municipal services, construction, and housing have on the day-to-day lives of Ontarians and that these sectors require specific and immediate support to ensure the overall economic recovery of our province.

The recommendations in the committee report do not properly address the dire situation faced by municipalities across Ontario. Nor do they reflect the urgent actions needed to ensure municipalities can continue to provide essential front-line services to residents without the needs for massive tax and fee increases or service cuts and layoffs.

Our recommendations represent what the committee members heard and reflect what the municipal and construction sectors will require in the form of financial support, red tape reduction and regulatory changes, in order to recover from the COVID-19 pandemic.

Municipalities

The COVID-19 crisis has dealt a devastating blow to Ontario municipalities. The combination of increased expenses and a dramatic reduction in revenues is a developing crisis that threatens to stifle economic recovery and lead to social discord.

With millions of Ontarians remaining at home over the first several months of the COVID-19 crisis, municipalities across the province have seen a significant revenue decline. Municipalities, like Toronto who reports a \$2.055 billion-dollar impact to their Tax Supported Programs for the year, require significant financial support to weather this storm.

While revenue from room rentals and fees for adult and youth programming have all but evaporated, the costs of maintaining and operating community centres, arenas and pools are mostly unavoidable. With record levels of unemployment as a result of COVID-19, some were unable to pay property taxes and utility bills in a timely fashion. This has had a direct impact on the municipal bottom line.

As like most other employers, municipalities also face increased costs related to physical distancing measures, personal protective equipment, and public health expenses.

All told, municipalities across Ontario are in deep financial trouble.

Unlike the federal and provincial governments, municipalities cannot run operating deficits. This leaves them with bleak options: draconian spending cuts, massive property tax increases, or both.

To avoid significant tax and user fee increases, layoffs and cuts to services that Ontarians rely on daily to maintain their high quality of life, the province must immediately assist its municipalities with direct financial relief.

The government must also recognize and take action to address the significant differences between Ontario municipalities and ensure there is sufficient flexibility to address the needs of large and medium urban centres, suburban neighbourhoods, rural towns, villages, agricultural regions and northern and indigenous communities.

Recent efforts to centrally manage local decision making with ideologically based conditions on funding is unacceptable. The province must recognize that locally elected municipal representatives, with the advice of their professional public service, are best positioned to understand their local needs and how best to allocate provincial recovery resources within their jurisdiction.

Public Transit

With millions of Ontarians remaining home, to comply with public health guidance, transit agencies have seen an unprecedented drop in ridership and the transit fares that fund the majority of their operating costs. Ontario's Large Urban Mayors have projected an 80% reduction in ridership and a shortfall in transit revenue of \$415 million from April to June. A lack of adequate support will force transit agencies to reduce service, increase fares and potentially lay off employees. As we contemplate Ontario's economic recovery, we cannot overlook the need for and value of public transit.

Efficient, effective and reliable public transit will be at the centre of economic recovery in many large and medium sized cities. Frontline employees who rely on public transit every day to commute to work cannot afford the service reductions or massive fare increases contemplated as a result of the revenue losses generated by COVID-19.

In large and medium-sized cities a true financial recovery cannot be realized without a return to fully operational transit service. The government must ensure that transit agencies are not forced to reduce service or increase fares as a result of COVID-19.

Moreover, recent attempts to force municipalities to accept conditions on transit funding for COVID-19 support are unacceptable. The government must not use the pandemic to try and force communities into privatization of public transit.

Front-Line Services

As a result of the desperate economic conditions created by COVID-19 many municipalities took immediate action to reduce the financial burden on their residents. Through the deferral of tax

and utility collection, waiving of penalties and interest, municipalities have experienced a sharp decline in cash flow and revenue.

Moreover, as provincially mandated public health measures were progressively ramped up, municipalities have seen a sharp decline, if not complete evaporation, of revenues related to recreation programming, room rentals, parking and other important revenue streams.

Many of the expenses related to these services are fixed and these revenue shortfalls will make it increasingly difficult to maintain basic public services over the medium and long-term. This will leave municipalities few options but to contemplate major increases to fees and taxes or draconian service cuts and layoffs which will only make the economic recovery more difficult.

In the absence of support from the provincial government cuts to core city services may hinder the economic recovery.

Public Health

Before the COVID-19 pandemic, the Progressive Conservative Government announced significant cuts to public health spending across Ontario.

According to the Financial Accountability Office, in the fiscal year 2019-2020, the government spent \$49 million less than planned to support the Chief Medical Officer of Health and programs to promote and protect Ontario's public health. The government further short-changed Ontarians by \$65 million less in support for local health service providers, long-term care homes and other community health programs.

Municipalities need to remain in a financial position to keep delivering these vital public health services to the most vulnerable members of their communities. The Region of Peel, for example, is incurring major costs for these additional public health services, all while losing revenue in other areas. They risk having to make severe cutbacks to public health in the coming months, jeopardizing the quality and quantity of public health services being offered in the community.

The provincial government must ensure that every dollar spent by local health authorities on COVID-19 is compensated for to ensure the precious public health resources such as maternal care for new mothers, dental screening, addiction counselling and other important public health programs are not compromised.

Municipal Revenues

For decades municipalities have been asked to provide more and more services while their options to ensure proper financial support for those services remains limited. This has led to a growing fiscal imbalance and inequity in the provision of services. As Mayor Crombie put it, municipal officials are expected to build 21st century cities, with 19th century tools.

Cities and towns have taken the limited actions available to them to blunt the economic impact of COVID-19 on their residents. Many have delayed or deferred the collection of property taxes and

waived penalties and interest on utility payments. Others have lost revenues from parking, development charges, building permits and recreation fees.

In Sioux Lookout, revenues from the municipal airport are down nearly 80% including aviation charges and fuel sales. Last year, the municipality invested significantly in the expansion of the airport to help support regional economic development. The loss of tourism and other traffic through the airport will make it exceedingly difficult for these loans to be repaid.

We heard from the City of Mississauga, who faces a specific problem with the payments in lieu of taxes (PILT) formula, as their airport only pays PILTs on a passenger count and passenger increases are capped at 5%. Mississauga anticipates a \$162 million loss over the next two decades if changes to this formula are not made, resulting years of echoed impacts from COVID-19.

The province must commit itself to ensuring municipalities are not burdened by the COVID-19 revenue shortfalls. Immediate action is needed to protect against the reduction of core municipal services, layoffs and massive increases to property taxes to cover the shortfalls.

Housing & Homelessness

Ensuring an adequate supply of affordable housing and protection for renters was also an important topic discussed at committee by municipalities and housing stakeholders across the Province.

Municipalities from across Ontario have discussed the challenges COVID-19 has posed to the shelter system and the urgent need for provincial investments to provide long-term affordable housing options.

Physical distancing within most shelter settings is difficult which has led to an increase in unhoused individuals. Moreover, as economic conditions have suffered a growing number of Ontario residents find themselves unable to afford to pay their rent. With the end of the evictions ban there is a growing risk of COVID-19 related evictions leading to an increase in temporary and long-term homelessness.

Resources must be made available to provide the opportunity to adapt shelters to reduce the risk of COVID-19 transmission and develop additional urgent options in the ahead of the upcoming winter.

Furthermore, shelters across the province are in dire need of financial infusion to manage the increase in demand. As an example, the Cochrane District Social Services Administration Board exhausted their provincial resources for feeding and sheltering the homeless in June. Without an infusion of one million dollars from the local community the DSSAB would have seen a significant shortfall. In his testimony Nando Iannicca, from Peel Region, advocated for the removal for housing and homelessness from the property tax base.

