

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

**Official Report
of Debates
(Hansard)**

F-51A

**Journal
des débats
(Hansard)**

F-51A

**Standing Committee on
Finance and Economic Affairs**

COVID-19 study

1st Session
42nd Parliament

Wednesday 26 August 2020

**Comité permanent
des finances
et des affaires économiques**

Étude sur la COVID-19

1^{re} session
42^e législature

Mercredi 26 août 2020

Chair: Amarjot Sandhu
Clerk: Julia Douglas

Président : Amarjot Sandhu
Greffière : Julia Douglas

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House Publications and Language Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service linguistique et des publications parlementaires
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Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

ISSN 1180-4386

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LEGISLATIVE ASSEMBLY OF ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

Wednesday 26 August 2020

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES**

Mercredi 26 août 2020

The committee met at 0900 in room 151 and by video conference.

COVID-19 STUDY

The Chair (Mr. Amarjot Sandhu): Good morning, everyone. I call this meeting to order now. We're meeting for hearings on the small and medium enterprises sector of the 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.

We have the following members in the room: MPP Lindo. The following members are participating remotely: MPP Singh, Brampton Centre; MPP Sattler; MPP Ke; MPP Kramp; MPP Pang; MPP Crawford; MPP Barrett; and MPP Schreiner. We are also joined by staff from legislative research, Hansard, interpretation, and broadcast and recording.

Our presenters have been grouped in threes for each one-hour time slot. Each presenter will have seven minutes for their presentation, and after we have heard from all three presenters, the remaining 39 minutes of the time slot will be for questions from members of the committee. This time for questions will be broken down into two rotations of six minutes and 30 seconds for each of the government, the opposition and the independent members as a group.

To make sure that everyone can understand what is going on, it is important that all participants speak slowly and clearly. Please wait until I recognize you before starting to speak. As a reminder for the members and the presenters, you will receive a request to unmute yourself each time before you are able to speak. Please keep an eye out for that request and unmute yourself before you begin.

Are there any questions?

COUNCIL OF CANADIAN INNOVATORS

BRAMPTON BOARD OF TRADE

DIRECT SELLERS

ASSOCIATION OF CANADA

The Chair (Mr. Amarjot Sandhu): We'll start with our first presenter of the day. First, I would like to call upon the Council of Canadian Innovators. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Benjamin Bergen: My name is Benjamin Bergen.

The Chair (Mr. Amarjot Sandhu): You may start.

Mr. Benjamin Bergen: Good morning. It is my pleasure to be in front of the committee on behalf of the Council of Canadian Innovators. I'd like to thank all of you for your time and commitment during this public health and economic crisis in ensuring that Ontarians are protected from the impacts of COVID-19.

The last time I was here was following the release of Ontario's 2019 budget. Since then, our economy and the global networks that facilitate trade and commerce have changed. COVID-19 has taken a shocking hit to Canada's economy by shuttering business operations, halting trade and travel, and forcing governments to spend money they had never budgeted for, so that citizens across Canada could financially survive the pandemic.

At the Council of Canadian Innovators, we work closely with Canada's fastest-growing businesses and technology companies. A large percentage of our membership calls Ontario home, and all of our members are Canadian-headquartered. We have a unique vantage point into their challenges navigating the pandemic, keeping employees on payroll, accessing new customers and charting global expansion.

At the height of the pandemic, valuation of Canada's tech sector had dropped by 50%, investment in R&D was down 75%, and over 40% of companies had curtailed their global plans to expand. On average, Ontario's skill and tech companies shed 10% of their workforce before the federal wage subsidy program was introduced. However, Ontario's tech firms did not stop working during the pandemic—education technology companies, remote work companies, digital health companies, cyber security companies—the list goes on—that worked overtime during the pandemic to keep our hospitals, small businesses, schools and entrepreneurs all running as we shifted online and stayed home.

Today, tech companies are hiring again, and while investment has slowed significantly, there is optimism among innovators that investment will return. To maintain this momentum, innovators look to see a strong road map for economic recovery from their government. A meaningful recovery should not only aim to recoup the economic losses, but also position Ontario for success in the global economy that awaits us on the other side of the pandemic. For that, we need a new set of policy strategies and tools focused on enabling job and prosperity engines—specifically, Ontario's homegrown technology companies—to scale globally.

For years, innovation experts have said that one essential element for sustained regional growth is the presence of a significant concentration of scale-up companies. These companies are innovative, high-growth businesses whose ability to scale from millions to billions provides lucrative returns to national economies. I've spoken about this in previous presentations to the committee, but as Ontario prepares to rebuild, it is more important than ever that this policy is focused on the building up of Ontario's scaling companies.

Without a strong base of domestic, high-growth companies in Ontario, the government will not have the critical public wealth necessary to pay down provincial deficits incurred during the pandemic and rebuild the economy. I appear today with our plan to rebuild Ontario's economy, but also to reorient our economic thinking towards the new potential of a post-COVID-19 economy driven by innovation.

I'll speak to one of the key recommendations captured in our document, which I have shared with the Clerk, entitled *A Plan for Economic Recovery and Reorientation: How Canada Achieves Post-Pandemic Prosperity*. The Ontario government must become a large purchaser of made-in-Ontario products and digital services to improve government supply chain resiliency, especially in the health care sector. In the early days of the pandemic, as US President Trump temporarily prevented 3M from exporting N95 masks to Canada, Premier Ford said, "Never again, in the history of Canada, should we ever be beholden to companies or countries around the world for the safety and well-being of the people of Canada." Later, he would encourage Ontarians to buy local because, in his words, that's how we support our neighbours, our friends and our families.

It's important to codify these sentiments in Ontario's economic recovery plans. Local wealth creation is important, because the taxes domestic companies pay on their revenue are reinvested by government into the important social and infrastructure programs all businesses use and Canadians care about.

But the government of Ontario needs to take further steps to support businesses during the recovery. We were pleased to see the Ontario government introduce the COVID-19-related procurement portal in the early weeks of the pandemic. This exercise helped expose the government to new vendors and helped reframe the public-private dialogue regarding procurement—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Benjamin Bergen: —of supply in Ontario. Procurement should be seen as an economic driver. The government of Ontario should utilize its massive buying power to drive economic growth and enhance the supply chain's resilience for economic regrowth. An Ontario firm having the provincial government as a purchaser of domestic goods and services is considered a major validator for the company to accelerate future sales with other governments.

Nowhere is this more critical than in the health care space. At a recent visit to a medical innovation centre in

Waterloo, Premier Ford remarked that Ontario's health care and medical devices companies face an uphill battle having their products and digital services approved in Ontario. We need to buy Ontario intelligence and Ontario technology, he said. It's clear we need to support these companies. Therefore, Ontario's recovery plan needs a domestic health care strategy focused on increasing the adoption of innovation focused on improving patient outcomes. This is how we strengthen our supply chains to be more resilient for future pandemics.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Benjamin Bergen: The Ontario government must work with domestic innovators to determine how best to leverage existing health care needs and to also help with remote patient care and encourage the use of digital platforms. New billing codes should be created for testing non-standard solutions for clinical trial activities for new, innovative medical devices. The government should create procurement processes for provincial vendors on innovative health solutions and increase innovation in hospitals.

Yes, Ontario's post-pandemic recovery must focus on boosting employment, stimulating growth and containing the deficit, but it also must be bold in seizing this rare opportunity to develop a prosperity strategy from the ground up through supporting Ontario's fastest-growing companies in all sectors by modernizing policies for the 21st-century economy. This strategy requires a whole-of-government approach.

I thank you for giving me this time and for your questions.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Our next presenter is the Brampton Board of Trade.

Mr. Todd Letts: Thank you, Chair Sandhu.

The Chair (Mr. Amarjot Sandhu): Thank you, Todd. It's good to see you. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Todd Letts: Thank you, Chair Sandhu and members of the committee. My name is Todd Letts. I am CEO of the Brampton Board of Trade.

Ladies and gentlemen, our mandate at the Brampton Board of Trade is to advocate on behalf of Brampton's business community, to connect and empower them to capture opportunities and also to overcome the toughest business challenges—and this pandemic certainly has been one. Together, the Brampton Board of Trade members employ more than 45,000. Put in context, our members provide about one in every three jobs in Brampton.

Please let me begin by thanking you and your colleagues for the many measures your government has introduced during the pandemic, including the red tape portal; as was previously mentioned, the Ontario Together procurement portal; and also allowing restaurants to deliver alcohol online and extending commercial patio space, among other initiatives. These immediate response efforts were substantial in easing the burden of operating restrictions and other pandemic impacts.

There are three key messages in my submission today. Firstly, the uneven burden of the pandemic impact requires

a balanced and tailored set of solutions. Efforts that reduce cost, preserve cash flow and facilitate revenue generation are what will help small and medium enterprises the most.
0910

Secondly, innovation: Innovation is an important part of the economic recovery solution, and investments to accelerate adoption of new processes and technologies will bring small business recovery and success.

Thirdly, investments in infrastructure: Infrastructure that strengthens the supply chain, strengthens regional transit and strengthens broadband Internet is key to Ontario's recovery and future economic competitiveness.

Let me share a few of the impacts and also some of the initiatives that were taking place in Brampton in the immediate phase and now in recovery. Brampton's business community contributed greatly to efforts designed to flatten the curve. Many workplaces, such as Rogers and Loblaw, responded quickly to ensure Ontarians and those across Canada had access to information, had access to food and groceries. Because Brampton has a strong exporting, manufacturing and logistics employment base, many essential workplaces, such as Armacell, ABB robotics, Coca-Cola and Maple Lodge Farms, didn't stop. They continued operations in a safe manner to serve Ontario consumers. Companies such as Maritime-Ontario, CN rail and Toronto Pearson made tremendous efforts to keep supplies moving from producer to customer during these difficult times.

For other companies, particularly smaller ones, efforts to flatten the curve came at a great price. Operating restrictions for non-essential industries reduced revenue in many sectors, including main street and mall retail, tourism, recreation and many companies in the business and personal services sectors. These companies faced huge challenges of cash flow, of layoffs and forecasting of HR requirements, managing a drop in consumer demand, finding new delivery methods and border issues early on.

The impact on Brampton businesses has been both disruptive and uneven. Small businesses seem to have borne a more severe impact, particularly those that weren't prepared with e-commerce platforms, automated order filling, online payment processing or delivery messages.

How did we immediately respond? Well, we wanted to ensure that businesses were working together, and together as a business community we established online resource pages with helpful links that connected businesses to initiatives that helped them with their cash flow, HR and other very specific, pragmatic—

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Todd Letts: —scenario planning to help through the recovery and thrive phases. Digital transformation was key to that.

I want to thank the provincial government for their sponsorship of Digital Main Street and the Recovery Activation Program. These two programs are excellent examples of how government support to identify gaps in digital process and establish a framework for companies to, as an outcome, have a digital blueprint to improve their

competitiveness and consumer experience is very important.

Connecting large and small businesses was also a part of our strategy. We started the Reward to Recovery Program, encouraging employers from large essential workplaces to show appreciation to their employees by contracting the services of local bakeries, gyms or other small businesses for mementos, gifts—any essential employee recognition. We also worked closely with our municipal government to co-develop “shop local” initiatives.

Thirdly in the component of recovery, and where we are now, is building the confidence of returning customers and employees. As we navigate the recovery phase, most businesses' revenue is down, anxiety continues and uncertainty continues. To build confidence and trust for returning customers and employees, we joined together with the eight major market chambers of commerce across Canada, the Retail Council of Canada, BOMA and others to develop the POST Promise, the People Outside Safely Together program, which is a declaration for companies to ensure that they are following protocols that provide a safe and welcoming environment, workplace, for employees and for returning customers.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Todd Letts: Further action from the provincial government can be in broadband access. Fast-tracking the \$150 million in provincial funding that was committed to the broadband and cellular infrastructure program will help mitigate the impacts of the COVID-19 pandemic.

Breaking down interprovincial trade barriers and investing in information and supply chain infrastructure are also very important. The province projects the innovation corridor population to increase from 7.7 million to 11.3 million in 2041. Two projects, in particular, can help be a catalyst for recovery; that is, two-way, all-day GO service, and also the GTA west corridor highway.

I want to thank the committee for this opportunity and for the opportunity to share some thoughts for continued recovery for Ontario. Thank you very much.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll move to our next presenter, Direct Sellers Association of Canada. Please state your name for the record, and you can get right into your presentation.

Mr. Peter Maddox: My name is Peter Maddox. I'm the president of the Direct Sellers Association of Canada. Thank you, Chair, and thank you to the committee for giving me this opportunity to speak today.

The DSA is a national association founded in 1954 and based in Toronto. We have over 70 companies and supply members across Canada. Our members include well-known and respected companies such as Mary Kay cosmetics, Pampered Chef cookware, PartyLite candles, Avon cosmetics, Usana Health Sciences and Cutco knives.

In Ontario, the direct-selling sales channel annually accounts for an estimated \$1.02 billion in retail sales, creates \$379 million in direct and induced tax contributions, and contributes \$351 million in personal revenue to the over 200,000 Ontarians who participate as independent sales consultants. This economic contribution continues to

grow as the nature of the work and the makeup of the workforce changes. Eighty-two per cent of independent sales consultants are women, a statistic of which we are very proud.

Our members, who commit to a strict code of ethics and business practices as a prerequisite of joining, are companies that work with independent sales consultants to market products and services to consumers, away from fixed retail locations. These entrepreneurial, independent, direct-selling consultants earn commission on sales but work for themselves. They set their own hours and determine how to serve their customers. Direct selling provides them with a form of prepackaged small business opportunity, with low barriers to entry.

Direct selling has numerous impacts on Ontario's society. Firstly, it is a retail chain utilized by millions of consumers, in particular those in rural and remote areas who may not have easy access to bricks-and-mortar retail. Secondly, it provides earning opportunities for hundreds of thousands of citizens, often to supplement their own and their family's regular income. This typically part-time opportunity is particularly important for groups such as recent immigrants, seniors, gig economy workers and stay-at-home parents. Thirdly, direct selling teaches valuable business and interpersonal skills that many alumni leverage to take into more traditional careers. Finally, direct selling helps to build and strengthen social networks and personal relationships.

DSA Canada recently carried out a consumer research project utilizing Abacus Data that helped to paint a clearer picture of the COVID-19 pandemic. Two particularly interesting findings were that 34% of Ontarians experienced a decline in their income or lost their income entirely in the first three months of the pandemic, and 37% of Ontarians intend to pursue opportunities to make additional money to support their regular income over the next year. In light of this, I have three important opportunities I would like to discuss with the committee today.

Firstly, broadband Internet access: The lack of reliable Internet has been on full display for many communities during the COVID-19 pandemic. Without universal access to high-speed communication technology, the direct-selling businesses of thousands of independent sales consultants are negatively impacted. Broadband Internet allows ISCs to showcase products via online demonstrations and virtual parties. It also allows them to instantaneously answer consumer questions, place and track orders, and provide excellent customer service. The modern direct-selling industry relies on social media platforms and the Internet to connect consumers with products. This change has been accelerated by the COVID-19 pandemic. And while personal connections remain crucial, the main focus of our sales channel has shifted to digital commerce. As a result, an emphasis of our advocacy at the federal and provincial level has been to encourage greater broadband access in rural communities. The time for action is now. It is crucial that all levels of government collaborate on rapid broadband expansion to provide greater economic opportunities for Ontarians in underserved communities.

0920

The Chair (Mr. Amarjot Sandhu): Three minutes.

Mr. Peter Maddox: Secondly, I would like to talk about digital literacy training. The direct-selling industry is comprised of a wide variety of people from different backgrounds and age groups—from recent graduates to Canadians who have been involved in the industry for decades. ISCs are diverse across the province. However, due to the industry's transition towards online sales, some ISCs are being left behind due to the lack of digital literacy. In order to be a successful ISC today, one must possess a basic knowledge of social media and online networking and marketing. While younger generations are typically more familiar with using these tools, older generations often are not. We are recommending that the government explore new opportunities to provide broad-based digital literacy programs to ensure that Ontarians, including those in rural communities and older residents, are able to actively participate in the digital revolution.

My final ask relates to essential-business guidance. During the pandemic, Ontario released a list of essential businesses that could remain open despite the lockdown. This included businesses such as banking services, grocers and pharmacies. Many retail outlets were not included on the list, and therefore Canadians began to rely heavily on online retail. While the various federal and provincial lists released were helpful and Ontario's was clearer than many other jurisdictions, they still created confusion for some businesses. Issues included the express allowance of online retail continuing without clearly accounting for the infrastructure needed for online retail, such as warehousing and distribution. This caused some companies in our sector to question whether their operations were legally able to remain open in the short term, and therefore DSA worked on their behalf to gain clarity. As we begin to recover from COVID-19, we must look to areas that could be improved upon for the next public health crisis. The government of Ontario—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Peter Maddox:—should take a leadership role in providing clarity to businesses, especially those in online retail that require warehouses and distribution centres to complete orders. We ask that they create an ever-growing list of essential services to ensure that businesses of all sizes are aware of their status during future pandemics or other health crises.

In conclusion, the Direct Sellers Association urges the Ontario government to take steps that will ease the hardship experienced during the current pandemic and provide opportunities for economic and social growth across the province. Every year, the direct-selling industry plays an important but often unsung role in the growth of the Ontario economy. We look forward to continuing to work with the provincial government to ensure that this mutually beneficial relationship continues.

Thank you. I look forward to your questions.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll start with the questions now.

But before I start with the questions, I'd like to do an attendance check. MPP Smith?

Mr. Dave Smith: Yes, this is MPP Dave Smith, and I'm in Peterborough.

The Chair (Mr. Amarjot Sandhu): Thank you.

We'll start the first round of questions with the opposition. MPP Singh.

Ms. Sara Singh: Thank you so much, everyone.

It's great to see you, Todd. Thank you so much for your presentation.

Peter and Benjamin, I really appreciate the perspectives that you shared here today, very important ones.

My first question is for all three of you, because I think there is a common theme around the digital divide and access to infrastructure to ensure that businesses, as they are transitioning and navigating a post-COVID-19 world, are able to access the broadband services that they need. As we know, across the province—Peter, you spoke about northern communities. I know right here in the region of Peel, we are also trying to make sure that we have access. This isn't simply a north-south divide; this is across the province, that we see people do not have access to broadband.

I'd love to hear from each of you in terms of, what types of supports do you feel are needed to ensure that we can create the type of access that's going to be needed to facilitate the economic recovery in this province?

Mr. Peter Maddox: I think, as you said, it's not a northern-rural-southern thing. There are people within the city of Toronto who struggle to get good broadband access.

Firstly, I'd like to say, for the Ontario government, they've already committed \$150 million to this. Commitments of money and talk about doing things are important, but action is what's really needed now, and needed quickly. It's not just business; it's education as well. A lot of kids can't do school from home. So, yes, we're anxious to see action happen quite quickly. I think what we've seen is that the market alone is not able to produce a solution to this. There needs to be an interaction between government and the market in order to get that done.

Ms. Sara Singh: I think Benjamin wants to respond, as well.

Mr. Benjamin Bergen: Thanks, MPP Singh, for that really wonderful question. I'm going to take a slightly different approach to your question. What Peter has articulated is the need for it, but I think how we get there is actually the most important piece of the messaging that I'm talking about.

I talked about the need for a health care strategy that focuses on creating wealth and prosperity. As we look at creating a high-speed or 5G network capacity in Ontario, how do we make sure that it's actually our domestic innovators that are building that network? That's where real wealth and prosperity will come from. It's all well and good if we create opportunities through the network, but it's building the digital infrastructure that we need for the 21st century to be successful as a province—that's where real wealth and prosperity will come from, which will really fuel the recovery.

Just to parse that a little bit further, we have to think about creating a digital infrastructure the way we did in the 20th century around things like highways or railroads, the building of the CBC, our national university network. We need to figure out how we can own and control and build the actual solution towards a high-speed network. So what I would really encourage—obviously, it's positive to see that money being allocated towards that—is working with domestic firms that actually have capacity to build high-speed networks, not only in our urban centres, but also in our rural communities. It's by building up and supporting those businesses that you will create jobs, but more importantly, wealth creation, which we can tax and then ultimately pay for programs we care about.

Ms. Sara Singh: Todd, did you want to add anything?

Mr. Todd Letts: Thank you, MPP Singh. In addition to the good points made by both Peter and Benjamin—and again, thank you to the provincial government for their \$150-million investment—what I want to underline is the urgency, because we are in a competitive environment with other jurisdictions across North America, across the world.

Three things that I think we need to do: Ensure that we work with the federal government—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Todd Letts: —to speed up and augment existing broadband investments, work with municipalities to boost existing WiFi hot spots, and take a close look at Quebec's Ministry of Economy and Innovation's program that they've used to fast-track the development of broadband expansion. Those are three initiatives that I think can help us meet the competitive challenge and help Ontarians thrive.

Ms. Sara Singh: Thank you, each of you, for those responses—slightly different perspectives, but the underlying point being that we need to bolster that infrastructure and actually create access.

Benjamin, you raised a really important point: Not only is the actual infrastructure needed, regardless of what route we take to create that infrastructure, but there needs to be access to that. The cost of WiFi for some people is also a huge barrier.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Sara Singh: There are other ways we can definitely look at making sure we have access to broadband.

My last question will be specifically for Todd Letts with the Brampton Board of Trade. Todd, I know that we've had this conversation about the economic impacts in our community and closure of businesses, especially those small businesses that perhaps didn't have the liquidity or capital in place to withstand some of the impacts of COVID-19 and the pandemic.

Can you share a little bit with the committee about the numbers of businesses that were impacted? What do you feel is going to be needed to help those businesses flourish, especially those that traditionally didn't have access to capital, as some of the larger businesses do?

Mr. Todd Letts: Thank you for the question, MPP Singh. As I mentioned in my introductory comments, the

impacts have really been uneven. We've seen companies like Amazon and others that I mentioned continue as essential workplaces and thrive, but we've also seen those that have seen a significant 90% drop in their revenue.

0930

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. The time has come up. We'll come back to you in the second round. Since there are no independent members in the committee, we'll go to the government side now. MPP Crawford.

Mr. Stephen Crawford: Good morning, Chair, and good morning to the speakers today. I listened to very interesting perspectives from all three of you. I'll start out with the Brampton Board of Trade. I know you have a diverse group of businesses, I'm sure—everything from large manufacturers to local restaurants and local small shops. My question is really more specific to smaller restaurants and smaller businesses that are part of your chamber. What was the effectiveness of the regulations we put in to allow, for example, for very rapid patio access for restaurants, where they could expand the patios and such, if that was an effective regulatory change, and if that should be expanded and carried on?

Mr. Todd Letts: Yes, having that flexibility for patio expansion had a significant impact for many of the small restaurants in Brampton. Within the first week, we had close to a dozen. Within the first few days, I think, we had our first patio expansion. I understand that now more than 40 restaurants have taken advantage of that. This is really crucial for those companies to bring back customers, to bring in some revenue that will help them to pay the rent, to pay staff and to continue operations. Thanks to Ontario and Ontario's ability to allow municipalities concurrently—municipalities expedited that program, and it was very, very helpful for a number of restaurants here in Brampton.

Mr. Stephen Crawford: Okay. Could that be said, as well, about the alcohol delivery for restaurants? Would you make the same comments on that?

Mr. Todd Letts: I would, MPP Crawford. In fact, the second part of your question was: Should some of these temporary initiatives be permanent? And the response would be yes. We haven't seen significant abuses. There seems to be very little downside. The crisis has identified for us, perhaps, regulations that are not required and shone a light on how removing regulations or having flexibility in them allows commerce to occur, and the livability of the community to thrive as well.

Mr. Stephen Crawford: Thank you very much. My next question will go to the Council of Canadian Innovators—again, a very interesting presentation. You do a lot of great work and help really move our economy forward with a lot of the companies you're involved with, so we really appreciate that. I certainly agree that where we can, we want to buy local. I certainly hear you on that.

I know our government has been very open to allowing and focusing more on digital government. I talked to a head surgeon at one of the hospitals here in the GTA, and he had actually pioneered an app with health consultations

that the prior government, unfortunately, wouldn't even allow a trial on. So we're trying; we're participating. I've had one or two appointments, as well, virtually, and it seems to be working. There's a lot more that needs to be done on that; there's no question about it. So I was very interested to hear your perspective on that with respect to health care, because I think Ontario is far, far behind many jurisdictions in the world.

But my question is to the part where you mentioned about focusing on buying in Ontario. I certainly personally agree with that. My only question on that would be to the effect of: Are you suggesting that the government mandate that we buy and support local businesses? Because that could be problematic for trade treaties and such. We want to encourage Ontario business where we can, but I just want to make sure there's no conflict—or we don't get the US, for example, then putting that type of policy against us where we can't export. I truly believe in Ontario's innovation, and we have the ability to export, so I don't want that hampered by a strict policy here. How do you balance that?

Mr. Benjamin Bergen: That's a really great question. To be very clear, CCI is not for autarchy. We do believe in, obviously, fair trade and those components, and carrying through our global commitments. But what I think is becoming very apparent, especially in the health care space, is just really—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Benjamin Bergen: —the challenges that firms face in actually even being able to access procurement opportunities. So Ontario firms struggle to even compete. Specifically, the way that innovation is adopted into our health care system doesn't allow for experimentation and new opportunities.

What ultimately is happening, MPP Crawford, is that we're creating these brilliant firms based out of, let's say, Waterloo or U of T that build these amazing products that we as public taxpayers actually fund heavily through different R&D programs. And because they're not able to sell into the Ontario government for our health care system as it's currently structured, they often leave and go build their businesses elsewhere, taking with them the intellectual property, taking with them jobs, taking with them the tax revenue that would be generated. Then, five years from now, we as Ontarians—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Benjamin Bergen: —go and purchase that technology back from these firms that have set up around the world but that were ultimately created in our own backyard.

What we're really looking for is, how do we create an ingestion system where the health care system works with our innovators to do two things: provide better solutions and outcomes? There's a wonderful company in Kitchener-Waterloo called Intellijoint that is able to provide much better hip replacement surgery. They've been able to do tens of thousands of surgeries outside of the country, but only a couple of hundred in Ontario. The ultimate question is: Why does it make sense for them to

continue to do business in Ontario if they can't even access the health care system?

That's really the area that we're looking at. We're not looking at only favouring Canadian firms or Ontario firms, but at how we create the partnership where we can actually ingest the technology, get it sold within our health care system and ultimately provide, really, the two things that we're looking for out of this recovery: better outcomes and solutions for health and economic opportunity.

Mr. Stephen Crawford: That's great. It sounds like something we definitely need to look at and expand upon more. Thank you.

The Chair (Mr. Amarjot Sandhu): Since MPP Schreiner is back, we'll go to the independents now.

Mr. Mike Schreiner: Thanks to all three presenters. I have to apologize. I had to step out of committee for 10 minutes. We MPPs have lots of responsibilities. So if I ask a question that you've already answered, I apologize.

I did want to direct my first question to the Council of Canadian Innovators, but I'm also hoping the Brampton Board of Trade can answer as well. I think innovation and investment in innovation is going to be key to economic recovery. One of the challenges we face in Canada is commercializing and scaling up innovation. I'm just wondering if you can make some specific recommendations to this committee on ways in which government can help entrepreneurs scale and commercialize innovation.

Mr. Benjamin Bergen: For sure. I think that's a really great question. I think if you heard the main onset of my presentation, the big piece that we're really looking for here is procurement. So how can government actually buy domestic innovation and technology? That has two really positive effects: (1) It's a purchase of sale for a business, which is the most important thing in terms of commercialization; and (2) it allows them to go overseas or to other jurisdictions and sell that technology elsewhere.

One of the things that a lot of our companies face when they go and try and sell globally, the first question they're always asked is: "Does your own government buy it?" If the answer is no, then: "Why not? What's wrong with it?" That's one area.

In terms of how we actually achieve those outcomes in terms of procurement, it's going to take work. That work really is engaging with domestic innovators to figure out the technologies that are needed, but also the systems themselves, which overwhelmingly favour large foreign incumbents in terms of their procurement opportunities. We need to work with the government to figure out an agile system that does allow for pilots and other trials in terms of being able to get technology into the government.

This doesn't just apply to health technology. It really applies to all areas, other areas of digital infrastructure, so thinking of things like cybersecurity being one of those key components, 5G or high-speed networks being another area, payroll systems, remote work—you name it. There are wonderful Ontario companies that have the capacity to help the government (1) achieve better services; (2) reduce cost; and (3) create economic stimulus in the province.

Mr. Mike Schreiner: Thank you.

Todd, I've just been impressed in my meetings with members of the business community in Brampton, all the innovation that's happening. Can you maybe just talk about your thoughts on commercial and scaling innovation?

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Mr. Todd Letts: Yes, thank you, MPP Schreiner. I'll be brief because Benjamin did articulate a response quite well. Let me put a finer point on it. Let's take a look at the procurement portal that has been established. That's a wonderful way for the government and for the bureaucracy to become aware of some of the Ontario innovations that are there. What if we went a step further and developed a program, first customers, where the government could be first customers of some of these innovative companies in pilot projects—ways to cut through the normal procurement bureaucracy, still having safeguards, but having a will to expedite.

The second thing would be, not just in Ontario but across Canada, there's lots of innovation. We want to support Ontario innovators and innovative companies in finding markets, not only around the world—and of course, south of the border, we're seeing a lot of protectionism there. But if we could knock down some of those interprovincial trade barriers and encourage more east-west trade, that's another initiative that I think can bring lots of benefit to Ontario for very little cost to the government.

Mr. Mike Schreiner: That's a great point, Todd. My time may be running out, but—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Mike Schreiner: Being part of the innovation corridor with you here in Guelph—you know, K-W, Guelph, Brampton, Halton Hills, the whole works, all the way into Toronto—how vital do you see all-day, two-way GO in terms of economic development of the innovation corridor?

Mr. Todd Letts: Thank you, MPP Schreiner. You certainly have been a strong advocate for that. This is perhaps one of the most important investments that can be made. McKinsey estimates that the Toronto-Waterloo innovation corridor having fast, frequent rail service has the potential to deliver a \$50-billion increase in equity value, about \$17.5 billion in direct annual GDP and to support more than 170,000 high-quality jobs by 2025. Certainly, two-way, all-day GO is an investment that brings a large return on investment for Ontarians.

Mr. Mike Schreiner: Related to that—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Mike Schreiner: —I know there's a lot of issues around attracting talent. Do you have any thoughts on how we can best attract the talent and how government can support that?

Mr. Todd Letts: Certainly, working with the federal government on focused immigration programs, particularly the Provincial Nominee Programs, to make them more competitive in what you've articulated is a global war for talent that—and sector-specific solutions should be

evaluated and scaled up. I guess the third point would be the integration with our universities and colleges in ensuring that the training, retraining and reskilling occurs not only in the colleges but in learn-while-you-earn programs within companies as well.

Mr. Mike Schreiner: Yes, go ahead, Benjamin. I see you want to get in here, so go ahead, please.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll come back to you in—

Mr. Mike Schreiner: Oh, I'm out of time. Sorry.

Mr. Benjamin Bergen: It's all right.

The Chair (Mr. Amarjot Sandhu): We'll go to the government side again. Any questions from government? MPP Pang.

Mr. Billy Pang: Firstly, I want to thank all the presenters, because you shared your concerns and your wisdom with us. Since we first learned of COVID-19, our government has taken significant steps to help businesses that have been impacted by COVID-19. To support the provincial efforts to deal with this crisis, our government launched Ontario's action plan responding to COVID-19. This is a \$30-billion package with funding targeted to help families and businesses.

My first question is for Peter. As you may have noticed, the province of Ontario promotes the Shop Local! Shop Safe! Shop with Confidence! campaign. At the same time, the government offered directions and regulations with the expertise of the Chief Medical Officer of Health to help businesses to protect their owners, staff and clients. How does your association support your members to stay safe and healthy after stage 3 reopening to bring your customers back?