In addition to immediate efforts to maintain and bolster temporary and emergency shelter capacity the provincial government must address the long-term housing needs of Ontarians.

Broadband

As millions of Ontarians work and learn from home during COVID-19 any question about the necessity and importance of broadband internet access must finally be put to bed.

The committee heard repeatedly about the need to address the ongoing gap in equitable broadband access across Ontario.

Don Eady, Mayor of the town of Renfrew, articulated the importance of ensuring broadband access is available to everyone. The lack of access for rural Ontarians cannot be ignored and COVID-19 has demonstrated that Ontarians in all communities rely on digital access. Residents need broadband to work, to learn and connect to community and government services.

“The future of commerce, work, medicine, education and services have changed, and, in some instances, permanently. Broadband has become the electricity of the 21st century.”

Kevin Kahoot, Mayor of Ear Falls, discussed that broadband in the area is so poor in the region that schools may have a difficult time providing sufficient online resources to students. Jamie McGarvey, Chair of the Association of Municipalities of Ontario, echoed the importance of broadband connectivity and discussed recommended looking at 2 gig broadband service to support online learning and working from home.

Ontario can take a leadership role and ensure that all residents have access to fast, reliable and affordable broadband access within the next five years.

Construction & Building Sector

The Covid-19 pandemic has had lasting impacts on the construction and building industry in Ontario. Although many construction projects have proceeded during the pandemic, the industry is faced with delays and additional hurdles as it balances the increased public health requirements and copes with crippled supply chains. In the wake of this crisis, the construction and building sector will require a number of supports in the form of regulatory changes and red tape reduction to help kickstart construction and infrastructure projects, in order to provide key jobs, economic opportunity, and to bring affordable housing options to the market sooner.

An essential element of moving Ontario into the economic recovery stage is to immediately bring more housing to the market, which can be achieved by streamlining the planning process and removing red tape from municipal permit issuance. We heard from the Ontario Home Builders Association who referred to several ways that the Province could streamline approvals and called for the government to reduce red tape, ultimately allowing more housing to get to the market quicker. The Province should allocate new resources to the LPAT to ensure it can operate at its full capacity and clear the back log of applications that have emerged during the pandemic.

Without these additional staffing and technology resources, municipal planning approvals and housing construction will be further delayed.

In their submission, the Ontario Real Estate Association argued for necessary stimulus into the housing market, calling on the Province to remove the land transfer tax for homes under \$600,000 dollars. From an economic recovery perspective, this measure would create more inventory for buyers, and would generate thousands of new jobs in the construction and skilled trade sectors.

Equally important to the economic recovery of the construction sector, is to ensure that there are incentives for new home construction. According to Joe Vaccaro, incentives for new home construction should exist for consumers, but also for builders who are responsible for hiring and training new people. As part of the economic recovery, more programs are required to move people into the apprenticeship or into the skilled trades work. The OHBA recommends that government focus on attracting and retaining the next generation of skilled workers by incentivizing companies that train new construction workers from a project's local community.

Fifth Interim Report: Economic Impact of COVID-19 on Infrastructure

Introduction

We heard from several presenters who outlined the impacts of the COVID-19 pandemic on the infrastructure sector, all of whom are calling for increased funding and support.

We understand and acknowledge the impact that the COVID-19 pandemic has had on the infrastructure sector, and that immediate support and investment is required to ensure the overall economic recovery of our Province.

Our recommendations represent what the Committee members heard and reflect what the infrastructure sector will require in the form of financial support, red tape reduction and regulatory change, in order to recover from the COVID-19 pandemic.

Concrete Investments in Education Infrastructure are Critical

Concrete investment in education infrastructure is needed to ensure a safe return to school. We would have liked to see this reflected in the report and recommendations.

Our Leader, Steven Del Duca, has called for 14,000 new classroom locations and investments in re-developing school transportation networks. These steps of action are vital to ensure safe, physically distant learning. While our children's safety is our number one priority, investing in re-developing educational infrastructure is also the first step in getting parents back to work and reopening the economy.

A safe return to the classroom is especially necessary for rural communities, as they lack adequate and affordable high-speed internet to learn from home safely. Parents should not have to choose between risking their children's exposure to the virus and returning to work or their children's education.

Schools need to be just as safe as grocery stores, and this requires investments in classroom and school transportation infrastructure.

Broadband

Ontario's infrastructure needs are not limited to roads and transit. The lack of access to reliable internet connectivity hinders the ability of Ontarians to work and learn from home, as well as to undertake commercial activities, on a daily basis.

As Ontario moves through the COVID-19 pandemic and into the stages of recovery, one thing has become clear: any question about the necessity and importance of broadband internet access must finally be put to bed.

The committee heard repeatedly about the need to address the ongoing gap in equitable broadband access across Ontario, which is affecting primarily the residents and businesses located in rural, northern, and Indigenous communities.

Debbie Robinson, Warden of the County of Renfrew, articulated the importance of ensuring broadband access is available to everyone. The lack of access for rural Ontarians cannot be ignored and COVID-19 has demonstrated that Ontarians in all communities rely on digital access. Much like roads and bridges have long been considered critical forms of infrastructure, broadband has now become just as important.

Access to broadband is also of particular importance to Indigenous communities, who have long been disadvantaged by this gap in digital access. Lori Campbell echoed these concerns, claiming that Indigenous people and businesses miss out on opportunities to access education, jobs, grants, and health care as a result of not having internet access.

Ontario must treat broadband as an essential service. The government should take a leadership role and ensure that all residents have access to fast, reliable and affordable broadband within the next five years. Moreover, the government should report on its progress in meeting this target every six months.

Green & Active Transportation

The committee heard from several presenters calling on Ontario to prioritize active transportation with the ultimate goal of establishing a province-wide strategy that supports active and green infrastructure projects.

Jamie Stuckless, from Share the Road Cycling Coalition, articulated the changing mobility needs of Ontarians and the importance of including plans for cycling and active transportation in any recovery effort to ensure these needs are met. While cars and public transit have always been the traditional methods of transportation, the COVID-19 pandemic has highlighted the need for developing infrastructure that meets the increased demand for walking, cycling and other means of moving about.

Equally important to the promotion of active transportation are regulatory changes the Government can make active transportation a more attractive and safer option.

Additional funding and support for green infrastructure projects will help promote healthy and active forms of transportation and tourism and will be key to the province's overall economic recovery.

Rural Issues

An essential element of moving Ontario into economic recovery is to ensure that rural communities receive the funding they need to address the unique challenges that have been amplified by the pandemic.

The committee heard from several presenters who outlined the unique needs of rural communities that range from access to reliable broadband services to funding ongoing infrastructure renewals.

Communities require new jobs and investment if they expect to survive this pandemic's economic impacts. Rural communities already experience broadband barriers as we adjust to a virtual world, so physical connectivity to neighbouring towns is essential for survival.

The Tories stalled two community transport pilot projects that were to launch later this year, and we highly encourage that they immediately continue the flow of funds for these projects. One connected people within Perth County while the other connected Stratford, St. Marys and Listowel with larger regions such as London and Kitchener-Waterloo.

These transportation networks are vital for rural Ontarians to obtain employment, access medical appointments and other services. Businesses in their communities have shut down throughout the pandemic and need increased connectivity if we expect an economic restart anytime soon.

Rural municipalities are in a unique position because they require key infrastructure, like roads and bridges to accommodate the large groups of tourists that they attract, but these tourists do not play a direct role in funding these key infrastructure projects

For example, in West Grey, the taxpayers alone cannot fund the bridge and road program, but due to the pandemic, they will see an increased volume in vacationers this summer. A maintenance grant program would go a long way to helping smaller municipalities extend the lifespan of key infrastructure, without needing to fully fund their replacements.