Mr. Peter Maddox: Thank you for the question, MPP Pang. Direct selling is interesting. Whether it's good or bad, direct selling actually typically does well during an economic downturn, because people want to buy from their friends and the network that they already share. Some of our companies, particularly those in the health products area, have seen an uptick in sales in this time; others, not so much. A lot of our member companies rely on in-person meetings. You're probably all aware of things like Tupperware parties and PartyLite candles or Pampered Chef, where everyone gets together and that's how they do their selling. Jewellery is another product that is like that. That's taken a real hit.

Obviously, with our member companies, we have been doing a lot of webinars on how to interact with customers safely, how to make sales virtually over the Internet as well. We've put out our own publication on how our member companies and their salespeople should be able to interact with their customers. It's definitely been a learning experience, and it's definitely been a bit of a flip for some of our members in terms of how they think about their business. We're tentatively positive that things are heading in the right direction for our members and their businesses.

We have a company based in Hamilton, a company called Steeped Tea—I think they were on Dragon's Den maybe seven or eight years ago. They've grown quite

considerably, and continue to, to the point where they're in the US now. They sell tea, and tea is obviously a very experiential product, so they have had to really start to think about: How do we sell tea, which people need to smell and taste in order to think about purchasing?

We've worked closely with companies like that to ensure that they can continue with their business. Obviously, we've taken guidance from the provincial and the federal governments in order to achieve that.

Mr. Billy Pang: Thank you, Peter.

My second question is for Ben. You spoke on digital health earlier, and I would like to follow up on that. The Ontario government is in the process of making transformative improvements to the health care system via their Digital First for Health strategy. What do you see the opportunity in Ontario's virtual care market in the near future?

Mr. Benjamin Bergen: That's a great question. The opportunity here is, really, twofold. Again, I highlighted it a little bit in the remarks that I made, but one is definitely producing better outcomes. Being able to expand and do things digitally allows for ease, opportunity and ability to receive better quality health care outcomes. It also potentially has the capacity to reduce cost, which we know, in a fiscal crunch time, is a real opportunity, if you are able to drive down cost but also produce better outcomes.

The third point is around the economic opportunity. As Ontario continues to move towards digital health care—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Benjamin Bergen:—this is an opportunity for Ontario firms or Canadian firms to sell these products into governments. This will not only help create jobs but also wealth and prosperity in the creation of scaling technology companies, which, as I highlighted in my presentation, is really where wealth and prosperity will come from in the digital economy.

I think that there are three really great opportunities that will come out of this transformation, if it's done correctly and done with consultation of the ecosystem, and that is bringing innovators into discussions about how to achieve the outcomes that we're looking for. Those are the three things that I mentioned: better outcomes for patients, a reduction in cost in terms of overall expenditures by the government, and economic stimulus through the creation of jobs and prosperity.

Mr. Billy Pang: Thank you, Ben. Mr. Chair, how much time do I have?

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Billy Pang: So this one is for Todd. How is your board going to support your members during the pandemic? And what's your plan to help them to move forward?

Mr. Todd Letts: Thank you, MPP Pang. We have a whole suite of initiatives, but one that has been really helpful is the development of a digital expert series where we have profiled individuals that can help our businesses scenario-plan for the fall—in particular, the return to school, a second wave—and also help them with cash flow, as well as a dashboard comparing other jurisdictions and what we can learn from Spain, Italy and others that are

ahead of us. That expert series has been something that is available to all Ontarians through our website, bramptonbot.com/expertseries.

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Mr. Billy Pang: Thank you, Mr. Chair. That's all for today.

The Chair (Mr. Amarjot Sandhu): We'll go to the opposition now. MPP Lindo.

Ms. Laura Mae Lindo: Thank you to all of the presenters. I'm actually going to start with Benjamin. I'm going to carry on the line of discussion around scaling, commercializing and digital tech, just to start. I'm the MPP for Kitchener Centre, and I've met with so many of those tech companies that are struggling to get their product on the market locally.

One of the pieces that I see as one of these threads between all three of the presentations this morning is the strong need for a strategy that actually starts to bring together some of the sectors that have been so siloed. I know in Kitchener, bringing together the post-secondary sector with some of these innovation hubs would be a fantastic move. Benjamin, I'm wondering if you could start us off in that little discussion, especially—one more thing I wanted to put on record that you said—this idea of not focusing on recouping our losses but trying to think forward. I'm going to throw it over to you to start us.

Mr. Benjamin Bergen: Thank you. It's a big question, but it's a really, really good one. At the council, our view is really that government and industry need to work together to create an innovation economy that will ultimately generate wealth and prosperity for the province, but also the country.

If you look at any really successful innovation nation, whether it be South Korea, some of the Nordic countries, Germany or the United States, you see that tight, interwoven relationship between the innovative ecosystem working with government to produce shared outcomes and goals. So as we begin to pivot out of this crisis, how do we begin to lay the groundwork for a recovery that will lead to wealth and prosperity? It really is in the ownership of intellectual property and data that will see that.

As a small, illustrative example, the S&P 500 in the mid-1970s only made up 16% of the wealth on that index. Now we see that at over 90% with companies like Google, Facebook and Amazon truly generating, really, where the wealth and prosperity is. I think if we want to figure out how to create our own large, global companies that can generate that type of prosperity, especially from your community, it really is going to be government working hand in glove with industry on some of these solutions. It's about creating working groups, discussions, round tables—those opportunities for that direct engagement—as a place to start.

Ms. Laura Mae Lindo: Thank you so much for that.

The other piece—I'm going to move over to Todd for just a second. It's really interesting. We have been fighting for the two-way, all-day GO for quite some time, and part of the way that we've positioned that argument is to think about the economic viability of that, the amount of people who are trying to get from one neck of the woods to the

other, especially within this tech sector. I think it goes back to this idea that our strategy moving forward has to bring in all of the pieces. We have to think broader than just, "Two-way, all-day GO is just about transportation." It's not; it's about wealth creation.

I'm wondering if you can speak a little bit more about that and the importance of that infrastructure investment now to stimulate both the local and the broader provincial economy.

Mr. Todd Letts: Thank you, MPP Lindo. Yes, I guess there are two things I'll refer to. In addition to just moving people and the convenience of that, what investment in two-way, all-day GO along the innovation corridor does is it broadens the employment pool for employers. We all know that there's a bit of a skills mismatch with jobs. Individuals with skills may live in a different community. The two-way, all-day GO allows them to say yes to job offers. It allows others to find work where they may not have been able to do that because of commuting times in the past.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Todd Letts: The second advantage is, we have 16 academic institutions, colleges and universities, all along the corridor. This convenience of two-way, all-day GO will allow a lot more research collaboration to occur and also join tech initiatives all along the corridor as well. So there are many, many benefits to wealth creation and convenience and livability for Ontarians as a result of this investment.

Ms. Laura Mae Lindo: Thank you so very much for that.

I'm going to throw one last question over to Peter. I think it's really interesting that you were talking about the entrepreneurial skills for these direct-sales folks and the fact that part of what they need in their infrastructure investment would be around investing in digital literacy training. I grew up with a mom who also had to supplement income as an Avon salesperson, so I understand how important that is. I wonder if you could just spend the last bit of time that we have talking about the importance of that investment, digital literacy, especially for newcomers, women, folks who are single parents etc.

Mr. Peter Maddox: Direct selling certainly plays a role in the community, particularly for immigrants and people who maybe haven't been in the workforce for a while, so it's a way for them to get back into the workforce. More and more, it's a job that is reliant on having some digital skills. As I said, it used to be that you would go to someone. The Avon lady would knock on your door, leave a catalogue. You would make an order. They would either mail the order in or phone it in or even fax it in. That doesn't exist anymore. That's all done online, the ordering.

But more and more, by using things like Instagram and social media, the salesperson is able to expand their network of customers. We're very interested in: How do we bring everyone up to the same level in terms of their digital skills? Whether that's through government—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. The time has come up.

We'll move to the independent members now. MPP Schreiner.

Mr. Mike Schreiner: Peter, I think you were making a really important point there, so could you maybe finish that thought?

Mr. Peter Maddox: Thank you for saying that. More and more, basically—and it's maybe something that Benjamin spoke about earlier—digital literacy is a baseline now to being involved in the economy at all, so we need to get people up to a basic level, give them their confidence. Whether that's the basics, like starting up a computer, doing spreadsheets, being able to work their way through the Internet and those sorts of things, that's very important. I would be very keen—there are some very localized programs for digital literacy, but I think it would be beholden on the Ontario government to maybe make something available that's more broad-based and available to everybody, through the education system or otherwise.

Mr. Mike Schreiner: Great, thanks for that.

I want to direct my next question to Todd. Todd, you had mentioned a little bit briefly the important role Sheridan plays in Brampton. I've been particularly impressed with Brampton's community energy plan, the partnership with Sheridan, the green tech innovation that's happening out of that, and how that can help businesses save money on their energy costs while also at the same time reducing climate pollution. I'm just wondering, from a board of trade perspective, if you could comment a bit on how those types of investments and programs can help increase job creation and facilitate economic recovery based on the experience of what's happening in Brampton.

Mr. Todd Letts: Thank you very much, MPP Schreiner. This certainly is something that we are watching very closely and are very proud of. As you mentioned, the collaboration of Sheridan College and its work in sustainability with the city of Brampton's energy and environment committee has really captured the attention of a lot of businesses here. This is a win-win-win: This a win for jobs, this is a win for skilled folks and it's a win for the environment as well. Whatever we can do to help businesses better appreciate, understand and become aware of some of the technologies—be it district energy, be it conservation, be it solar etc.—it certainly pays numerous benefits to our local economy and our Ontario economy as well.

Mr. Mike Schreiner: Great. A bit related to that—and maybe Benjamin, if you want to, or Todd or anyone who wants to come in on this—is just the role that the regional innovation centres can play and have played in supporting innovation and just how important those centres are. I don't know if anyone wants to respond to that? Go ahead, Todd.

You need to unmute him.

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The Chair (Mr. Amarjot Sandhu): Unmute, please.

Mr. Mike Schreiner: Unfortunately, he's muted.

The Chair (Mr. Amarjot Sandhu): Can you unmute from you end, Todd?

Mr. Benjamin Bergen: I keep getting the request to unmute on my end, so maybe there's a bit of a mix-up on that end.

The Chair (Mr. Amarjot Sandhu): No, actually—yes, we can hear you now, Todd.

Mr. Mike Schreiner: We still can't hear him, Chair. Sorry.

The Chair (Mr. Amarjot Sandhu): You unmuted yourself, Todd. Can you press "unmute" once again, please?

Mr. Mike Schreiner: Our Zoom world.

Mr. Todd Letts: Oh, good. We got it.

Mr. Mike Schreiner: Oh, you're good. Okay. Go ahead, Todd.

Mr. Todd Letts: Yes. We are welcoming the regional RIC Centre to Brampton, a move from Mississauga, and they play an important role in an entire ecosystem that we have here, helping companies right from start-up to first customer to scale-up. That's all part of our innovation district, which is located right beside the GO station, so two-way, all-day GO with that innovation district certainly is going to pay a lot of dividends for the future.

Mr. Mike Schreiner: Great. I'm probably almost out of time, but I just want to quickly—you talked about cash flow for small businesses. Can you just speak to the rent program and how it has or hasn't worked in Brampton and how that affects small businesses?

Mr. Todd Letts: Yes. A number of initiatives, including property tax deferrals, accelerating vendor payments from the municipality and certainly the eviction moratorium, have helped businesses, once operating restrictions were lifted, to conserve cash and some time to build some revenue. I know that that can't be extended for the long term, but certainly it was helpful in the short term. Yes, it's one of many initiatives that have significance in helping companies to recover through this pandemic.

Mr. Mike Schreiner: Do you think it would help small businesses if we extended the moratorium a bit longer to give them some runway?

Mr. Todd Letts: I'm concerned about that, MPP Schreiner: government intervention into a private contract—maybe on a temporary basis. But we are encouraging commercial tenants and landlords to have those difficult conversations, to come together with payment plans that make sense, and the third party in that would be—

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. That concludes our time. Thank you to all three presenters for coming and for your presentations.

ONTARIO ASSOCIATION
OF AGRICULTURAL SOCIETIES
CANADIAN NUCLEAR ISOTOPE COUNCIL
CANADIAN MANUFACTURERS
AND EXPORTERS

The Chair (Mr. Amarjot Sandhu): Moving along to our next group of presenters: First, I would like to call

upon the Ontario Association of Agricultural Societies. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Vince Brennan: Vince Brennan.

The Chair (Mr. Amarjot Sandhu): You may start.

Mr. Vince Brennan: Thank you. Good morning, Chair and members of the committee. My name is Vince Brennan, manager for the Ontario Association of Agricultural Societies, or the OAAS. I wish to thank you for the opportunity to speak to you today and for the government's continued efforts to support Ontarians through the pandemic.

We are an umbrella organization of over 200 non-profit Ontario agricultural societies. Ontario agricultural societies would be considered small or medium enterprises, as they fall under the criteria of less than 490 employees and well under \$50 million in revenue. The OAAS recently surveyed their member agricultural societies, and it was determined that their expected 2020 fixed costs and expenses will be \$17.4 million, with expected income of \$5.2 million, leaving a shortfall of \$12.2 million. We request that the Ontario government work with the federal government to provide funds to cover the \$12.2-million shortfall that Ontario agricultural societies will experience in 2020. This would assist them to cover expenses until they are able to generate their regular revenue again.

The Canadian Association of Fairs and Exhibitions estimates that at least one in 10 Ontario fairs will shut down permanently without some additional funding to help bridge the loss of income. That would be an enormous blow to our communities, both from an economic as well as a cultural and historical aspect.

Our agricultural societies bring significant financial and other benefits to the communities and the province. In 2019, over 3.4 million people visited Ontario fairs, with gate receipts of over \$24 million. Visitors, exhibitors and fair-related employees bring revenue to local restaurants, stores, accommodations and other businesses during the fair and other agricultural society activities. Tourism regional economic impact model figures indicate that Ontario agricultural societies bring \$360 million to \$370 million in tourism-related benefits in their communities. It's also estimated that the local economic impact is between \$680 million and \$700 million.

Agricultural societies provide facilities and grounds for communities' activities, meetings and fundraising events, business activities and sports and recreation. Most agricultural societies have been ineligible for most of the measures such as CEBA and CEWS. Most agricultural societies do not meet the \$20,000 payroll criteria, and I estimate that 70% of them will not meet the updated criteria of \$40,000 in non-deferrable expenses for 2020.

The latest provincial program, the Resilient Communities Fund, would assist with extra post-COVID expenses to hold next year's fairs and other events. However, some of the agricultural societies will not be eligible for the grant. As organizations with revenue of over \$250,000, they must have an auditor's report as part of the financial requirement. We request that the requirement for an

auditor's report at the \$250,000 level be reviewed and changed so that more organizations are eligible for that grant.

There is also considerable concern about the future health requirements. Will they be consistent across the province? Will the organizations be given notification to allow their volunteers enough time to meet the requirements? We request that the health department requirements for events held by agricultural societies and non-profit organizations are standard across the province and do not vary by health unit, and that there is available funding to assess the post-COVID health requirements cost, particularly for these organizations that cannot access the Resilient Communities Fund.

The OAAS is one of the oldest organizations in Ontario. We will be celebrating our 175th anniversary in 2021. We provide support, training and resources for our member agricultural societies to assist them in operating their fairs. We have requested that the Minister of Agriculture, Food and Rural Affairs and the Ministry of Heritage, Sport, Tourism and Culture Industries provide the OAAS with funding of \$115,000 to cover our loss of income due to the cancellation of fairs. The OAAS revenue is largely dependent on agricultural society membership fees—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Vince Brennan:—which are based on fare gate receipts, so we're expecting a decrease of that \$115,000.

In closing, I want to stress to you that the loss of any of these agricultural societies would be a significant blow to their communities. Agricultural societies are an important part of Ontario's heritage and culture, with 60% of our agricultural societies being older than Canada. Local communities and their businesses rely on agricultural societies and the tourism-based income that is generated by their fairs and other events. The local communities rely on the facilities and fundraising opportunities that the agricultural societies provide. Funding that is provided to help our agricultural societies will also help our communities and local businesses to recover from this pandemic as well. Our agricultural societies have survived many hardships in the past—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Vince Brennan:—and I know many of them will survive this, but I'm asking for additional government support so that we can ensure that all our agricultural societies will survive this pandemic and will continue to be there for their communities.

Thank you for your time this morning.

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The Chair (Mr. Amarjot Sandhu): Thank you. There is a change of name for our next presenter; they will be presenting as the Canadian Nuclear Isotope Council.

Please state your name for the record, and you will have seven minutes for your presentation.

Mr. James Scongack: Great. Thank you, Mr. Chair. For those of you who don't know me, my name is James Scongack. Also with me today is Andrew Thiele. We represent an organization called the Canadian Nuclear Isotope Council.

The Canadian Nuclear Isotope Council is an organization of over 60 organizations, which consist of private sector companies, research institutions and not-for-profit organizations across Canada. The sole focus of this organization is, at the federal, provincial, post-secondary and industry sector levels, to ensure that Canada remains a global leader in the production, the global distribution, the development and the role of medical isotopes. This is a role that Canada has been a global leader in for over 60 years. I know today we're presenting to a standing committee here in the province of Ontario, and what I can tell you is that while this is a sector and a coalition that is across Canada, the vast majority of the sector and many of the strategic assets lie here in the province of Ontario.

That's a bit of background on the Canadian Nuclear Isotope Council. I thought maybe it would be helpful, in addition to the information we've presented to the committee, to talk a little bit about what an isotope is and why it is important to the conversation that you are having today. An isotope is—think about it as a tool that is used in modern health care. There are really three primary uses for medical isotopes in the world today. The first is the sterilization of medical equipment, and we'll talk about that within the context of COVID in a second. The second is in the detection of cancer and the treatment of cancer. If you take a step back and you think about this from just an Ontario perspective, for all of that medical sterilization that is needed for PPE materials in emergency rooms and doctor's offices, Ontario is the world's largest supplier of this isotope. In fact, nearly two thirds of an isotope called Cobalt-60 is produced here in the province of Ontario, processed in the province of Ontario and distributed globally.

So why is that important? We have many of the key assets here in the province of Ontario to expand our role as an isotope provider. We have a combination of accelerators, which can be used to make certain types of isotopes, and we also have existing nuclear reactors that are used in electricity generation, which can also be leveraged to make medical isotopes. So Ontario has a set of assets that very few jurisdictions around the world have.

This is a market that by 2023 is going to grow to \$17 billion, and we here in Ontario have some inherent strategic advantages that no other jurisdiction has. We have the opportunity to produce isotopes. We have the opportunity to process isotopes. We have the research and development and post-secondary institution capability to develop new uses for isotopes. And what comes with that—and I know the focus of this committee is really small and medium-sized businesses. We have the opportunity to spin off a very broad ecosystem of small and medium-sized enterprises that globally will want to have proximity to Ontario.

Within the context of COVID-19, Ontario has really led the world when it comes to the fight of COVID-19 and the supply of these isotopes. As I mentioned earlier, one of the key isotopes in demand during the pandemic has been Cobalt-60. Cobalt-60 is an isotope that is used in high-volume sterilization. Let me just put this in perspective.

As I mentioned earlier, Ontario provides two thirds of the Cobalt-60 used to sterilize medical equipment all over the world. It's a major export market. In the year of 2020, which is going to be very overshadowed by COVID-19, the province of Ontario will distribute enough of this isotope around the world to sterilize between 20 to 25 billion pairs of medical gloves, COVID swabs, and other pieces of medical equipment. Without Ontario's leadership role, the world would not have that supply. We have a very unique capability here in Ontario to meet that supply that nobody else does.

The Canadian Nuclear Isotope Council, which Andrew Thiele and I represent here today, launched a joint study with McMaster University and the Nuclear Innovation Institute that will be available to this committee and other policy-makers later this year, looking at how we can also strengthen our global supply chain. It's great that we have the capability here in Ontario to make these isotopes, to process them and to develop them, but getting them to the global market is a key priority for our organization.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. James Scongack: I really want to close today, recognizing we only have seven minutes—and Andrew and I would be delighted to take any questions people have—and talk about a couple of public policy areas that we think as policy-makers—we're hoping this is an area that we can secure, frankly, all-party support for.

The first is, we were really encouraged that when the Ontario government declaration of essential services was declared, the isotope sector was included in that. That recognized that this sector was not only needed to meet our needs here in Ontario but around the world, and that was an important recognition. But we believe that a strong signal from the Ontario Legislature and this committee of this being a strategic sector for the province would really send a very strong global message, for companies like ours that are working internationally, that we have a provincial government and we have a united position here in Ontario that this is a sector that we believe is supported from a public policy perspective—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. James Scongack: —and also from a perspective of promoting the sector more broadly.

In the last 30 seconds, the other area I would say is that we're not coming today asking for any financial support from the government. What we would ask is that as the governments, both at the provincial and federal level, are thinking about various funding programs for infrastructure development—we've raised this with the federal government in terms of the infrastructure bank—they consider isotopes as a sector that could be long-term strategic infrastructure that not only meets our needs but creates a long-term export market. We have advantages here in Ontario and here in Canada that nobody else has. People are counting on our leadership.

I look forward to your questions, and I hope some of this background information has been helpful for the committee. Thank you, Mr. Chair.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is the Canadian Manufacturers and

Exporters. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Mathew Wilson: Good morning. My name is Mathew Wilson. I'm joined by my colleague, Alex Greco. Thank you very much, again, for inviting us here today on behalf of our 2,500 direct members to discuss Ontario's economic recovery, especially the SME sector.

Before commenting on what strategic and specific actions the government should take, it's important for us to acknowledge what the government has already done. CME worked closely with the government through this crisis to provide ongoing input from our sector and provide policy, regulatory and program advice that would help our sector survive. Actions such as the freeze in the WSIB premiums and the deferral of provincially regulated taxes, industrial electricity rate and flexibility on infectious disease have left our sector much stronger and are greatly appreciated by our sector.

Most recently, CME has been proud to be able to partner with the government on the deployment of the Ontario Made program, a program which helps identify, celebrate and promote locally manufactured products to Ontarians. This program, while important to the sector, also sends a strong message to all Ontarians that manufacturing matters once again to this province. Given the positive results to date, this program should become a permanent part of Ontario's recovery strategy through increased multi-year funding, similar to what happens with the Good Things Grow in Ontario campaign.

When we launched this program with the Premier last month, he made it clear then, and on many occasions, that he would never again let Ontario be left in the position it was during the early stages of this pandemic, relying on foreign interests that clearly did not have the best interests of Ontarians in mind. In addition, he has made it clear that this government once again will make Ontario the hub of Canada's economic activity through a strong and vibrant manufacturing sector. We applaud him for these words. Now we must focus on putting those words into action, and we have a lot of work to do.

For years, CME has highlighted the challenges that our sector, supply chains and economy have faced. In short, investment in new productive capital equipment has been fleeing Ontario for years. We have a poor track record in commercializing innovation and we are uncompetitive on the global scene.

In 2018, CME consulted the sector and published a growth strategy, called *Industrie 2030*, that laid out the blueprint to drive growth. While the Ontario government modelled many of its own plans on this work, especially those for the automotive sector, they have been unable to move on several of the game-changing ideas.

We believe now is that time. We believe Ontario should aggressively pursue a modern industrial strategy that focuses on three pillars: size, technology and our natural assets.

First, size does matter. Ontario is a small market inside a small global market filled primarily with small companies. Ontario needs policies and programs aimed at increasing the size of our population and the size of our

companies to grow the economy and return to prosperity. Increasing our population through aggressive talent-attraction programs will not only boost the local consumer base but will also increase the talent pool so desperately needed by companies to grow.

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At the same time, tax measures should be considered to incentivize growth that will lead to economic expansion, jobs and prosperity. Current tax policies in Ontario and across Canada reward companies for being and staying extremely small, and this must be addressed.

To start, the small business tax rate limits have been stuck at \$500,000 for decades and should be both adjusted for inflation and doubled in size to encourage expansion. To specifically encourage manufacturing growth, the M&P rate for larger manufacturers should be reduced from 10% to at least 7% in the province. Ontario should also look at introducing a patent box system that will reward companies for turning intellectual property into locally commercialized and produced products to lower tax rates during the scale-up period.

Second, we must harness technology. Technology is rapidly changing in the face of global manufacturing, and Ontario is falling further and further behind in adoption. New technologies allow for improved productivity, lower operating costs, and improved energy and environmental performance. Ironically, while we are far behind globally in adopting the technologies, Ontario is home to a massive and thriving global manufacturing technology sector that is driving much of this global change.

Ontario should focus attention on expanding the technology manufacturing sector and increase programs and policies aimed at technology adoption. From a tax perspective, Ontario should introduce direct tax incentives for investment, such as what is done in competing jurisdictions like Michigan or even Atlantic Canada. Equally important is education of the importance of technology adoption in the manufacturing sector, which will be key. The province should consider supporting the opening out of an Ontario-made technology demonstration centre and investing in technology awareness campaigns through virtual and in-person education.

Third, we must invest in our assets. Ontario is home to great natural assets. Our people, first and foremost, can drive change, and we must continue to expand programs to attract, upskill and train workers. At the same time, we must look at creating new economic activities at home that can leverage our other assets. Clearly, there must be a focus on leveraging our natural resources, including agri-food, forestry and mining, including the Ring of Fire. This resource strategy must be focused not only on extracting the resources, but leveraging them through upgrading strategies and expanding the sales of manufacturing goods into the sector.

One additional area that gets little attention from an economic standpoint that must be leveraged is the health care system and the procurement system they are in. Ontario should establish a US DARPA-like system for health care that challenges manufacturers to come up with

new technologies and treatments that could be commercialized through the health care system and then be able to export to global markets.

In closing, CME believes it's time for Ontario to get serious about our industrial future and turn rhetoric into action. Through this crisis, there have been repeated comments from all parties and all governments about what we need for a modern industrial strategy. CME wholeheartedly agrees. We need an all-in government approach across multiple ministries to accomplish this. Not only do we need a manufacturing strategy that brings all the components mentioned together, we must also not lose sight of the fact that we need to address the many policy areas to implement this policy strategy. New programs that support consumer spending, property tax reform, reforms to defined benefit pension plans—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Mathew Wilson: —and modernization of our government procurement system are essential. Only then will we be on the path to securing a more prosperous province and manufacturing sector for all Ontarians.

Thank you very much for the opportunity. Alex and I look forward to the discussion.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll start with the questions now, and we'll start this round of questions with the government. MPP Kramp.

Mr. Daryl Kramp: Thank you to all of our presenters today. It's certainly interesting, fascinating, challenging and always educational. Hopefully, I will have the time to get around to all of our witnesses today.

I think what I'd like to do is start off with the Canadian manufacturers. We've had a dilemma for many, many years. Of course, Canada has always been particularly strong in research and innovation. When we move to incubation, we sort of fall off a little bit, and when we come to commercialization, we have not been successful at all relative to our competitors. That's a real challenge.

I'm wondering if you could offer some, I suppose, potential solutions as to how we can be much, much more effective in the commercialization so that our manufacturers could become more competitive. What are some of the obstacles that you're facing?

Mr. Mathew Wilson: Great question. We touched a little bit on it in our comments, obviously, and so thank you for that. That is the challenge, right? I know this is a small-business-focused committee, but small needs to become medium needs to become large—or should become large—and we don't do enough of that. A big part of that is because we don't focus enough through most of our programs on that moving-an-idea-to-commercialization stage. We have an R&D tax credit system, for example, in Canada that apparently is the world's best—at least, that's what the federal government will keep telling you. But it really only focuses on primary scientific research and doesn't go beyond that. We have very little support programs that help companies move beyond the early stage. Certainly, our university sector, which does a lot of research, doesn't even think about moving beyond early stage research.

That's why we're saying things like a patent box system that would actually actively encourage the maintenance of the IP in Ontario, and then give rewards for companies who are commercializing those products. There's no downside to the taxpayer. Yes, it's a slightly less tax rate they might be paying, but it incentivizes things that aren't happening anyway today, so it's all a plus. If you can root a company in Ontario, as they look to scale up and commercialize, through lower tax rates on their profits, then you actually have an opportunity to be able to root them here for many, many generations and see that company scale up and grow to export globally. That measure in and of itself would have a huge advantage, we believe, to Ontario, to actually forcing some of that commercialization.

One last thing I'd say too is, we have a problem here of sharing IP. A lot of IP is developed and then left on university shelves. We think that IP should be much more open to—if Ontario taxpayers are funding the creation of the IP in the first place, it shouldn't be exported to foreign market for commercialization. It should first be kept here for Ontario companies and Ontarians to reap the benefit of that early investment.

Mr. Daryl Kramp: Okay. My next question, then, would go to interprovincial trade barriers. They've long been a sincere problem across this country. Of course, there are weaknesses, there are winners, there are losers, depending on how we go about this from province to province. Protectionism is rampant. We have to solve this issue. What would be some of your suggestions that would be a win-win?

The Chair (Mr. Amarjot Sandhu): Unmute, please.

Mr. Daryl Kramp: Unmute Mr. Wilson, please.

Mr. Mathew Wilson: Sorry, I can't. I'm locked. I can't unmute or mute, so I have to wait.

A couple of things in particular I would highlight: One, the procurement system does do some blocking of interprovincial trade. We see that, obviously, in alcohol sales and other things like that, which is a problem. But it impacts health and other areas as well.

But the big one, actually, that we see that is something that is doable is the movement of people. Provincial regulations around certification on qualifications of people is ridiculous. It's easier to get a foreign-trained, say, engineer or welder into Ontario than it would be to bring someone from Manitoba or Quebec. It makes no sense at all. We have the same high-quality standards of teaching and certification across the country, and there's no reason why we have those barriers.

That would be number one, honestly. We need to eliminate all those barriers for interprovincial training and movement of qualified professionals. There's a whole bunch of stuff that gets blocked, and it starts right at the basic levels of education, where if you start your training in one province—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Mathew Wilson: —you can't move to Ontario and continue training.

Mr. Daryl Kramp: Thank you very much.

Mr. Brennan, I'm a rural member. As such, there are countless, countless fairs I have attended over these multiple years that I've been engaged in the political world. Without a doubt, they're a core activity in a lot of our rural communities. Not only are they important to the agricultural community, but in our entire regions as a whole, they are a focal point.

I certainly understand the realities of the tourism impact and the shortfalls that you're facing as a result of COVID. We're all looking for solutions, naturally. Some of them, of course, will simply be financial. But from, I suppose, a different way of doing things, have you any suggestions as to how fairs might operate in this new world economy that we find ourselves in due to COVID?

Mr. Vince Brennan: Thank you, Mr. Kramp.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Vince Brennan: It's a great question. Yes, they have. Forty per cent of our agricultural societies have gone to a virtual or a hybrid-type agricultural society event for their fair, whether it's during the month of when it was taking place or will be taking place. They have gotten creative with a little bit of curbside barbecues and stuff, but it's really limited to what they can change with the historical aspect of how their buildings are set up and everything like that.

But I do commend the ones that got creative with providing some history of past events and the tradition and the importance of what their fairs mean to their communities.

The Chair (Mr. Amarjot Sandhu): Thank you.

Mr. Daryl Kramp: Thank you very much. I know, unfortunately, I don't have a lot of time, but for our good gentlemen from—

The Chair (Mr. Amarjot Sandhu): Thank you. We are out of time. We will go to the opposition now. MPP Sattler.

Ms. Peggy Sattler: I would like to thank the three presenters who came today to speak to the committee. I have a couple of questions. I wanted to start with James of the Canadian Nuclear Isotope Council. It's nice to see you again, James. You mentioned the challenge of strengthening the global supply chain and how to get to market, and you also talked about the opportunities for SME spinoffs from the isotope industry. I wondered if you could elaborate a little bit more on that and what role government can play in that process—the strengthening of the supply chain, getting isotopes to market and building a strong SME spinoff economy.

Mr. James Scongack: That's a great question. Thanks very much for that. The first thing I would say is, if you think about an isotope from when it's produced to when the patient needs it or for when it's used, think of it like an ice cube: It's melting and it's only good for a certain amount of time. Some of these isotopes have what we call half-lives of 48 hours, to six days, to 10 days, some longer, so every minute and every hour really count.