Skilled Trades & Accreditation

Equally important to the economic recovery of the infrastructure sector, is to ensure that the skilled labour shortage is addressed. The COVID-19 pandemic has highlighted how essential skilled trades and technology jobs are, and the critical role they play in creating and renewing infrastructure including generating economic activity.

As part of Ontario's economic recovery, more programs are required to move people into apprenticeship or skilled trades work. The OHBA recommends that government focus on attracting and retaining the next generation of skilled workers by incentivizing companies that train new construction workers from a project's local community.

A special lens should be applied to study any gender inequities that exist, so that the government can focus specifically on attracting and retaining women in the construction and skilled trade industry. Time and time again, we have heard that COVID-19 has impacted women more greatly than men. Now more than ever these opportunities for skilled jobs should be promoted to women. The Province should establish a task force of stakeholders to recommend how women can participate more in the construction industry and ensure they have fair and equal access to job opportunities.

Indigenous Communities

Indigenous communities throughout the province have long been marginalized and have continuously faced the consequences of severe infrastructure gaps. While the COVID-19

pandemic has certainly identified many of these infrastructure gaps, it has also presented an opportunity to rethink our systems and make them more resilient. The government should prioritize investments that will bring Indigenous infrastructure up to par and ensure that indigenous people and businesses are given the opportunities necessary to be successful.

“The provincial government must continue and even increase funding to Indigenous specific skills and training supports. This needs to be available for various levels, such as development of business plans, how to access financing, and develop leadership skills, but there is also a substantial need for investment in skills training for Indigenous peoples more broadly, to expand the pool of skilled labour that Indigenous businesses need to grow and succeed.”

Committee members also heard from presenters who detailed Ontario’s Indigenous water crisis. Canada and Ontario are among the world’s leaders, yet many Indigenous populations can’t access the most basic services. The water on many Indigenous reserves is contaminated, hard to access, or toxic due to faulty treatment systems. The Province needs to take urgent steps to address their role in this crisis by increasing infrastructure spending on reserves to ensure that every Ontarian has access to clean, running water. Moreover, the government should report on its progress in meeting this target every six months.

Ensuring an adequate supply of affordable housing for indigenous communities was also an important topic discussed at committee by stakeholders. In their testimony, the Kenora District School Board argued that the province should support the delivery of this additional housing by pushing for projects that are led by Indigenous developers.

Sixth Interim Report: Economic Impact of COVID-19 on Small and Medium Enterprises

Introduction

The committee heard from several presenters who outlined the impacts of the COVID-19 pandemic on Small and Medium Enterprises, all of whom are calling for increased funding and support. We, the Ontario Liberal members of the committee, understand and acknowledge these impacts. Immediate support and investment are required to ensure the overall economic recovery of our Province. Our recommendations represent what the Committee members heard and reflect what the SME sector will need in financial support, red tape reduction, and regulatory change to recover from the COVID-19 pandemic.

Premier Ford is Shortchanging Ontario, Small Businesses Need More

Throughout this summer and over the past few weeks, as this committee considers the economic impacts of COVID-19 on small and medium enterprises, this government and all committee members have been made aware of the harsh realities our businesses and employers are facing. Aside from allowing businesses to reopen, why has the Premier not implemented appropriate measures critical for supporting jobs, businesses and our economy? The reopening comes at a cost too. As we have since the onset of the pandemic, the Ontario Liberals continue to urge Premier Doug Ford to take more action, step up and support our small businesses and employers.

That FAO report on Federal and Provincial COVID-19 Response Measures estimated the province is sitting on close to \$7 billion in unallocated funds, including \$3.5 billion in cash transfers from the federal government. The Premier cannot argue that he has no money to spend. Ontario's small businesses desperately need liquidity through tax relief, more regulatory changes, targeted spending measures and financial support from our province should we expect them to survive this economic downturn due to COVID-19. The time for tax relief and appropriate repayment plans is now; we cannot expect all businesses to pay their deferred taxes within the next two months, especially if we are on the brink of a second wave. The pandemic has gone on longer than anyone could have predicted. Small business owners are the backbone of Ontario's economy and main streets. They have invested everything into their businesses and despite pivoting in response to COVID-19 many are struggling to survive. People cannot afford to lose their homes and assets on loans taken out pre-COVID. Ontarians need a government that is in their corner.

The She-cession, Impacts on Women, Indigenous, BIPOC Workers & Small Business Owners

As Ontarians shift to a new way of life in the COVID-19 world, they have also seen the devastating impacts on the economy. The Ontario Liberal Party is a strong advocate for women and equity for all Ontarians. We believe the Progressive Conservative Government should not overlook that women and Black, Indigenous, and people of colour (BIPOC) are disproportionately experiencing negative economic impacts due to COVID-19 pandemic.

Over the last three consecutive Statistics Canada Labour Force Surveys, there has been a consistent trend for job recovery for COVID-19 related employment losses: it is "more advanced

among men than among women." This challenge is similar for female entrepreneurs. Given the government's lacklustre plan for return to school, no action to mitigate parents' fears for their children's safety, and the lack of childcare being widely available, mothers face high barriers for return to work as the "he-covey" expedites. MPP Hunter illustrated these concerns to the Minister of Finance in her open letter dated July 8th of 2020. We are approaching the month of October and are yet to see any specific or adequate action to address the unique concerns of women's economic recovery.

Investments in infrastructure stimulus alone will not reach those hardest hit by the economic fallout of the pandemic. More supports and investments targeting women, Black, Indigenous and people of colour are required.

In many jurisdictions across North America, data has shown that visible minorities, in particular Black and Indigenous communities, have been disproportionately affected by COVID-19. Witnesses attested to the need for government measures to consider this unique impact and the circumstances of home-based and micro businesses and entrepreneurs, who are often not eligible for government programs. Many of these businesses are in survival mode which causes them to take risks with personal safety. Business owners have to continue to feed themselves and their families. Many witnesses also indicated indigenous businesses, especially in the north, are having a more challenging time obtaining relief measures. Ontario lacks data to identify and target solutions correctly. The Premier must mitigate this problem, step up and ensure every Ontarian has an equal chance at surviving this economic crisis.

Rural and Northern Ontario

The Ontario Liberal members of the committee heard about the effects of COVID-19 on small and medium enterprises in rural and northern communities in Ontario extensively during committee proceedings.

Witnesses repeatedly told this committee about the need to address the persistent gap in equitable broadband access across Ontario. Rural and Northern Ontarian businesses face disproportionate economic impacts from this pandemic as lack of access to reliable internet connectivity hinders Ontarians' ability to shift to a more virtual world. We need immediate action regarding the availability of broadband internet access. Rural business owners are doing the right thing by not travelling to urban communities to meet with stakeholders, and staying in their homes, but are negatively reinforced by seeing their businesses' local economy suffer as this government provides no other alternative.

Multiple witnesses who presented before this committee's COVID-19 study have outlined the importance of why the government must ensure a robust domestic supply chain for the agri-food industry. While not only this is critical for many SMEs survival, this impacts directly into every Ontarian's day to day life. We must prevent the impacts of this pandemic from worsening. These witnesses have informed us of the pressures they face while also reducing processing capacity to meet public health guidelines or facing distribution challenges as in-home consumption has increased in place of decreased consumption out of the home. Amidst labour shortages from the pandemic, outbreaks amongst workers also pose a threat to these businesses' survivability alone.