I would say that there are two elements, to answer your question. The first is, we have a lot of, in particular at the national and international level, regulations and clarity

needed that need to apply to allow the robust movement of isotopes. How can you transport them effectively between jurisdictions both in Europe and in the United States? That is something we have a tremendous amount of good support for.

In terms of SMEs, obviously what we want to do is that you want as much of the processing to happen here in Ontario, because then you don't need to transport the isotope. I really think some strong public policy language from the Ontario government, not even necessarily funding, would send a really strong message that people globally who are looking to set up these enterprises and expand in the \$17-billion market—it would send a strong message. There are very few subnational jurisdictions in the world that have really identified this as a strategic sector, and I would not underestimate just the strength of that statement that could come, especially if we could get it on an all-party basis.

Ms. Peggy Sattler: Okay, that was another point that you had made, calling for support for identifying the isotope industry as a strategic sector. What else would that involve, if that was to happen? What other government initiatives would be associated with that?

Mr. James Scongack: I think what it would do is that it would really recognize something that is a little bit behind the scenes and people aren't thinking about, Peggy, as really something front of mind. When we're thinking about future public policy, when we're thinking of economic development programs and infrastructure programs, what it really does is identify it as a sector, especially when the civil service is working to structure programs and structure those elements, that is really a front-of-mind area.

I think COVID-19 is really, especially in that sterilization area—you know, if you pulled an Ontarian aside on the street and said, "Hey, two thirds of what we used to sterilize all this medical equipment during COVID came from this province," I think people would be shocked. So I think the first step is really getting that unity around this is something we want to make a global difference on, and we can do it from Ontario. This is a real, long-term gain. I think that in itself is an important first step, and it's something that no other jurisdiction has done. I know that may seem sort of very high-level and abstract, but having worked with people around the world, I can tell you, it would really send a strong signal.

Ms. Peggy Sattler: Thank you very much, and thank you, also, for your leadership at Bruce Power in the R&D and all of the work that you have led on the nuclear isotopes.

I have a question for the Canadian Manufacturers and Exporters' Mathew Wilson. You started off by referencing the fact that investment in capital is fleeing Ontario. I wasn't sure if you had some specific recommendations as to how to stem that loss of capital investment. What can government do to keep that investment here in our province?

Mr. Mathew Wilson: Well, simply, we need to make it more affordable to produce things in Ontario. It's cheaper and companies are getting a better rate of return

when they put their capital investment in other markets. So electricity rates skyrocketing over the last decade or so was a huge hit for manufacturers, and whether we like it or not, electricity is a major component of the input cost.

Our regulatory system is hugely complicated and very difficult for most companies to get through. It takes companies years to get approvals to invest in Ontario where, in other markets, it could take weeks. Same processes, just regulatory—I don't know whether it's indifference, extra bureaucracy or whatever it is, but we don't have a mentality that investment matters and we don't proactively seek it. Those are a couple of the things that we see that are really hampering things.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Mathew Wilson: We can give the committee specific data that shows exactly the reversal of capital flow between Ontario and the United States over the last decade as well that proves this.

Ms. Peggy Sattler: Thank you. One other quick question: When you talked about the three pillars of game-changing ideas that you would like to see the government act on, you mentioned technology and some kind of education on the importance of technology, which caught me by surprise a little bit. Is it manufacturers who need to understand the importance of investing?

Mr. Mathew Wilson: Yes. We used to run programs, actually, with NRC out of Ottawa that would take manufacturers into other manufacturing buildings and show them how technology fundamentally changes their operations, so then they could go back to their own operations and implement those same types of technology.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll have to move to the independent members now. MPP Schreiner.

Mr. Mike Schreiner: Thanks to all three presenters for taking the time to come today and very valuable information. I think I'm going to pick up where that question left off. One of the things you had said in your presentation is that when it comes to tech manufacturing, we do well at it, we're good at it, but our adoption of it is not so good, which I think may be related to the answer you were just providing. Could you maybe talk a bit more about how we can be better at adopting the tech manufacturing that we're so good at producing?

Mr. Mathew Wilson: Yes, and right in our community, right? I think we've talked before—we're both from Guelph, and so there's a lot of it that even takes place in our own backyard that doesn't get used.

Most of our members who are in this space export 95% of what they make to the US. Canadian companies aren't adopting, and I think there are two reasons. One is, they don't have a lot of extra capital. There's this rumour out there that companies are sitting on massive piles of cash. That's not really true. The second is, they don't have the incentive, or they have the incentive in other markets, to be able to invest in those technologies, and then third would be the education piece I mentioned earlier.

We've done studies—and again, we can share this. We did a study a year and a half ago on technology adoption,

specifically, across Canada and Canadian manufacturing and how little people were aware of how the technologies could fundamentally change their operations. It changes it in all kinds of ways, including, most importantly, productivity and environmentally, right? The new equipment is much more efficient in every way possible, and that's why we want them to use it.

But the last thing I'd say on it is, small companies don't have capital to invest. I know this committee is focused on SMEs. Small companies don't have capital, and that's a huge problem. They are small. They're 25-person shops. The vast majority of manufacturers in Ontario are under 10 people. They're not investing in advanced technologies. We don't have enough scale and that hurts our ability to adopt technologies.

Mr. Mike Schreiner: I can tell you, as somebody who ran a food manufacturing company for a while, our technology was probably 20 years old, so I hear you. I hear you on that. Do you have some thoughts on how we can improve capital access for SMEs to invest in upgrading technology?

Mr. Mathew Wilson: Sure. There's a number of things that have been tried over time. Certainly granting and low-interest loan types of programs help an awful lot.

Actually, coming out of the last recovery, the Ontario government invested, through CME, \$20 million in small manufacturers to run what we called then a Smart program. It was small incentives, all grant-based, up to \$50,000 per company to invest in advanced technology—all for small companies. It helped so much. In fact, it was so popular that after Ontario piloted it, FedDev picked it up and continued to run it for another eight years. In Ontario, in total, we put out somewhere around \$80 million to small companies, which resulted in capital investment of over \$1 billion.

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That type of a program is pretty small when you think about—\$20 million sounds big, but in the grand scheme of what we're spending on incentives and investment, it's a pretty small amount of money, actually. We could have the ability to get something like that up and running again in weeks because we've already done it before and it worked so well before.

I'm happy to talk about that at any time, that type of a program and how it could actually influence capital equipment in SMEs.

Mr. Mike Schreiner: Yes, thanks for that. Because I think one of the criticisms of the Canadian economy on a macro level is productivity. We're just not keeping up with other countries. I'm guessing from what you're saying that these kinds of supports are vital to increasing our productivity numbers, and I think it's going to be very important for us to be competitive in the post-pandemic recovery.

Mr. Mathew Wilson: Yes.

Mr. Mike Schreiner: Okay. I'll take that as a yes.

Mr. Mathew Wilson: My shortest answer yet. There you go.

Mr. Mike Schreiner: Perfect.

Okay, so large companies—and I'm thinking in my own riding, Linamar has made a lot of investments in how to be more energy efficient. While rising electricity prices have negatively affected manufacturers, some of the big players have been able to adapt.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Mike Schreiner: What are some ways that we could help some of the smaller players adapt and become more energy efficient to help manage energy costs?

Mr. Mathew Wilson: I think a lot has been done. Maybe I'll ask Alex Greco, who does all our environmental files, to jump in on this one, if that's okay, Mr. Chair.

The Chair (Mr. Amarjot Sandhu): Yes, please.

Mr. Alex Greco: Thanks, Mathew. Mr. Schreiner, I think it's not a one-size-fits-all philosophy when it comes to reducing electricity costs for SMEs. I think for too long the only program that has existed for any kind of industry, even large industries, has been the industrial conservation initiative program. But that's really—I mean, now it's a program that has 1,400 folks on the program. Really, Class B ratepayers—small and medium manufacturers—can't take advantage of it.

We need a competitive industrial electricity rate for manufacturers, specifically. Ontario manufacturers pay up to 75% more in electricity costs, and a lot of those are for small and medium manufacturers. We need that industrial rate in order for companies to be able to scale up and then eventually lay the foundation to be small to medium, medium to large. That's one thing you could do.

The second thing you could do is introduce an investment support program modelled off of what's been done in New York and Quebec, because those investment support programs have been geared towards companies willing to invest, reduce emissions, take the steps necessary to bring jobs to that community. They could be rewarded with a special electricity rate.

You need those things combined, and all these solutions need to have a system benefit. There are so many fixed costs in the system right now, with little system benefit. If we don't simplify the current electricity system and have solutions for all, we won't have the jobs and economic prosperity that we need if we're going to bring companies to Ontario and get companies to expand and innovate.

Mr. Mike Schreiner: Yes, Alex, those are really good points. I'm just wondering, can you provide the committee with some details on those proposals in a written submission? I think it will be valuable for us.

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We're out of time. We will move to the opposition side now. MPP Lindo.

Ms. Laura Mae Lindo: I want to second MPP Schreiner's request, because I was going to ask for the same thing.

I'm going to start with Vince Brennan. We've heard repeatedly, in all of the sector presentations, the importance of having consistent or standard requirements from public health in order for different organizations, including small and medium-size enterprises, folks that are running arts programs or camps and all sorts of stuff—that this has been one of the hardest challenges for them to

face. I'm wondering if you can speak just a little bit more about that, especially given the fact that ensuring that you folks are invested in—we know that there is this web of smaller businesses and artisans that come out and all of that kind of stuff, when you're hosting your fairs.

Mr. Vince Brennan: I guess our real concern is, what will the requirements be around spacing and stuff? I mean, that's a real concern with the crowds that we have at our events. Those are the things that are certainly in our forefront: How different will things have to look for agricultural societies to continue? Until we know what those requirements are and what spacing is—we can work a little bit out around traffic flow and stuff, but it makes it pretty tough for them, I think.

Ms. Laura Mae Lindo: I know it's a given; we're in the midst of a lot of changing information, so I totally think it's fair that we're taking our time to make sure that we have clarity and that we're following public health guidelines. But the piece that I keep hearing is that if you—so you're part of this society; in one area of the province, the rules are different than other areas. But there are a lot of times where people, regular folks in a community, are interested in going from fair to fair, and there's sort of a challenge in trying to get people to feel safe because they might hear from one public health unit that these are the rules and then they go somewhere else and they get told that it's something else. So then the decision, at least from what we're hearing at committee, is that folks will sort of just decide they're going to stay home. Is that something that you folks are hearing as well?

Mr. Vince Brennan: Oh, you're absolutely spot on. If I go back a little ways to when rabies were an issue, it was certainly a huge range of requirements from one health unit to the other, and it was extremely frustrating. We see that even somewhat in the food inspection stations from district to district. It is very frustrating for the concession people that go from event to event. It's tough for the local service clubs that are trying to make a few dollars to put back into their community. It really is a challenge. If there were a clear set of guidelines that were consistent, it would certainly help us and it would help a lot of our other non-profits to know what to expect and not to be surprised at the last minute where they can't set up.

Ms. Laura Mae Lindo: Beautiful. Thank you so much for that.

I'm going to make a weird little pivot over to talk to Mathew and Alex. The idea of actually investing or understanding that investments matter in order to be able to stimulate the broader economy is something that we've also heard repeatedly. We know that there's discussion about investments, but there seems to be little action when it comes to the kinds of investments that would, for instance, address some of the regulatory burden you were talking about, because I know that's something that we've also heard.

Part of my question is also coming from being the MPP in Kitchener Centre. I've heard—I'm kind of merging two different groups together, but when I've done my work in the community and some of the start-ups there, I get told

the same thing over and over again: Somebody has an idea for something, the regulations are so burdensome here that they end up leaving and going elsewhere, and they're never able to come back. So now that we're thinking about ways to stimulate the economy and we talk a lot about going local, I really want to give you folks some space to talk about why that piece is so important if we want to really move the economy forward.

Mr. Mathew Wilson: Sure. Maybe I'll start and then flip to Alex, if that is okay with the person who's moderating the mute buttons.

I'll pick up on what I mentioned last time a bit more: investment decisions and the time it takes to make an investment, regulatory hurdles and the different barriers you have to go through. I'll use a specific example. I won't use the company, but a steel manufacturer in Burlington, Ontario, was looking to expand, literally blow out the back wall of a building and erect a new part of the building on top of the parking lot. It took them two and a half years to get the proper permits in place. It was pavement.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Mathew Wilson: It literally was just building a building on top of pavement. They moved the entire operation to Tennessee; it took two and a half weeks. There's no justification for that whatsoever. That's a repeated story. And it's not one regulation. I can't say, "Oh, it's this regulation." There isn't one regulation. It's a series, a cascade of regulations between multiple levels of government, starting with the municipality, to the region, to the province, to the federal government. That's just one example and one company. We've heard it from right across the province.

It's just unacceptable, in modern times that it should take that long to get approvals in place. We're not talking about building on top of wetlands. We're literally talking about building on top of a parking lot.

That's a general statement about one specific example, but Alex keeps track of the regulatory issues more specifically, so maybe I'll ask if Alex could give a couple of other ones, like pre-start review and a few other ones that we run into.

Mr. Alex Greco: Thank you, Mathew. The other example, I would say, is specifically talking about employment lands. We have a number of our member companies that have been squeezed out by residential encroachment—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. The time has come up.

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We'll move to the independent members now. MPP Schreiner?

Mr. Mike Schreiner: Vince, I'm just going to start my next round of questioning with you. We've had this conversation before. I grew up on a farm, and the fall fair was kind of one of the highlights of the year every year, so I just really appreciate the work that you do. I'm deeply concerned about whether our ag societies are going to survive this pandemic.

You were here during—I believe it was the tourism sector, and you talked about the ways in which the various agriculture societies had innovated and adapted. At that time, you were looking at, I don't know, maybe a \$12-million or a \$13-million shortfall, if I have my numbers right. I'm just wondering, are you still facing that kind of shortfall? Have you seen any income or anything from government that can help you bridge that big gap that you're facing?

Mr. Vince Brennan: Thank you, Mike—good questions there. I'm going to elaborate just a little bit before I get into that, if it's okay. We're definitely not big businesses like some of our other speakers here are, but what we do have is that we make a significant impact in our communities through our forage programs and small businesses that are in those local communities, service clubs etc. They really benefit from our fairs.

To answer your question, yes, we were blessed with the agricultural minister making an announcement last week that he has freed up some of the requirements to apply for some annual grant funding that has traditionally been available to our fairs. That will help about 60 of our smaller fairs, for sure. The maximum they can get is \$3,000, pending their expenses. I haven't seen how all the details are going to work out with that yet, but it has certainly been a positive thing to see, that those numbers or those requirements around that have been loosened up for them to apply for it.

But in total, the max that would be there would be around \$600,000 for our agricultural societies, which is far shy from our \$12.2 million; we have surveyed the membership to come to realize that there is that much of a shortfall for agricultural societies. Many of those are going to be our larger ag societies: the CNEs; the Lindsay Exhibitions. He made a comment in his presentation with Minister Hardeman that they were going to be short \$200,000, but they're short a million dollars in revenue, so they're going to have a shortfall of around \$200,000. That's just one fair alone. We have to do everything to try to ensure that they're here for years to come.

Mr. Mike Schreiner: Thanks, Vince. I just want to be clear, to make sure that I understand the auditing requirements for the societies over \$250,000. To my understanding—I don't know if I heard you right on this—that could prevent some of those societies from being able to apply for some of these funding streams that are available, and one of the reasons that you're asking for some changes in that regard is so they could apply for some of this funding that may or may not be available?

Mr. Vince Brennan: Yes, Mike. There are three or four categories, though, depending on how much revenue comes in. First of all, for my organization, the Ontario Association of Agricultural Societies, we do a review engagement—it's a very thorough one, but it's not classified as an audit—and we're just over the \$250,000 in revenue that it takes for us to run. That would cost us another \$6,000 or \$7,000 to have a full-blown audit done. Agricultural societies don't have that extra money. Yes, I'm sure a few of the larger ones that have a huge amount

of activities that happen do an audit, but if there could be some minor change or amendment to that requirement, simply not leaving it at \$250,000—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Vince Brennan: —I mean, we're applying for it, but knowing very well that currently we don't qualify for it, and that's pretty sad.