Our party's committee members call on the Premier to take concrete steps to protect our supply chain, these jobs, businesses and communities.

Ontario's Restaurants

Restaurants heavily rely on the flow and gathering of people. Even with the reopening process, as we are all aware, the novel coronavirus has limited many people to their homes, severely damaging this sector. Before this virus, restaurants were already in a challenging position to operate, and now need immediate support if they are to survive the course of this pandemic.

The Ontario Liberal Party initially called for enabling restaurants to sell alcoholic beverages through take-out and delivery. We heard from many restaurateurs that they want the government to consider making this policy permanent. The policy would assist restaurants moving forward as responsible alcohol sales provide a valuable source of revenue. Restaurants will continue to rely on take-out as capacity will reduce without patios this winter and dining in is limited to allow for physical distancing.

In their submission, The Kitkat Restaurant Group asked that Ontario should restrict third-party delivery service commission fees on restaurants. Members of our caucus have called for this throughout the pandemic while the Progressive Conservative government stands still. Perhaps this is because Premier Ford is "for the corporations" instead of "For the People." In May, Liberal MPP Amanda Simard delivered an open letter to Minister Sakaria, calling for this specific regulatory change that follows what jurisdictions like New York and Los Angeles have done. Restaurants now heavily rely on these services to survive, but big corporations take commission fees as high as thirty to forty percent from these small businesses. As these businesses still have hard costs and declined revenue from this pandemic, it is only fair that the Government regulates large enterprises to step up and do their part to protect these businesses from collapsing.

Start-Up and Innovation

The Committee heard from businesses and organizations critical to Ontario's economy - the start-up and innovation sector. In their testimony, Ms. Chee from ventureLAB, a technology hub, identified unique challenges facing the technology and innovation sector due to the COVID-19 pandemic. As is true in many sectors, the sector is faced with gaps in their supply chains, from sourcing PPE to essential supplies. More uniquely to start-ups, the sector has seen a sharp drop in investment capital, which is critical to developing small businesses that have been tracking for rapid growth.

We also heard from ventureLAB about the possibility of a brain drain, as talent leaves Ontario due to investments dropping and economic uncertainty. Ontario is home to a quality education system and several post-secondary institutions globally renowned for their quality STEM programs. They attract large numbers of international students who want to stay and work in Canada. We have a large pool of potential talent to drive the technology and innovation sector and reinvigorate Ontario's economy. As Ontario moves forward with the economy, a strong start-up and innovation sector will be vital in fuelling growth now and for decades to come.

APPENDIX 9
DISSENTING OPINION OF THE GREEN PARTY MEMBER OF THE
COMMITTEE

Dissenting Opinion from the Green Party of Ontario on the Final Report on the *Economic and Fiscal Update*

The Standing Committee on Finance and Economic Affairs was privileged to hear from hundreds, if not thousands of businesses both small and large, non-profits, charities, tourism organizations, municipal governments, advocacy groups and of course, people, over the last 4 months.

We heard from small family businesses and restaurants who had lost all of their revenue and were forced to lay off their employees and close their doors.

And from the organizers of musical and cultural events who were forced to cancel their annual events, losing momentum, income and important contracts.

The Committee heard from municipalities large and small right across the province who all said the same thing. They need financial help and they need it to be fast and flexible.

We heard from large corporations, and construction companies big and small who suffered from the shutdown of our economy.

Many stories were heartbreaking and unfair.

The choices we make today about how to reboot our economy will shape how we live for generations to come.

This crisis has reminded us what really matters: our health and that of our loved ones; clean air and locally grown food; front-line workers and care providers; and a safe and affordable place to call home.

This crisis has also reminded us what is possible. We can achieve remarkable things when we count on each other, respect science, and cooperate on solutions.

The Green Party supports many of the recommendations in the interim reports. However, many are non-committal. And we encourage the government to take action with firm commitments of support.

The presenters at SCFEA made many thoughtful and important recommendations that were not included in the final committee reports. It is important that the government give these recommendations serious consideration when allocating resources in the upcoming budget.

That is why the Green Party submitted dissenting opinions on each interim report which included dozens of additional recommendations the government should consider. These dissenting opinions and the recommendations are reproduced below

The last six months have been hard. Ontario has been through a lot.

But we are resilient, and we will bounce back.

The Green Party is eager to work across party lines and with people, businesses, organizations, and local governments across Ontario.

Together we can build back an even better Ontario.

Dissenting Opinion from the Green Party of Ontario on the First Interim Report on the *Economic and Fiscal Update*

COVID-19 brought Ontario and the world to a standstill. Small businesses were forced to shutter for months. Families were kept apart from their loved ones. Frontline workers were left with no choice but to wade into danger every day.

Despite the hardships it has caused, the Green Party of Ontario believes the Province responded appropriately by putting our economy and lives as we knew them on pause.

What we have seen during this time is that this legislature and this province can work together to put people first.

This crisis has reminded us what is possible when we count on each other, respect science, and cooperate on creative solutions.

While the Government has provided some limited monetary support to people and businesses, it has, unfortunately, come up short in providing the substantial and meaningful relief needed to provide care for people, especially our elders, and to ensure our economy can rebuild in a way that builds a bridge to a greener, healthier, and more caring Ontario.

For example, the government boasted of providing a \$17 billion pandemic response package of which \$7 billion was in direct funding and \$10 billion in tax deferrals. The Financial Accountability Officer, however, made it clear to the Committee that only \$4.5 billion was new, direct funding.

On March 20, the Green Party of Ontario encouraged the government to implement a number of recommendations to help the people and businesses of Ontario weather this storm.

Unfortunately, few recommendations were implemented. And if they were, they were done so after a significant delay, leading to increased anxiety and in some cases personal and commercial financial distress.

The Green Party of Ontario would encourage the Government to use the contingency and reserve funds set aside in the March 2020 *Economic and Fiscal Update* to immediately provide the following:

Basic Income

The Covid-19 pandemic has laid to bare the inadequacy of our province's social security nets. Ontario must work with the Federal government, to **embrace a permanent basic income program** to guarantee no one falls through the cracks and worries about putting food on the table when an emergency hits.

Support for Small Businesses, Non-Profits and Charities

The Government has failed to provide adequate support to small businesses, non-profits and charities. Ontario must stand up for local independent businesses, non-profits and charities by giving them access to funding to reopen safely and by providing protections against commercial evictions so they can begin once again to create jobs and support vibrant communities. The Finance Minister should report back to the committee on the number of small businesses who have accessed the CECRA program and how much money the government has spent on the program.

Reverse Cuts to Public Health

The Covid-19 pandemic has highlighted the importance of a fully funded and effective public health system. This government should reverse all cuts to public health made in the 2019 budget and provide 100 per cent provincial funding to public health units.

Provide Funding for Municipalities

Due to the downloading of many costs from the Province to municipalities, municipalities require immediate funding to ensure they are solvent and able to provide necessary social and infrastructure support. The Green Party of Ontario's funding recommendations include:

1. Providing a \$350 million operating grant to cover the operating costs of municipal-run long-term care homes;
2. Restoring provincial funding for community housing;
3. Increasing emergency stabilization funding for shelters, food banks and other non-profits;
4. Fast-tracking funding for already approved infrastructure projects;
5. Creating a multi-billion dollar active transportation fund for municipalities;
6. Restoring the previous funding formula for child care;
7. Funding 50% of local transit operating costs for municipalities;
8. Doubling the municipalities' share of gas tax funding; and
9. Allowing municipalities to implement new revenue generating tools, including road tolls, parking levies and land value taxation

The Government's March 2020 *Economic and Fiscal Update* did not adequately anticipate the financial devastation that the people of this Province would be enduring. This pandemic has cost us dearly and governments should not pin those costs on people and the planet.