Mr. Mike Schreiner: Yes, and I'm just curious: Are any of our ag societies—are we at risk of losing any of them if they don't get some funding support? Or do you think you're going to manage to stickhandle your way through this pandemic?

Mr. Vince Brennan: Well, I can't speak for them all, but I know the statistics through the Canadian Association of Fairs and Exhibitions have indicated that without support, one in 10 fairs won't be opening up next year. That will be tough.

With the announcement last week, with the change in that grant funding that OMAFRA has, it will certainly help our smaller fairs. I think our smaller fairs will come through this a little easier, but for many of our larger ones, it's going to be tough. It's really going to be tough.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Mike Schreiner: I think I'm almost out of time, Vince, but I was going to say that some of those fairs are older than Canada, if I'm not mistaken.

Mr. Vince Brennan: Correct.

Mr. Mike Schreiner: They've been able to manage their way through world wars, Spanish flu etc., so this COVID situation has been particularly hard and exceptional, I would think.

Mr. Vince Brennan: Something like 60% of them are older than Canada, so it goes to show. We're not used to having our hand out asking for support, so this is tough for our agricultural societies, but it does mean a lot to our communities to have this tradition and this agricultural component in these communities. That's the only time they really get the grassroots of what agricultural is about, and we can't lose that. It's nice to see some of that going back in our school system, too.

The Chair (Mr. Amarjot Sandhu): Thank you.

Mr. Mike Schreiner: Thanks.

The Chair (Mr. Amarjot Sandhu): We'll go back to the government side for their second round. MPP Smith.

Mr. Dave Smith: Vince, I'm going to start with you, if that's okay. Some of the questions are going to seem really, really odd, but I'm trying to make a point about agricultural societies being slightly different than business.

In Peterborough, we have the Peterborough Exhibition, and we have the Norwood Fair nearby. I grew up in Prince Edward county, where we've had the Picton Fair for God knows how long. There are a number of things that you do when you're at the fair. There's the midway that's there, there are the games that you can play, there are different food trucks and so on. Could you describe for me how easy it would be to have Tilt-a-Whirl done across the Internet? Or is that even possible?

Mr. Vince Brennan: I don't know whether it's even possible.

Mr. Dave Smith: If I wanted to win one of those—and I use this term affectionately—rags in a bag, one of the goofy animals that are filled with Styrofoam and come in a plastic bag, and I wanted to throw a baseball at milk jugs, is that something I could do virtually?

Mr. Vince Brennan: Certainly there's some virtual, but to get the real atmosphere of it, you've got to be there in person. You have to experience this first-hand. The smells, the sounds and everything that goes with that—it just dictates agricultural societies.

Mr. Dave Smith: So it would be fair to say, then, that it is impossible to replicate the experience that you're going to have at an agricultural fair and do it online, and if you can't go in person to it, you really can't experience it? And that means that it's not possible for ag societies to pivot and go in a completely different direction than what they have been able to do historically?

Mr. Vince Brennan: I don't see how they can do it.

Mr. Dave Smith: Thank you. I appreciate that.

I'm going to jump over to the Canadian Manufacturers and Exporters, and Alex Greco, in particular. Alex, good to see you. I know we've had a number of different conversations. I'd like to touch a little bit on something that you had said earlier. You didn't get a chance to finish your comments on it with respect to residential encroachment on employment lands and some of the challenges that we face that way.

The city of Peterborough is one of the areas that I represent, and they're basically landlocked. They have virtually no employment lands available to them and they have a great deal of difficulty moving and expanding that. Can you touch on some of the challenges that we face right now with some of the regulations to open up that employment land?

Mr. Alex Greco: For sure, and good to see you, Mr. Smith. Right now we've had a number of our member companies who are looking to expand in a different area, but there's always a dispute, whether it's between a commercial or a residential property, and as a result, there's a lot of tug-of-war in terms of, "Can we do the expansion?" But that gets delayed three months, six months, a year, and as a result, companies don't have that amount of time. Meanwhile, they're getting opportunities from Ohio, for example, to come invest there. So there is so much red tape that they have to cut through and there are disputes, so that by the time there's a decision that's being made, it's basically too late. We have one member company in particular that I know, in the greater Toronto area, that has been fighting on this for years. We're fortunate enough that they're able to stay in Ontario because of funding from both the Ontario and the federal government, but it's a challenge.

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One of the things that we've emphasized more and more is that there has to be a balance between residential properties being protected but also employment lands, because I think, at the end of the day, if you don't do that,

that impacts investment, it impacts growth and it impacts jobs. So I think that's one example. But moving forward, how do we ensure there are the proper regulations in place? At the end of the day, it has to be outcomes-based. If we just do regulations for the sake of regulations, whether it's with employment lands or the whole regulatory environment, it won't achieve not only the economic objectives but also the environmental objectives as well.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Dave Smith: Quickly, I want to pivot to one other thing with you, and that is with respect to the mining industry and the Ring of Fire, in particular. We've got deposits of chromite, lithium, palladium, cobalt, molybdenum—all used in electric vehicles. We have significant pushback right now on opening up the Ring of Fire to get those minerals.

How do you have a green economy moving forward using electric vehicles if we have so much pushback and people not wanting us to mine the key minerals that are needed in that production?

Mr. Alex Greco: I think there are a couple of things. Number one, it's imperative that we develop the Ring of Fire—sorry, actually, I'll turn that over to Mathew. Go ahead.

Mr. Mathew Wilson: Oh, sorry. No, you can keep going, Alex. Keep going.

Mr. Alex Greco: No worries. I was going to say, we need to be able to develop the Ring of Fire more than ever before. Listen, we've always been a believer at CME that we need to have a balance between the environment and the economy.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Alex Greco: But if we don't develop our natural resources, particularly the Ring of Fire, the environmental policies or what we do for a green economy won't really matter, right? We need to be able to leverage our natural resources to be able to build infrastructure and develop the Ring of Fire. That's leveraging the agri-food sector, rare earth elements, some of the components that Mathew mentioned in our remarks, but that also ties into laying the groundwork, looking at investment tax credits or even things like an export tax credit to improve environmental performance at the end of the day. If we balance those two things, we'll be able to get to where we need to go. But action is imperative now, not later.

Mr. Dave Smith: How much time is left, Mr. Chair?

The Chair (Mr. Amarjot Sandhu): Ten seconds.

Mr. Dave Smith: So then just a quick comment on it: If we were to increase greenhouse gases in Ontario but significantly decrease them worldwide because of using Ontario natural resources, that's a plus for the entire global industry then.

Mr. Alex Greco: Absolutely. For sure.

The Chair (Mr. Amarjot Sandhu): Thank you so much. That concludes our time. Thank you to all three presenters for your time and for your presentation.

Before we move on to our next group of presenters, MPP Harden, if you can please confirm your attendance.

Mr. Joel Harden: Hi, Chair. Yes, it's MPP Harden here.

The Chair (Mr. Amarjot Sandhu): Thank you.

OTTAWA BOARD OF TRADE

AVARA MEDIA INC.

The Chair (Mr. Amarjot Sandhu): Our next presenter is the Ottawa Board of Trade. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Sueling Ching: Sueling Ching.

The Chair (Mr. Amarjot Sandhu): You may start.

Ms. Sueling Ching: Good morning, and thank you for this opportunity to present. Firstly, congratulations and thank you to the provincial government and all members of the provincial parties for your dedication and leadership during this time of change and challenge. The level of collaboration, engagement and responsiveness we have witnessed among our representatives and all stakeholders is to be commended and we encourage the same radical commitment to working together as we navigate a complicated economic and health recovery.

This pandemic has provided us with a unique opportunity to clearly identify the fault lines in our businesses, our communities and our governments. In many ways, we have been forced to evolve 10 years in the last five months, and it behooves us to reflect on the lessons we have learned with the goal to not just recover or even build back better, but to transform into the communities that we have the potential to be.

The Ottawa Board of Trade is the voice of business in Ottawa, our nation's capital. Our mission is to create prosperity through advocacy, collaboration and leadership. Over the last five months, we have been supporting businesses with access to information and programs as well as peer groups and webinars with subject matter experts related to mitigating the impact of COVID. We've been convening weekly with stakeholders and groups of business people from every sector, including our very active SME council. We have participated in and hosted several round tables with representatives from every level of government and advocated for policy and program changes, both directly and through our colleagues at the Ontario and Canadian chambers.

I'm pleased to share with you our views on the government's role in the recovery for SMEs. Small, medium and local businesses are the backbone of our community and our province. We generate revenue for government services, jobs for families and young people, and access to essential and unique goods and services. More than that, they create a culture, a sense of community, and inspiration for many. They do this at high risk because they are determined innovators and leaders. COVID-19 has injected a risk factor not one of them could have predicted or had any control over.

Their value to our communities cannot be overstated. They were and continue to be on the front line of this war against COVID. They willingly did what was necessary to preserve public health. However, they were the least prepared and structured to withstand any long-term business

interruption. In many cases, their corporate competitors were allowed to conduct business, while their revenues plummeted overnight.

In a comprehensive national study conducted by the Canadian chamber and StatsCan early in this pandemic, most SMEs shared that they had enough cash to sustain them no more than 60 to 90 days. We are well past that now, and with the support of the government, many business owners have demonstrated the resilience needed to stay in business. We witnessed their creativity and their tenacity with awe. One local immigrant entrepreneur who owns a Freshii started delivering healthy lunches to front-line health workers. Another brand new owner of a printing company started manufacturing PPE, and we have many more stories like that.

However, the loss of revenue and accumulation of debt related to the lockdown and subsequent restrictions for reopening will leave them unable to survive, particularly as we face the winter months. Many vital things about our society would be lost without them. Their failure is everyone's failure.

We will be living with COVID for longer than we can sustain this level of government support to keep our economy going. The key to economic recovery is to empower and inspire private enterprise to lead the way. The opportunity for our government is to share a vision for prosperity where every entrepreneur can see themselves. We must invest in the right infrastructure and human capital and eliminate barriers to business.

The government has an opportunity to inspire business, consumer and workforce confidence by reducing uncertainty and providing clear information in a timely manner. Share the parameters for our plans; for example, what is our cold-weather strategy for doing business, socializing and mental well-being? Another lockdown cannot be an option, so what is necessary for all aspects of our society to ensure we protect public health? The government is not solely responsible for our recovery, nor is business. The public plays a key role by being COVID-19-wise, supporting local business and contributing to community causes.

Today, we are asking the provincial government and all stakeholders to focus on three main areas for our economic evolution:

(1) Stay open, get back to business and get people back to work.

(a) Ensure high levels of access and sophistication for testing and contact tracing.

(b) Invest in a return-to-school-and-child-care strategy that inclusively supports education of our children, thereby allowing parents to productively contribute to our economy.

(c) Promote personal well-being and support businesses in workplace well-being.

(2) Target your financial investments in the most vulnerable sectors and areas of business that need to be modernized or completely transformed.

(a) Broadband for all immediately: Set bold goals and develop innovative solutions, such as your pilot project, SWIFT, in southwestern Ontario—

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Sueling Ching: —or even satellite options.

—access to capital and start-up funding with more leniency and less risk to personal assets, with a focus on marginalized populations;

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—programs to mitigate the impact of bankruptcy and offer support so entrepreneurs can restart;

—liquidity for businesses that require it the most, as demonstrated by loss of revenues;

—changes to the rent program, as per the feedback from businesses regarding thresholds and direct access, a program that does not strain the landlord-tenant relationship;

—regulatory review of the insurance industry on issues such as business interruption, rate increases and decreases in coverage;

—support for new costs such as PPE, retrofitting and management training;

—training and retraining for employees and entrepreneurs who are displaced or must close their businesses.

Hone in on the areas of the economy that have been revealed to have a disproportionate burden or unequal access to opportunities, create policies—

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. The time has come up.

Our next presenter is Avara Media Inc., Oakville. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Vikas Gupta: Good morning, Vikas Gupta.

The Chair (Mr. Amarjot Sandhu): You may start.

Mr. Vikas Gupta: Thank you. Good morning, ladies and gentlemen. It's a pleasure to be here. As stated, my name is Vikas Gupta. I'm the co-founder and CEO of Avara Media. I've been in the interactive digital media industry for over 20 years as a CEO of both public multi-national companies, as well as private companies. I also sit on several boards, including the University of Waterloo and Interactive Ontario. You will, in fact, be hearing from some of my colleagues from Interactive Ontario this afternoon.

Before I get into the details of my comments, I think it's worthwhile to provide a baseline of the interactive digital media sector. The global electronic entertainment industry is forecasted to generate \$153.9 billion in revenue in 2020. This industry's revenue has been growing at a steady pace year over year, and eclipsed the Hollywood box office revenue several years ago. By 2023, our industry sector is projected to grow to over \$200 billion worldwide.

Pre-COVID, our industry in Ontario was on an impressive growth trajectory, contributing over \$3 billion to the province's GDP and employing over 22,000 knowledge-based workers. Ninety-one per cent of our revenue is generated through the export of our products. A distinguishing element of our industry is that we uniquely marry arts, culture and innovative technology in a way that no other industry does or even can. We tightly integrate storytelling and creativity with innovative and cutting-edge technologies and intellectual property.

What I do professionally is an apt example of this. I co-founded Avara Media with the famed photographer Edward Burtynsky to leverage augmented reality to immersively and experientially connect a global audience to some of the most pressing environmental and ecological issues of our time. We featured three unprecedented augmented reality experiences as part of the acclaimed Anthropocene exhibition at the Art Gallery of Ontario and the National Gallery of Canada, where over 150,000 visitors had the opportunity to engage in our work. That exhibition is now travelling the world for the next five years, a great example of how Ontario talent is being showcased on the global stage.

One important facet of our industry is the ability to generate long-tail revenue. Specifically, our products live on and remain relevant for many, many years.

Historically, Ontario Creates has been an incredible resource in helping to fund some of these exceptional products, and the IDM Fund has been directly responsible for accelerating the growth and success of many of our IDM companies. Our industry companies continue to invest those revenues toward the creation of additional products and have demonstrated the ability to scale quite effectively.

All that said, our industry is still emerging, and pre-COVID was not at a point where it had established a sufficiently mature ecosystem. That growth has been abruptly interrupted and, as with so many industry sectors, the IDM industry is at risk of being set back many years.

In the wake of this adversity, we have the opportunity to look forward and establish a leadership position in Canada and globally. We have the opportunity to become the masters of our destiny and envision where we would like our province to be 18 to 24 months from now.

The IDM industry does not need a bailout. However, it will benefit greatly from an investment which in turn benefits our province. This investment allows IDM companies to retain and create knowledge-based jobs. This investment allows IDM companies to build world-class products. This investment generates an incredibly high return for the province through the positive economic impact that our industry is renowned for, and this investment allows our industry to stabilize and then thrive in a competitive sector.

Some 10% of our industry has currently suffered layoffs; 33% has indicated that their business has suffered due to lack of agreements—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Vikas Gupta:—that were vaporized in the midst of this pandemic. From these lost business agreements to the increased costs of equipping employees with specialized equipment to be able to work from home, the vaporization of investment opportunities has had an impact that is quite significant.

What we'd like to propose from a solutions perspective is as follows—I have also been a member of Minister MacLeod's advisory panel for the IDM sector and we've outlined some of these recommendations already in previous studies. The recommendations are, at the provincial

level, I believe it to be of tremendous benefit and value to facilitate much deeper and more seamless co-operation between Ontario Creates, which is part of the Ministry of Heritage, Sport, Tourism and Culture Industries, and a partnership with Ontario Centres of Excellence, which is part of the Ministry of Economic Development.

While Ontario Creates focuses on funding content versus Ontario Centres of Excellence supporting intellectual property, it must be recognized that extraordinary content is built on sophisticated and deep intellectual-property-based technologies. By creating a system or mechanism that allows companies that have been successful with either organization to then be fast-tracked for additional funding opportunities, we help these companies alleviate cumbersome application processes and the navigation between two disparate systems. Most importantly, this allows companies to unlock much-needed capital more efficiently, which ultimately accelerates the product development cycles and go-to market strategies.