Our economic recovery should not come at the expense of our communities - it should restore and empower them.

Dissenting Opinion from the Green Party of Ontario on the Committee Report on the Tourism Sector

We heard from over 100 presenters and received over 50 written submissions from those affected in the tourism industry by the Covid-19 pandemic.

It was heartbreaking to hear of the loss of revenue, the potential loss of family businesses, the loss of staff and the loss of life savings.

We heard from Betty McGie who operates a fly-in resort near Wawa. The resort was established by her Father in 1946. Travel and border restrictions have led to a near 100% reduction in her business' income.

And from the organizers of Afrofest, Music Africa of Canada, whose two-day annual African cultural festival, attracting over 120,000 people has been cancelled. Not only is the event cancelled, but the many self-employed artists who were to perform, and who already face barriers to receiving grants, have lost their source of income.

And from Indigenous Sport and Wellness Ontario, a non-profit that has lost nearly \$500,000 as a result of the pandemic with the cancellation of the 2020 North American Indigenous Games.

I was impressed by and thankful for the professionalism and effective engagement of the many businesses and associations who presented to committee during such a challenging time.

They put dozens of innovative and thoughtful recommendations forward.

When we met as a Committee to discuss this report, we discussed many of these recommendations.

In addition to the recommendations in the Committee report, the Green Party of Ontario puts forward the following recommendations to provide additional support to the ailing tourism industry during this challenging time:

1. Work with the federal government to change the Canadian Emergency Commercial Rent Assistance program to lower the eligibility threshold to a 20% decline in revenue.
2. Work with the federal government to change the Canadian Emergency Commercial Rent Assistance program to have the tenant apply for eligibility for the program instead of the landlord.
3. Extend the commercial evictions ban to January 1, 2021.
4. Expand the eligibility for application of the commercial eviction ban to include businesses who can demonstrate a 20% decline in revenue.
5. Develop an Ontario Emergency Commercial Rent Assistance program if the federal government does not agree to significant changes to the Canadian Emergency Commercial Rent Assistance program.
6. Establish a basic income program if the federal government does not extend the Canadian Emergency Response Benefit (CERB) to address the concern many tourism operators expressed about the ability of their employees to pay their bills if the CERB expires before the sector is able to reopen at pre-pandemic levels.
7. Develop clear sectorial public health guidelines for the safe reopening of businesses, non-profits and charities.
8. Establish a retraining program for workers who will require new skills to participate in the post-pandemic economy.

9. Establish a childcare stabilization program to assist child care providers with the additional costs of safely reopening so that workers with children in the tourism sector are able to return to work when the sector is able to reopen.
10. Implement a grant program to assist businesses with the costs of safely reopening, including costs for PPE and to meet public health protocols and guidelines.
11. Implement a municipal fund to enable municipalities to defer commercial property taxes for businesses experiencing government mandated closures.
12. Allow VQA wineries to open an additional retail outlet that is not adjacent to their production facility.
13. Allow Ontario artisan distillers open an additional retail outlet that is not adjacent to their production facility.
14. Direct the LCBO to provide more shelf space for Ontario's VQA wines, Ontario craft brewers and Ontario artisan distillers.
15. Temporarily increase the provincial tax credit for charitable contributions and ask the federal government to increase the charitable tax credit.
16. Work with the federal government to establish 10 paid sick days.
17. Establish presumptive eligibility for WSIB benefits for workers who contract COVID-19.
18. Double the budget allocation for the expansion of rural and remote broadband access.
19. Work with the federal government to establish a jointly funded \$2.5 million fund to address the unique needs and challenges of Indigenous Tourism Operators.
20. Eliminate the 6.1% basic tax on Ontario wine.
21. Remove the \$7.5 million cap on the VQA Wine Support Program.
22. Convert tax deferrals to grants for small businesses who have experienced a 50% decline in revenue.
23. Establish a grant program for seasonal tourism operators with eligible funding equal to 25% of their revenue based 2019 HST payments.

Recognizing the severe financial impact this pandemic has also had on the provincial government's budget, the Green Party of Ontario urges the government to make smart and proactive financial investments into this industry in order to ensure the province has a tourism industry when this storm passes.

Together we can build back an even better Ontario.

Dissenting Opinion from the Green Party of Ontario on the Committee Report on the Culture and Heritage Sectors

When Ontarians were asked to stay home or found themselves at home because of a lost job, were told to refrain from seeing their family, to cancel their weddings and postpone a loved one's funeral, many turned to books, music, art and film to cope.

Now, the writers of those books, makers of that music, and creators of that art and those films need our help. We must ensure that these people, and the organizations and institutions that support them, receive the adequate provincial funding to survive and make a recovery.

Further, through the four days of oral hearings, over 100 presenters and dozens of written submissions, we heard loud and clear how the lockdown has exacerbated the already precarious position of many Black, Indigenous, and other people of colour artists and culture workers. And how it is has gutted the culture and heritage organizations representing and serving these marginalized communities.

These presentations and submissions also made it clear there are a myriad of practical and innovative ways the government can assist the Culture & Heritage sectors in these challenging times.

In addition to the recommendations included in the Committee report, the Green Party of Ontario puts forward the following recommendations for consideration by the Government to provide additional support to the Culture & Heritage industries:

1. Reinstate Ontario Arts Council administered funding for the Indigenous Culture Fund.
2. Double funding to the Ontario Arts Council.
3. Prepare a public report on how the government responded to the recommendations put forward by presenters and outlined in the committee report.
4. In the absence of a continued CERB payment, introduce a long-term stable income support such as basic income.
5. Work with the Federal Government to ensure the continuation of a commercial rent relief program in which tenants apply and lower the applicability threshold to a 20% loss in revenue.
6. Establish more affordable housing and provide mental health supports for artists working under precarious circumstances.
7. Provide more opportunities to train and employ young people, prioritizing BIPOC, in the culture and heritage sectors.
8. Prioritize the development of access to broadband in rural and remote areas and declare broadband access an essential service.
9. Create clearer and more explicit sector specific guidelines for reopening in consultation with the industry.

10. Increase provincial funding to municipalities to help them continue to support the culture and heritage sector by:
 - a. making the HST fully refundable or exempt for arts, culture, and heritage-related spending;
 - b. prioritizing grants over debt deferral programs; and
 - c. providing the necessary funding to protect libraries' continued operations.
11. Make strategic and targeted investments through the Northern Ontario Heritage Fund Corporation to highlight the assets of northern communities and promote regional tourism.
12. Provide specific emergency and long-term funding streams for art galleries, arts organizations and non-municipally-run performance venues.
13. Establish stabilization funds for culture and heritage organizations to assist with costs related to opening, PPE and necessary public health measures.
14. Streamline requirements and application processes for grants and provincial funding, including making funding applications and programs more accessible to self-employed artists.
15. Establish a stabilization fund for BIPOC Artists.
16. Expand criteria to allow heritage and culture organizations to apply for provincial infrastructure funds.
17. Amend legislation to allow backstop insurance coverage for cultural producers, including film and television.
18. Create a provincial marketing strategy for the promotion of Ontario's Culture & Heritage sectors and develop a "Buy in Ontario, Made in Ontario" campaign.
19. Provide tax credits and incentives including:
 - a. incentives for filming on location;
 - b. tax credits for COVID-19 health and safety costs;
 - c. streamline and update tax credits by simplifying residency requirements, allowing projects on all platforms to qualify, and expanding eligibility for service tax credits to include all location fees; and
 - d. an increase of tax incentives for film, TV, video game producers and other media producers to use music content from Ontario companies in their productions.
20. Update the Ontario Computer Animation & Special Effects (OCASE) Tax Credit by:
 - a. designating work from home arrangements as permanent workspaces eligible under the OCASE Tax Credit; and
 - b. untethering the OCASE Tax Credit from the Ontario Production Services Tax Credit to allow visual effects animation in post-production studios to independently file for the OCASE Tax Credit.
21. Adjust the Ontario Film and Television (OFTTC) Tax Credit to include:
 - a. a new COVID-19 exception to raise or eliminate the 25% eligibility cap for non-Ontario expenses; and