I also believe that the funding programs introduced at the federal level through the BDC and the EDC immediately disqualify many IDM companies by virtue of these companies being intellectual property companies and SMEs. It would be beneficial for IDM companies to be able to leverage and/or collateralize IDM funds from Ontario Creates—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Vikas Gupta:—the Ontario Interactive Digital Media Tax Credit, OCE and other programs to gain access to the BCAP programs. Currently, the latter programs require companies to raise half a million dollars independently through qualified investors. Government funds, which are only distributed upon a thorough and meticulous diligence process, should qualify to give more of our IDM companies a chance to survive.

Ladies and gentlemen, these are definitely unprecedented times. While most of the world reacts, we have the opportunity to act with a view to the future. The IDM industry plays an integral role in the economic health of the province of Ontario. We have the unique opportunity to become leaders in Canada and showcase our strength on the global stage. We must look ahead 18 to 24 months and foresee a prosperous future. Those seeds for long-term growth and success must be planted today.

Ladies and gentlemen, thank you for your time. I would like to give a special thanks to Minister Sarkaria for inviting us, as well as all of the support that Minister MacLeod has provided.

The Chair (Mr. Amarjot Sandhu): We'll start with the questions now. There will be no questions from independent members for this round, so we'll go to the government. Questions from the government? MPP Barrett.

Mr. Toby Barrett: In this first round, I would like to perhaps direct some questions to the Ottawa Board of Trade. I know my colleague will follow up with some questions to Avara in the second round. Very interesting from Avara—I think as elected representatives, we've never seen a microphone or a camera we didn't like, and the future of augmented reality just opens up all kinds of opportunities that I don't even want to think about.

If I could go back to Sueling with the board of trade, you painted a bit of a sketch of the resilience and the adaptability of your members. However, as you point out, winter is coming. You need certainty, you need direction from government, what the plan is six months hence. Much of that lies more with health than with the budget, although health will be driving much of our budget this fall, in addition to the economic and fiscal realities. You were laying out three major points, and I know you weren't able to complete that. You were either in point number 2 or point number 3. Could you just take the opportunity to finish your presentation on those later points?

Ms. Sueling Ching: Thank you. I wasn't talking as quickly as I had practised, I guess.

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Number 3 was to create policies and programs that foster competitive environment and inspire business growth:

(a) government procurement practices that demonstrate leadership and supporting Ontario first, Canada next and the world third;

(b) greater collaboration with all levels of government to optimize resources, eliminate duplication and reduce deferral of responsibilities;

(c) additional support for municipalities to ensure grassroots, community-centred priority-setting; and then,

(d) elimination of interprovincial trade barriers to support access to our own markets.

Mr. Toby Barrett: Perhaps following up on—I don't know whether I heard all of that—Ontario first, Canada next and then the rest of the world: One of our earlier presenters, on behalf of Canadian innovators, talked about the positive impacts that can be there with respect to government procurement and government procurement as an economic driver. When I think of Ottawa, I think of the federal government and I think of the tremendous amount of money it has spent through our federal taxes, not only locally but right across our country and elsewhere.

Are the federal procurement protocols or procedures working for your members, and by extension the Ontario government protocols, as far as very significant procurement from the private sector? Are we on the right track?

Ms. Sueling Ching: I think there's been obviously a renewed focus on that. Having said that, I do continue to hear examples of where there's some confusion about procurement practices from all levels of government, so it is something that we continue to advocate for. Sometimes it's not about even what the protocols are but what the common practices are.

One example a member gave is that because a bid from a foreign vendor was slightly less expensive, they won the bid. Having said that, the economic spinoff by supporting someone within our own country should lessen or should close that gap. It's a question of what is the common practice, and I think, as you said, the renewed focus on that.

Mr. Toby Barrett: And that's certainly the direction of the Ontario government. We just need more advice as budget time—fall budget, which is unusual—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Toby Barrett:—but it's important that with these hearings we get as much information as possible.

Ms. Sueling Ching: When it comes to procurement, if I could also add, it's also the practice of sole sourcing—so sort of spreading the love out, when possible.

Mr. Toby Barrett: Chair, time?

The Chair (Mr. Amarjot Sandhu): A minute and 30 seconds.

Mr. Toby Barrett: Just very quickly, I know Minister MacLeod was mentioned by your fellow deputant just now. So many of us travel to Ottawa down in southwestern Ontario. We travel to Ottawa, and the tourism and hospitality industry is so important in that particular city—a beautiful city that's got so much to offer. How's that been working out this summer? I assume things have picked up in the latter part of the summer?

Ms. Sueling Ching: I think things have picked up. I want to compliment Ottawa Tourism and the support of Minister MacLeod as well. We have developed campaigns that have promoted local buying as well, where vendors have created the #MyOttawa Pass, focusing our destination marketing on the domestic market, of course. So they have been able to garner some additional revenues. Having said that, it's an industry that will continue to be challenged for a long time.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll move to the opposition now. MPP Harden?

Mr. Joel Harden: I want to thank all of our presenters today, and I want to apologize to my colleagues at the committee and deputants for my background. I'm married to a hospital worker, and I'm managing child care this afternoon outside the home and the office, so I apologize if that's a distraction.

Ms. Ching, I want to begin with you. I want to thank you for your presentation, in particular how you noted the kind of recovery the board of trade in our city is looking for. I want to begin by acknowledging something you mentioned: This pandemic was not the fault of any small or medium-sized operator, but obviously they all responsibly did what they needed to do to maintain operations given what public health officials were telling us. I have to agree with you, and we've been hearing it a lot in our office from folks who are calling us.

It is frustrating, wouldn't you agree, that small and medium-sized operators were told to close their operations entirely while many of their larger big box competitors, because they had a grocery offering in their store, could go on selling many other non-essential products while so many small and medium-sized operators were languishing? I'm wondering if you could elaborate on that a little more.

Ms. Sueling Ching: Looking back on it, it's easy to say that probably wasn't the best call. I know at that time we were struggling to look for ways to flatten the curve and it seemed reasonable that we needed access to essential services, but we really did create a tremendous amount of inequality within our economy. So my anticipation is that if we were facing rising numbers, we would do it very

differently the next time around. Having said that, it doesn't change the fact that that's lost revenue that our SMEs will never get back again.

Just to follow up on what you said, many have already closed. We are facing many more closing if we don't do something, and very quickly. I think all of us will agree, because we all know they're the backbone of our community, but if we think about what it would really mean to have a mass onslaught of bankruptcies for SMEs, what it would mean for our communities, our friends and our neighbours, it's something that we have to very proactively look at as we enter this next season or this next phase.

Mr. Joel Harden: I would agree with you, Ms. Ching. I have to say, it really seems as if, because our province is very much seized with the back-to-school debate—which you mentioned in your remarks; you mentioned making sure we got back to school right, that we got child care right, and I appreciated that—we have not been paying attention to the rash of bankruptcies that have already happened. We've had from our community Mr. Paul Goulet here from Little Ray's Reptiles, we've had folks who are telling us, "Look, bankruptcy is at our door right now. It's not a hypothetical." So I guess I'm wondering, how can we compel some of the larger interests to help SMEs to take action? I'm thinking in particular of the insurance industry, who have been collecting their fees, and I'm thinking of the banking sector, who have not been required to release access to capital in this moment. I don't know about you, but I find it very frustrating when I hear SMEs, which I agree are the backbone of our communities, struggling and these large operators—do you think we need proactive legislation, Ms. Ching, to make sure that insurance companies and large banking interests share some of this burden so we don't drive SMEs into bankruptcy?

Ms. Sueling Ching: I think that that is definitely part of it. I won't claim to understand what the governmental authority is around the regulation of the insurance industry, but I know that's something that was in my remarks as well.

Mr. Joel Harden: Yes.

Ms. Sueling Ching: When it comes to the banking industry, again, I don't know what our influence or authority is, but I will say that one thing we have asked is whether, when governments are delivering programs to support businesses like we have done, are there other lending options besides just going through the bank?

I know in the beginning we had advocated for other lending options, but I know that—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Sueling Ching: —banks are very tied to the way that they—their risk tolerance.

Mr. Joel Harden: I hear you. I must admit, though, when I hear complaints from banks who are generating in excess of \$15 billion in profit every year and continue, in many cases, to be doing very well, at least on what they release to shareholders—I know in Ontario at least, just to answer your question, Ms. Ching, the banks are a federally regulated sector but credit unions are not. And in our city,

we have fantastic credit unions; we have the Alterna credit union and we have many others. I'm wondering what you think about provincial action that would help those lenders, help SMEs in this moment. Again, I'm just getting too many calls and I've heard so much at this committee that if we don't do that, we're in trouble.

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And then on the insurance front: Just so you know, this is a provincially regulated industry and the finance minister and this government said they were going to compel auto insurers to offer some relief to folks who weren't using their cars as much during this period. I haven't seen anything mandated from the province around that. Do you think it's time for the province to mandate that insurance companies help out SMEs in this moment?

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Sueling Ching: I think that you could look at it—my own insurance company did send me a cheque, out of their own free will, I guess.

Mr. Joel Harden: Okay.

Ms. Sueling Ching: But this is part of the issue, and it's the same with the landlords' and tenants' rent assistance programs, right? Some landlords were fantastic; others were not so, and so there's a lot of inequity in how we're rolling out these programs or influencing these decisions. The key is to identify what those gaps are and focus in on those.

Mr. Joel Harden: I want to thank you for your remarks.

Mr. Gupta, I'm sorry I didn't get to you in my time, but I very much appreciated your presentation too.

Ms. Ching, I would love to connect with you offline to see how we could work together.

Ms. Sueling Ching: Thank you, MPP.

The Chair (Mr. Amarjot Sandhu): We'll go back to the government side. MPP Ke?

Mr. Vincent Ke: Thank you for your presentations. We know this is a pandemic, and it has really brought significant challenges to all businesses in Ontario and in Canada, too, so thank you for your tremendous support for businesses to be informed and connected. The government knows the importance of getting broadband access. The Ontario government's plan is to invest \$350 million in broadband and cellular infrastructure over the next five years in regional and shovel-ready projects. My question to Sueling is: Are you planning to organize virtual trade shows and job fairs to help businesses find more opportunities and qualified talent?

Ms. Sueling Ching: To repeat the question: You're asking what is our strategy around supporting businesses and accessing talent?

Mr. Vincent Ke: For the virtual trade shows—virtual, as in online.

Ms. Sueling Ching: Virtual trade shows?

Mr. Vincent Ke: Virtual trade shows, and also job fairs.

Ms. Sueling Ching: We have started running some virtual events that are very strategically focused. We have looked at job fairs and conferences, definitely, but we also

have a committee of our organization that works on talent attraction and retention overall, and then we also work with other community stakeholders who are developing talent strategies to connect businesses to talent.

Mr. Vincent Ke: Thank you.

My next question is to Vikas. Thank you for your wonderful presentation. I know this pandemic has really hurt not just the economy, it's also tourism, culture, sport, heritage—everything. You mentioned the Ministry of Heritage, Sport, Tourism and Culture Industries, and Minister MacLeod, since the pandemic, has worked around the clock. For the last two months, she has travelled to every city across Ontario—everywhere—to find out what she really can do to help businesses, to help tourism and culture to get it recovered.

Through Destination Ontario, the government has funded \$7 million, and also the federal government—it relies on the leverage of \$8 million. They are working on promoting Ontario to people in Ontario, to discover locally and to recover the tourism. This is good news. So in this difficult moment, people start to turn their eyes to virtual reality. It is eye-opening to see augmented reality bring more opportunities for the education sector, manufacturing business and such. That is why the federal government and the Ontario government joined together to invest \$570 million to the Digital Main Street program—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Vincent Ke: —to help business get online and embrace digital tools to grow their business. So my question to you is, could you let us know what are the challenges you are facing in marketing this great product?

Mr. Vikas Gupta: Yes, that's a great question. I'll keep it brief, just for time.

Number one, these products do take some period of time to develop. We're a very knowledge-based industry, so we are paying people top dollar. The big challenge is obviously developing these with the right level of talent, and therefore ensuring that the companies have got the cash runway to be able to get their products to market. Then marketing these products, which are typically at a global level, is not inexpensive either. Attracting users, being able to continue with live operations and supporting these products on an ongoing basis also require fairly large teams.

That's one of the reasons why it's part of my recommendations. We're not necessarily saying provide emergency relief or anything else, but there are existing programs and infrastructure that support—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Vikas Gupta: —interactive digital media companies. By increasing the size of the funding that's allotted to those programs, it means more companies get funded, we're able to hire more people, we're able to sustain operations, and then, ultimately, those products make their way out to consumers, not just in Ontario or Canada but globally. But that, in turn, brings in revenue directly into the province.

So we see that as a win-win. We don't have the exact calculations, but we believe that the ROI for every dollar that's invested, up to \$10 is returned back to the province.

That's why I was very adamant that this is not a bailout, but that investment really does provide longer-term prosperity for the province of Ontario.

Mr. Vincent Ke: How am I for time, Chair?

Mr. Amarjot Sandhu: Thank you, Mr. Ke. We are almost out of time: five seconds.

Mr. Vincent Ke: Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you.

Back to the opposition now for their second round. MPP Lindo.

Ms. Laura Mae Lindo: I want to focus my questions on two big ideas. One is from Sueling, that transforming our communities into the potential that they have, you had talked about that sort of as a framework. We can focus our attention on what we had and trying to recoup that, or we can focus our attention on building something new as a silver lining in the midst of a horrid situation.

With that being the case, where I'd like us to start is to think about the fact that not all businesses within the small and medium-sized enterprise community were impacted in the same way, and so the investments that get rolled out also have to speak to that, or else they won't actually have the impact that we're looking for. I'm wondering if you can just spend a little bit more time talking to us about what some of those differences are, so that we can remind the committee of the importance of not trying to roll out a one-size-fits-all solution. So I'm going to hand it over to you.

Ms. Sueling Ching: Thank you for mentioning that. I think in the beginning, the situation was overwhelming and the response provided a lot of blanket programming. That was needed, because the number one thing we needed was liquidity in the system. But now that we are in this next phase, we need to be more strategic about where we're investing government funds, to get the biggest bang for our buck and to try to identify those businesses that need it the most.

Because you're quite right: There were lots of SMEs who had access to capital, who did have money in the bank, who got to stay open, and then others that didn't or didn't get to stay open. I think we need to continue to support SMEs across the board, but be more targeted. As an example—this was a federal program, but everyone got access to CEBA; at the time, that made sense. Having said that, not all businesses lost revenues at the same rate. So as we move forward and start looking at supporting either individual businesses or sectors, I think that we should have some revenue tracking in there. But then there are other things like entire industries, like the tourism industry, which we know has been impacted overall and will be for some time, and a lot of businesses who are SMEs are in that industry.

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When we said that there is a chance for us to look at doing things differently, I used digital transformation as an example. We've known for a long time that businesses should be transitioning into becoming more digitally aware, to gain access to global markets through digitization, but there was no real impetus to do that. Now,

because we know we're going to invest in the recovery, let's do it in a way that positions us well to look into the future and build a foundation for that, as opposed to just trying to go back to where we were before.

Ms. Laura Mae Lindo: I think that that's something that we've been hearing during the hearings, in all of the sectors, that there were still gaps in the system and in the investments that were being made for SMEs prior to COVID. Now, when we're trying to figure out what do we do to stimulate the economy, what can we learn from the way that things were rolled out—and I want to be fair, nobody knew what was going on, so you've got to roll out what you can, and that's totally fair. But, right now, what we keep hearing from SMEs is that we need to be transparent with what the plan is. We should have learned something from what worked and what didn't, originally, and now let's be strategic.

With that, I want to move over to Avara. We've heard from a number of digital multimedia companies—video game companies, that kind of stuff—about the fact that the industry provides us with great revenue and opportunity and potential, but it was fairly new at the time that COVID hit. I wanted you to spend a little bit of time to talk to us about what it is that you need to make sure that we don't get pulled back. Because I see that industry as an opportunity to do education differently, as an opportunity to do the arts differently, and if we don't see the importance of that investment, I'm worried that we're going to lose a lot of the gains that we were making to become a leader in a really new, innovative and extremely profitable sector.