- b. a new 100% tax credit on COVID-related Ontario labour costs (or raise the OFTTC from its current level of 35% to 40%).
- 22. Relax the definition of “studio” under the Ontario Creates Film Fund (OCFF) to:
 - a. allow filming in locations that are currently closed to the public due to the pandemic (e.g., Roy Thompson Hall);
 - b. provide an immediate increase to the OCFF to support feature documentary production; and
 - c. ensure that costs incurred during the shutdown period (e.g., paying crew members) are eligible expenses that can be claimed.
- 23. Create a new program under the Ontario Music Investment Fund to support independent live music venues in hosting outdoor performances as well as an industry initiative to set health and safety protocols.
- 24. Work with municipalities to:
 - a. make it easier to obtain permits for live performances and enable access to more unique spaces;
 - b. make special occasion permits for alcohol less complicated and time-consuming; and
 - c. relax noise complaint-related requirements.
- 25. Provide emergency funds and tax credits to preserve jobs and enable sports organizations to provide personal protective equipment and related health and safety measures.
- 26. Provide financial support to sports clubs and associations including:
 - a. rent relief for clubs and provincial sport associations; and
 - b. subsidies including reimbursement or tax credits up to \$2,000 for youngsters to participate in hockey and other sports.
- 27. Leverage Ontario’s broadband action plan to ensure that speedy fibre optic broadband connectivity is available at all library branches across Ontario.
- 28. Create an Ontario digital public library to provide critical e-learning support to all Ontarians.
- 29. Provide a one-time emergency top-up injection of \$6 million to the Ontario Creates Book Fund to help support Ontario publishers.
- 30. Allow the Ontario Book Publishing Tax Credit to pay an advance upon application from publishers in good standing.
- 31. Provide incentives for Libraries to purchase Canadian writers and Canadian published books.
- 32. Provide further funding to the Ontario Creates Magazine Fund by:
 - a. increasing the annual budget of the Fund from \$2 million to \$4 million;
 - b. raising the \$75,000 maximum grant amount within the Fund to \$100,000; and
 - c. designating funding within the Fund for innovative initiatives.

33. Allow organizations that have already been approved for funding by Ontario Creates, the Ontario Centres of Excellence, or other government entities, to get fast-tracked for additional funding opportunities.
34. Streamline the Ontario interactive digital media tax credit (OIDMTC) by:
 - a. setting a service standard for processing times;
 - b. lowering the minimum threshold required for labour expenditures (to allow smaller companies to apply);
 - c. allowing companies to claim the federal Scientific Research and Experimental Development (SR&ED) Tax Credits on any labour costs not claimed under the OIDMTC; and
 - d. allowing companies to claim the OIDMTC for new Ontario residents who are in their first year of employment in Ontario.
35. Expand the Northern Ontario Internship Program by:
 - a. extending the opportunity of paid internships from one year to two years for candidates who are Black, Indigenous, or other people of colour;
 - b. increasing financial support for interns; and
 - c. enabling international graduates of postsecondary institutions in northern Ontario to apply for these internships.
36. Establish an Ontario museums relief fund to address the immediate and significant loss of revenue from admissions, public programs and fundraising events, and to help museums build capacity during the reopening process and first months of operation.
37. Provide Black heritage infrastructure support by:
 - a. providing targeted infrastructure support for Black heritage buildings and sites;
 - b. developing digital infrastructure;
 - c. funding professional training especially for Black youth to preserve and operate sites; and
 - d. creating and funding paid employment positions in heritage management.
38. Create a rapid grant program to help heritage organizations that own, or lease and operate built and natural heritage sites (including burial grounds and cemeteries) in communities across the province.
39. Provide funding for heritage associations to retrofit heritage buildings to make them energy efficient and to comply with AODA accessibility requirements.
40. Encourage philanthropy in the culture & heritage sectors by:
 - a. introducing a matching donation program for the culture sector to encourage private and corporate gifts, matched by government dollars;
 - b. creating incentives and tax credits to encourage private sector donations; and
 - c. revising funding programs to eliminate or reduce the matching funding requirements.
41. Provide tax exemptions including:
 - a. tax exempt status for all not-for-profit historical societies incorporated by The Ontario Historical Society (comparable to the exemption for Royal Canadian Legion branches); and

- b. giving municipalities the authority to exempt heritage buildings and sites from property taxes.

Recognizing the severe financial impact this pandemic has also had on the provincial government's budget, the Green Party of Ontario urges the government to make smart and proactive financial investments into this industry in order to ensure the health of these sectors.

Because, and as stated so importantly by the Intergalactic Arts Council, "art is not a luxury, it is essential to the wellbeing of individuals and communities." The same can be said for protecting our heritage, cultural institutions and sporting organizations.

Together we can build back an even better Ontario.

Dissenting Opinion from the Green Party of Ontario on the Committee Report on the Municipalities and the Construction and Building Sectors

There is no question that municipalities have shouldered a large burden during the Covid-19 pandemic. From shoring up much needed social services, addressing the impacts of the pandemic on homelessness and addictions, to ensuring transit systems continue to operate safely. All while facing significant revenue losses and employee layoffs.

These past six months have not been easy on municipalities.

The Committee heard from municipalities large and small right across the province who all said the same thing. They need financial help and they need it to be fast and flexible.

We heard from the Minister of Municipal Affairs and Housing, who suggested that he was urging the Federal Government to provide emergency funding for municipalities. It is the Green Party of Ontario's position that the provincial government must also provide adequate financial assistance to municipalities.

The Committee also heard from a variety of stakeholders in the housing and construction sectors who were affected by COVID-19. Ontario was facing a housing affordability crisis before the pandemic, and COVID-19 has highlighted how essential it is to ensure that everyone in Ontario has an affordable place to call home. The Green Party of Ontario is committed to working with all parties and stakeholders to develop a comprehensive housing affordability strategy for Ontario.

The Green Party of Ontario puts forward the following recommendations to provide additional and more flexible support to our municipalities, building and construction industries:

1. Increase funding to municipalities for public transit through increased revenue from the Provincial Gas Tax Program;
2. Negotiate a cost share agreement with the federal government to provide Ontario municipalities with \$10 billion in flexible emergency financial assistance;
3. Provide a provincial grant to cover fifty percent of operating funding for municipal transit systems in order to avoid fare increases;

4. Work with municipalities on ways to provide them with additional revenue tools to reduce the burden on the property tax base;
5. Work with the federal and municipal governments to develop cost share agreements that temporarily reduce the traditional municipal contribution to infrastructure projects to help municipalities proceed with infrastructure projects at a time when the pandemic has reduced municipal revenue;
6. Declare broadband an essential service available to all Ontarians and increase provincial funding for broadband services;
7. Invest in maintaining existing infrastructure in a state of good repair and consider life cycle costs when making infrastructure investments;
8. Partner with non-profit and co-op housing providers and community organizations to increase the supply of affordable and supportive housing while maintaining existing affordable housing units in a state of good repair;
9. Work with housing providers on a rent assistance program for tenants unable to afford rent due to the COVID-19 pandemic;
10. In addition to supporting the development of domestic supply chains for building materials, support local labour agreements through the RFP process;
11. Support retraining programs for entry into the trades with a focus on encouraging and supporting women and people of colour in the trades;
12. Work with municipalities to unlock capital for building projects by accepting surety bonds instead of letters of credit;
13. In addition to a home renovation tax credit focused on energy performance, accessibility and public health for homeowners, the government should implement a program to support retrofits for businesses and public buildings to improve energy performance, accessibility and public health measures.

Recognizing the severe financial impact this pandemic has also had on the provincial government's budget, the Green Party of Ontario urges the government to provide smart, flexible and responsible financial investments to municipalities as well as the construction and building industries, so that our communities can rebound in not only a sustainable, but a greener and more caring way.

Together we can build back an even better Ontario.

Dissenting Opinion from the Green Party of Ontario on the Committee Report on the Infrastructure Sector

Many presenters at Committee discussed the vital role infrastructure investment will play in the economic recovery from COVID-19. The Green Party of Ontario agrees that infrastructure investments are essential to economic recovery and job creation. The infrastructure investments we make today provide an opportunity to build back a better Ontario for tomorrow.

It is the Green Party's position that the path the province was on prior to the pandemic was not sustainable or just. The old path did not adequately care for the people and places we love. As we invest in infrastructure development, we need to embark on a greener and more caring recovery.

A greener recovery will keep our air clean and communities safe while creating jobs in the fastest growing markets. By investing wisely in greener choices for a healthier future, Ontario can become a leader in EV manufacturing and low pollution travel including transit and expanded cycling infrastructure; healthy efficient homes; sustainable forestry and responsible mining.

Time in quarantine highlighted the value of a safe home and liveable community. We can re-shape our neighbourhoods to make it easier to get around, whether walking, cycling or taking public transit, to provide access to park space, and to get a handle on soaring housing prices so that everyone can have an affordable place to call home. And we need to start by addressing the inequities faced by our Indigenous communities, many who lack access to clean drinking water.

Conserving nature is an investment in our shared future. By protecting forests, farmland, and wetlands, we ensure that local food continues to grow and water continues to flow. Let's uphold the laws that protect the places we love because nature is our best defence against floods, storms and other climate threats.

The Green Party of Ontario puts forward the following recommendations to the Provincial Government to provide additional support to the infrastructure sector:

1. Declare and treat broadband access as an essential service and work with the federal government on a federal provincial funding program to create incentives for broadband expansion across Ontario.
2. Make the necessary regulatory changes to ensure Internet Service Providers have better access to the infrastructure needed to expand broadband access in rural areas and eliminate barriers to development.
3. Invest in developing and expanding the digital infrastructure of libraries.
4. Embed Community Benefit Agreements in infrastructure projects such as transit projects.
5. Ensure that the Jane-Finch Community and Family Centre is built.
6. Provide funding for green infrastructure projects, prioritizing shovel ready flood mitigation and storm-water management projects that reduce wear and tear on traditional infrastructure.
7. Identify ways to remove regulatory barriers to facilitate urban freight shipping by e-cargo cycles and age restrictions for e-cycles.
8. Maintain, improve and expand active transportation assets, including a provincial cycling network.
9. Invest in cycling infrastructure to develop Ontario as a premier cycling tourism destination. This means prioritizing connections between communities, attractions, natural spaces and public transit e.g. GO stations. Please include the installation of bike racks and wayfinding as part of these investments.
10. Invest in building more affordable and supportive housing.

11. Prioritize and invest in public infrastructure accessibility retrofits to ensure all Ontarians are treated equitably with access to our public buildings and spaces.
12. Fund infrastructure projects that increase access to health and social services prioritizing under-serviced communities.
13. Support the funding of housing infrastructure in Indigenous communities, prioritizing projects led by Indigenous developers.
14. Invest in infrastructure projects to deliver clean water and wastewater infrastructure on First Nation reserves to ensure that all Indigenous communities have access to safe, clean water.
15. Assist with the construction of a new instructional building for the First Nations Technical Institute.
16. Support the development of professional technical capacity in Indigenous communities.
17. Amend waste management regulations to place greater responsibility on producers and distributors to recover materials.
18. Prescribe minimum requirements for recycled content in building materials.
19. Adopt performance standards for the construction industry instead of the current ingredients –based system.
20. Accelerate electrification of the transportation system, electrified public transit and electric vehicle charging infrastructure.
21. Reinstate a rebate program to incentivize the purchase of electric vehicles.
22. Implement a green retrofit program for public buildings, homes, apartments and small businesses.
23. Accelerate infrastructure investments in HVAC systems in schools, healthcare facilities and other public sector buildings.
24. Legislate prescribed percentages for recycled aggregates in building materials, and carbon content requirements for building materials, similar to an Energy Star rating for consumer products.

Recognizing the severe financial impact this pandemic has had on the provincial government's budget, the Green Party of Ontario urges the government to provide smart, flexible and responsible financial investments to the infrastructure sector so that our communities can rebound in not only a sustainable, but a greener and more caring way.

Dissenting Opinion from the Green Party of Ontario on the Committee Report on Small and Medium Enterprises

During those first few days of Covid-19, before they were even mandated to do so, it was many of our small businesses that voluntarily chose to close their doors to help curb the spread of the virus.

And in many cases, it was these same small businesses that remained closed longer than other businesses and sectors when the province began to gradually reopen.

And unfortunately, it is many of these same small businesses that still cannot fully operate profitably due to the restrictions that remain in place in stage 3.

Our small and medium sized businesses have been hit hard. We heard that from over 200 businesses who testified orally and by written submission to this Committee. We cannot deny it.

We also cannot allow our downtowns and mainstreets to become ghost towns. There will be no economic recovery if we don't help these entrepreneurs get through these difficult times.

We heard loud and clear that female, Indigenous, Black and minority-owned businesses face unique barriers to accessing capital and that grants targeting these groups could pay larger economic and social dividends.

The Anishnawbe Business Professional Association explained that only a small percentage of First Nation businesses can access financing from traditional financial institutions, particularly in Northern Ontario.

A Canadian Council for Aboriginal Business survey found almost four of five respondents reported that their business revenue had decreased by 30% or more, and 53% said their business revenue decreased by 75% or more. Over a third are no longer generating sales.

And as Shakiba Shayani from the Guelph Chamber of Commerce stated,

"in the Spring, women's workforce participation rate in Canada fell to its lowest level in 30 years. Re-employment continues to be slowest for women with children between the ages of 6 and 17. This is deeply concerning, not just for women but for the economy."

The Ottawa Board of Trade summarized the concern more broadly: "SMEs' failure is everyone's failure."

We heard from groups that the limited relief that came from the provincial government came too late. The commercial eviction ban came after many businesses had already closed shop, and the rent assistance program was late and flawed, leaving many businesses out of luck.

Right now we have big decisions in front of us. We are at a fork in the road.

We must:

- Fix the broken rent relief program so that tenants can apply and extend the moratorium on commercial evictions.
- Provide tax credits for small businesses to purchase PPE and renovate their businesses to meet public health guidelines so staff and customers are safe.
- Provide investment support for businesses owned by Black, Indigenous and racialized people.
- And invest in people-centered downtowns.

The Green Party of Ontario is eager to work across party lines to design and implement programs and policies to support small and medium enterprises. In addition to the recommendations in the Committee report, the Green Party of Ontario puts forward the following recommendations to the provincial government for consideration to provide additional support to the small and medium-sized business sectors:

1. Encourage the federal government to make it easier for small and medium-sized businesses to apply for government support;
2. Work with the federal government to change the Canadian Emergency Commercial Rent Assistance (CECRA) program to lower the eligibility threshold to a 20% decline in revenue;
3. Work with the federal government to change CECRA to have the tenant apply for eligibility for the program instead of the landlord;
4. Extend the commercial evictions ban to January 1, 2021;
5. Develop an Ontario Emergency Commercial Rent Assistance program if the federal government does not agree to significant changes to CECRA;
6. Encouraging the federal government to simplify the application process and extend Canada Emergency Wage Subsidy;
7. Invest in all financially viable conservation and efficiency programs to help reduce utility costs for small and medium sized businesses.
8. Extend current tax relief measures for small and medium-sized businesses;
9. Convert tax deferrals to grants for small businesses who have experienced a 50% decline in revenue;
10. Exercise provincial regulatory power to control insurance costs and require insurance companies to provide relief to SMEs;
11. Provide government protection for no-fault bankruptcies for small businesses for up to 18 months;
12. Encourage municipalities to review residential zoning that restricts housing types to detached or semi-detached and consider opportunities for rezoning to allow mid-density housing;
13. Streamline approvals and processes that are real estate related for Zoning, Committee of Adjustment & Ancillary suite approvals;
14. Develop a second wave plan in consultation with businesses and communicate the plan in a clear and consistent way;
15. If another shutdown is needed, the government must ensure that small and medium-sized businesses are treated fairly by prohibiting large retailers from selling non essential items and by enabling all retailers to sell through curb-side pick up in ways that comply with public health measures;

16. Work with public health officials and industry representatives to develop and clearly communicate sector specific reopening guidelines that protect public health and address industry specific needs and experiences;
17. Provide consistent, effective, and timely feedback to businesses regarding operational and public health guidelines;
18. Declare broadband an essential service;
19. Double the budget allocation for the expansion of rural and remote broadband access;
20. Work with the federal government to establish 10 paid sick days;
21. Establish presumptive eligibility for WSIB benefits for workers who contract COVID-19;
22. Create a home and building retrofit program focused on improvements to indoor air quality and on reducing energy costs;
23. Establish a \$680 stabilization fund for the Ontario non-profit sector;
24. Provide childcare stabilization funding as an essential component of economic recovery;
25. Ensure pharmacies are engaged and supported in the distribution and administration of the COVID-19 vaccine;
26. Work with the federal government to expand funding for the Digital Mainstreet program;
27. Reduce property taxes for value-added agriculture on farms to encourage growth and diversification of Ontario's agri-food products and to make local food more accessible;
28. Invest in distribution, processing, and retail value chains to make local food more available and to support Ontario farmers;
29. Protect prime farmland so that Ontario has enough land to make local food available to Ontarians;
30. Develop a quarantine support program to address labour shortages excluded from crop insurance programs;
31. Develop a food processing infrastructure fund for projects at provincial abattoirs to increase processing capacity, combining no-interest loans, non-repayable loans, and cost-share funding;
32. Work with the federal government to improve funding programs offered to producers through the Canadian Agricultural Partnership;
33. Fund the \$12.2 million shortfall for Ontario agricultural societies;
34. Remove the requirement for organizations with revenue over \$250,000 to have an auditor's report to be eligible for the Resilient Communities Fund;
35. Allow for the opening of retail stores for the sale of VQA wine, craft beer and cider and artisan distilleries that are not adjacent to their production facility;
36. Eliminate the 6.1% wine tax;
37. Remove the \$7.5 million cap on the VQA Wine Support Program;
38. Create "Tourist Shops" that will sell 100% VQA wines;
39. Direct the LCBO to provide more shelf space for Ontario's VQA wines, Ontario craft brewers and Ontario artisan distillers, and extend additional support measures for local producers from the LCBO to at least the end of 2020; ;
40. Create a provincial wage subsidy or live arts labour credit for hiring professional contracted musicians and/or actors;
41. Partner with municipalities to hire musicians to provide small-scale "cultural relief" events that comply with public health measures;
42. Increase funding for the Ontario Arts Council to provide viable virtual alternatives to live theatre performance to support arts organizations, including small rural art galleries;

43. Increase funding for the Ontario Cultural Attractions Fund to encourage outdoor festivals;
44. Create a donation matching program to incentivize private-sector donations to charities;
45. Double the provincial portion of the Charitable Donation Tax Credit through to the end of 2021 and make the credit refundable;
46. Establish a relief provision that allows banks and bonding companies to financially support contractors while they deal with contractual and payment delays;
47. Provide grants or tax incentives for small businesses to take on apprentices, with a special focus on attracting more women and people of colour into the trades;
48. Improve the Ontario Interactive Digital Media Tax Credit by implementing a service standard, redefining eligible labour activities, and allowing for more collaboration between Ontario companies;
49. Allocate a higher proportion of tax credits for the cultural and media sector to Gaming;
50. Work to reduce interprovincial trade barriers;
51. Implement an economic stimulus package that helps to keep tourism businesses solvent over a twelve to eighteen-month period through a program of forgivable grants and loans;
52. Create a capital expenditure program and/or tax credit to help cover costs of PPE and implementing health and safety protocols including physical distancing;
53. Create a tax-based incentive for Ontarians to rediscover our province and support local;
54. Provide targeted financial support for attractions and tourism businesses that have been unable to open or fully open in Stage 3;
55. Help small and medium enterprises compete more effectively, by simplifying the RFP process, making decisions transparently, and flowing money quickly;
56. Encourage public sector organizations to broaden their search for vendors of record to include more small and medium-sized businesses;
57. Use public procurement to support small and medium enterprises;
58. Develop an intellectual property strategy to encourage capital investment in companies rich in intellectual property;
59. Support start-ups by improving access to capital and providing funding support for the Ontario Regional Innovation Centres;
60. Create a Health Innovation Fund to accelerate the development of health science companies in Ontario;
61. Provide tax incentives to encourage local investment for local and early-stage companies to help organizations scale-up;
62. Invest in a talent program to retain and train highly skilled labour in Ontario;
63. Fast-track the necessary upgrades to provide 2-way all day GO service throughout the Kitchener-Waterloo-Guelph corridor in order to retain talent and assist employees to have an affordable way to commute as the economy restarts;
64. With the guidance of public health officials, the government should reconsider the capacity restrictions in bowling alleys just as the Provincial Government has done with Cineplex, places of worship, banquet halls, and other businesses;
65. Establish a basic income program if the federal government does not extend the Canadian Emergency Response Benefit (CERB) to address the concern many tourism operators expressed about the ability of their employees to pay their bills if the CERB expires before the sector is able to reopen at pre-pandemic levels.

Recognizing the severe financial impact this pandemic has also had on the provincial government's budget, the Green Party of Ontario urges the government to make smart and proactive financial investments in our small and medium-sized business sectors in order to ensure these businesses, the backbone of our communities and economy, weather this storm.

People want to buy local, but the small businesses and non-profits so vital to our cities and towns are struggling to stay afloat. Let's help the shops, restaurants and community organizations at the heart of every downtown to get back on their feet and reopen safely. And let's address the unique challenges faced by Black, women and Indigenous owned businesses in Ontario's economic recovery efforts.

The last six months have been hard. Ontario has been through a lot.

But we are resilient. We will bounce back.

Together we can build back an even better Ontario.