Mr. Vikas Gupta: Thank you for the question. That's a great question, and a very apt comment on that as well. I think a few things are really important to point out and reinforce here. This industry is unique in a sense that it does meld together very effectively technology, culture, arts—very few other industries have the capability of doing that in quite the same way.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Vikas Gupta: Leading into COVID, we were on a fantastic growth trajectory. Ontario, in fact, has been thriving, with more and more game studios being born here. We're starting to build an ecosystem, with companies like Ubisoft having a very large office in Toronto, and then there's that cluster effect that happens so that as people leave and they start building studios, that gives rise to additional content and great new ideas.

It's important to point out, though, that as well as I feel that things were going, we hadn't reached that maturity level that you're asking about. The honest truth is that provinces like Quebec were far, far ahead of us, and BC was far ahead of us as well, and that was really a result of that they had tax credits before we did, very good and aggressive tax credits. They've got a variety of funding programs that we are now just starting to catch up to.

The unfortunate thing about COVID is that while we were on that fantastic trajectory, all of a sudden that trajectory has been halted. Many of our companies have now gone into survival mode, and as part of that survival mode we've either had to pare back our employee base,

and our products are taking longer to make it to the market etc. And so, really, to answer your question, the support that we need is through the various programs—

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. The time has come up.

That concludes our time for presentations. Thank you to both the presenters for coming in for your presentations.

That is our business before we go on recess, so this committee stands in recess until 1 p.m. Thank you.

The committee recessed from 1145 to 1330.

The Chair (Mr. Amarjot Sandhu): Good afternoon, and welcome back. Apologies, we were having some technical difficulties here, and we're running late. We'll start with our next presenter, but before we do that I need to do an attendance check.

MPP Hunter, if you can please confirm your attendance.

Ms. Mitzie Hunter: Yes, Chair, I'm here, and I am in Ontario.

The Chair (Mr. Amarjot Sandhu): MPP Arthur?

Mr. Ian Arthur: Yes, I am here and in Ontario as well.

The Chair (Mr. Amarjot Sandhu): Thank you. MPP Hogarth?

Ms. Christine Hogarth: Hello, Chair. It's Christine Hogarth, MPP for Etobicoke–Lakeshore, and I am in Etobicoke, Ontario.

The Chair (Mr. Amarjot Sandhu): Thank you so much.

STARTUP CANADA

COMMUNITECH

MS. NORAH ROGERS

The Chair (Mr. Amarjot Sandhu): Our first presenter this afternoon is Startup Canada. If you can please state your name for the record, and you will have seven minutes for your presentation.

Unmute, please.

Ms. Natasha Morano: Perfect. Can you hear me now?

The Chair (Mr. Amarjot Sandhu): Yes.

Ms. Natasha Morano: Beautiful. Good afternoon. Thank you, committee members, for taking the time to arrange this important session. I truly appreciate the opportunity. My name, for the record, is Natasha Morano. I am the director of corporate and government affairs at Startup Canada, Canada's entrepreneurship organization. It's no surprise, based on our name, that I will be focusing on start-ups and small businesses and the significant role that they play not only in Ontario's ecosystem but also nationally.

Being an entrepreneur myself, I can speak candidly regarding the challenges our sector experiences and the impact of COVID-19. As economic recovery plans continue to be developed and we look to the future, we have a chance to ensure Canada's entrepreneurial communities from across the country remain a key contributor to the nation's prosperity.

Just as you have come here today to listen, reflect, observe and, hopefully, act, that is what our organization does on a regular basis. We are the national voice and national convenor of Canada's 3.5 million entrepreneurs. Our core base is in the province of Ontario, as small and medium-size enterprises make up the majority of all Ontario businesses and are the backbone of our economy.

We have worked with entrepreneurs by supporting them to start, operate and scale businesses. It is important to stress that solopreneurs and small businesses play one of the most significant roles in the ecosystem. We need to continue to support and incentivize them to grow their businesses, despite the impact of COVID-19.

Now some quick history: Startup Canada was launched in 2012 in response to the Action Canada task force on high-growth entrepreneurship for a call for an independent organization to serve as the centrepiece for a national strategy to lay the foundations for entrepreneurial excellence in Canada. Since then, we have grown in scope, impact and size, serving entrepreneurs from all backgrounds, industries and stages of development. We have worked with over 750 ecosystem partners, and through our digital programs and flagship events, Startup Canada promotes a strong entrepreneurial ecosystem in our country. Our programming has directly supported more than 250,000 entrepreneurs.

Although we are a national organization, we work closely with our 50 start-up communities as they support the connectivity, promotion and development of grassroots, entrepreneur-led activity across Canada. The majority of our support in Ontario is focused on the 14 communities we work with in the province. Each member community acts as a point of entry for entrepreneurs in their local ecosystem, providing a connection to other start-up founders, access to mentors, space, funding and support to grow their businesses. Additionally, we have the most active network in Ontario.

Now let me zoom back out for a second to frame the conversation. As you know, Canada-wide, our private sector job base is 13.2 million T4 employees, employed by 1.14 million companies. This does not account for the self-employed and dividend-paying individuals. As per StatsCan, for the past three years, pre-COVID, Canada averaged an employment growth rate of 0.27%, roughly 35,000 jobs annually, with growth in T4-paying employees of 0.24%, roughly 16,500 T4 companies per year. These statistics, broken down by province, are roughly equal to population base. You can see that Ontario's share of these companies and employees is substantial.

Now, I'm not an economist, but one only needs to glance at the data to understand how the numbers can predict the future. With an average company taking three to five years to become profitable, it is easy to predict that the Canadian economy is expecting, three to five years from now, that these now-unprofitable start-up companies will be contributing to the economy and invest their profits. But that is not going to happen due to COVID-19, as these companies are not being created now. The budget years of 2023, 2024, 2025, and even potentially 2026 will

be adversely impacted by the lack of companies being created right now.

The Chair (Mr. Amarjot Sandhu): Three minutes.

Ms. Natasha Morano: Roughly speaking, each T4-paying company's share of Canada's GDP is \$1.5 million. These missing 16,500 companies' share of 2023's GDP could possibly amount to \$25 billion. Statistically, Ontario's share would be \$10 billion. The potential threat of the missing \$10 billion in year one is substantial, and the ramifications of the compounding effect year after year are what we need to address. That's why we're here today: What can we do to incentivize new start-ups as well as keep current start-ups and SMEs afloat and set up for success?

After surveying the landscape since COVID-19 and to better understand the impact, we have been collecting data, consulting with and listening to entrepreneurs from across the country. We have done so through town halls, regional surveys, national surveys, nation-wide round tables, design thinking sessions and mentorship programs.

The key issues that we are hearing time after time: funding and access to capital; declining sales; customers going out of business; targeted support for marginalized communities, including women and dismissed communities; and, last but not least, the need for an entrepreneur-led, entrepreneur-built centralized interactive platform that consolidates all of the information, tools, resources and support programs that are currently available for entrepreneurs throughout all phases of their journey, including business planning, mentorship, services and networking.

Many entrepreneurs have lacked the time, resources and knowledge of how to navigate the process to start and operate a business, and COVID-19 has certainly added to these hurdles. Bottom line: We want to ensure that these hurdles are reduced, and we have done everything in our power to incentivize entrepreneurs to start new businesses. While there have been numerous programs rolled out across the country, there remains a gap in a specific area, and this is where Startup Canada can play a significant role, while ensuring the entrepreneurship spirit remains alive. We're seeking to create an interactive, entrepreneur-led, entrepreneur-built platform from the support of the province of Ontario, as well as the private sector.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Natasha Morano: We all have a role to play here as the investment in start-ups and SMEs will contribute to employment and growth in the economy and ensure new companies are started to replace those that have failed. Simply put, COVID-19's effect on small businesses and aspiring entrepreneurs has elevated the need for a platform to provide the foundational knowledge required to start and scale businesses in Canada and simplify the process for budding entrepreneurs. In addition, we must provide entrepreneurs with a virtual space where they can connect with other entrepreneurs from their shared demographic group, industry and locations.

Now, we have been in conversations with both Minister Sarkaria and Minister Fedeli's offices regarding our plan

to build, implement and sustain this platform. The main goal is ensuring that the spirit and passion of entrepreneurship remains alive and new companies are created to replace the gap that we are destined to see in the years ahead.

Thank you very much for your time.

The Chair (Mr. Amarjot Sandhu): Thank you.

Our next presenter is Communitech. Please state your name for the record, and you will have seven minutes for your presentation, as well. Communitech?

Mr. Iain Klugman: Yes, sorry. I'm trying to unmute. Can you hear me now?

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Iain Klugman: Wonderful. Thank you.

First of all, thank you very much for allowing me to join the standing committee this afternoon. I really appreciate the opportunity to share a few thoughts regarding the experiences we've had in Waterloo region and Ontario's tech sector over the last six months. Here we go.

My name is Iain Klugman. I'm the CEO of Communitech. We're a public-private innovation hub in Waterloo region that has been helping innovation companies start to grow and succeed since 1997. Today, Communitech supports a community of more than 1,400 companies, from start-ups to scale-ups to large global players. We're proud to contribute to making Waterloo region home to the second-highest start-up density in the world and some of Canada's largest companies. Throughout our journey, we've been fortunate to work closely with the government of Ontario in growing our province's tech sector and in creating good-paying jobs for Ontarians.

The pandemic has had a severe impact on many businesses. The start-ups and scale-ups we work with at Communitech are no exception. The sharp drop in economic activity has led to evaporating sales and revenue for a number of our companies. Start-ups, which typically live from one funding round to the next, have also found it difficult to raise capital in an investment climate characterized by caution. As a result, many firms have had to shelve their ambitious growth plans, and some have had to lay off workers.

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There has been a heavy demand for the services of innovation hubs like ours. We've been doing all we can to help them through this crisis. Areas where we provide support include managing cash flow, trying new business strategies and finding new sources of capital. We've also waived or deferred rent for the start-ups that lease space from us. This has deprived us of some critical sources of revenue for sustaining our operation, but it's the right thing to do.

Like most organizations, Communitech has had to make a hard pivot in response to the crisis. I'd like to highlight three areas where Communitech has focused on since the onset of the crisis. First, the pandemic has accelerated the digital transformation of the economy and underlined the importance of technology adoption in all sectors. We've been incredibly proud to partner with Minister Sarkaria in launching the Digital Main Street

platform. We like to claim the minister as our own, given his history with Waterloo region and our tech sector. We're fortunate that he continues to be so engaged and knowledgeable on issues that matter to our entrepreneurs.

Through Digital Main Street, that we have backed, Communitech is helping small business owners who operate restaurants, retail shops, trades and service businesses in our local community. We're helping them create, expand and maintain their online presence, giving them access to much-needed customers and revenue streams in the digital marketplace. In our region, tech companies like Sociavore, which helps restaurants build and improve their digital presence, have stepped up to play a role.

Second, the pandemic has highlighted the economic potential of medical technologies, which for this region, Communitech has been putting a much greater emphasis on and more resources into building a thriving ecosystem of med tech companies. We know that Ontario must be home to successful firms in this critical space, and we want to play a significant role in making that a reality.

Third, Communitech has embraced the Ontario spirit and played a leadership role in building up local supply chains to make Ontario more self-sufficient in PPE. We're especially proud of our work with Waterloo region-based company, InkSmith, now the Canadian Shield. In just under four months, the education start-up retooled and started manufacturing face shields that help medical workers across the country. They're now making 200,000 shields a day, and they have delivered more than 10 million to front-line staff. Recently, they announced they would start manufacturing surgical masks right here in Ontario. The provincial government's Ontario Together fund has been valuable in helping begin the long and difficult work of building strong PPE supply chains in Ontario. Never again should we leave ourselves so vulnerable.

Thanks to the concerted efforts of entrepreneurs, governments and innovation hubs, Ontario's start-up ecosystem has gone from strength to strength over the past decade. These fast-growing companies support thousands of good-paying jobs, drive innovation in the economy and act as a magnet for global capital and talent. Simply put, Ontario's future prosperity rests on maintaining a steady stream of start-ups with the potential to transform industries and serve as the next generation of anchor companies for our economy.

The tech sector is well positioned to drive a strong economic recovery, and this is why I'm calling on the government of Ontario to place start-ups and scaling firms at the centre of its plan to restart growth.

Three main areas where governments could act to help the tech sector regain momentum and drive recovery:

(1) tax incentives to get risk capital off the sidelines. For example, angel tax credits and flow-through shares;

(2) working with pension funds to get them to commit to investing up to 1% of their total capital into risk capital, such as OMERS has done in Ontario—a more strategic and intentional approach to government procurement and challenges that does a better job of supporting innovative,

homegrown companies and ensuring that we're building critical supply chains in Ontario; and

(3) continued support for organizations like Communi-tech—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Iain Klugman:—and we have heard from our companies and from our community that never have we been so important to ensuring the prosperity of our region, and the province.

Thank you very much for the time today.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is Norah Rogers. If you can please state your name for the record, and you will have seven minutes for your presentation.

Ms. Norah Rogers: Norah Rogers.

The Chair (Mr. Amarjot Sandhu): You may start.

Ms. Norah Rogers: My name is Norah Rogers. Good afternoon. My husband and I are the owners of the Waring House restaurant and inn in Picton, Prince Edward county. We have a 49-room establishment with a conference centre, two restaurants and an on-site cooking school. We have been in business for 25 years.

Thank you for the opportunity to address you. We feel that we are fairly typical of the challenges that hospitality is facing right now, and we really thought that we'd put forward some ideas about how you might be able to help us.

When COVID reared its ugly head this winter, we hoped it would be short-lived. We put protocols in place and we were hoping it would end soon and we'd get on to a great summer. Then, on March 16, the emergency measures act came in and we were closed down except for takeout food, which we'd never done before, and essential travel. But we were relieved, actually, to have that measure come in, because we were really having a difficult time deciding how to proceed at that point.

So we were closed down. We had to lay off all but six of our 80 wintertime staff, and all future events and rooms were cancelled in the midst of a pay period. We were cash-poor. We had no cash reserves, and this is the way it is with most hospitality businesses. We had just had a huge, expensive cyber-attack—there's always something unusual happening in hospitality—and in the past we've had things like burner shutdowns and minimum wage increases. There's always something happening.

At that point, we had \$172,000 worth of payables at the end of winter, so we went forth and we explored. We went to our regular bank and we went to the BDC, but neither of those banks would look at us, because we're hospitality. We opened the takeout business and it has been good for cash flow. We looked at all the COVID programs as they came out, and we really congratulate all levels of government for the wonderful job they've done to try to assist business. We didn't qualify for CEBA 1, 2 or 3 because our payroll was over \$1.5 million. We did qualify for the RRRF program and that has been very helpful. We have also qualified for CEWS, and that has been extremely helpful.

Our accounts payable were patient people. We've worked with these people for a lot of years and I think that's pretty typical of hospitality as well. We had a bit of cash flow from takeout, [*inaudible*] cook. All of our events were cancelled over a very short time, and so we worked with our staff to reopen outside dining, when that was made available to us, and then our rooms.

We found CEWS extremely helpful to us. We were able to use that to rehire people. We're back up to 70 staff now. Actually, we can't find staff right now. We're very short-staffed this summer. It has been helpful for us to actually be able to pay down some accounts payable, because there just isn't enough money coming in with the way things are right now to pay for both staffing and all expenses.

We've had a huge expense because of COVID. Again, we're not alone in this; this has been true for hospitality across the board. We purchased some ElectroCide sprayers to be able to open our rooms right away. Initially we had a wait period between rentals for the safety of our housekeeping staff; now we can open them the same day and turn the rooms around. PPE has been very expensive, and disinfectant, garden furniture, garden lights, Plexiglas, extra bussers to clean, extra housekeepers to clean, insect repellent, table lamps and glass to protect our furniture and our rooms from disinfectant sprays. Last week I spent \$850 to buy outdoor lights, because people couldn't see to eat in the garden anymore—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Norah Rogers:—and we're looking at UV lights for air exchange system inside, when and if we do open inside.

I know we're not alone in all this. This is what hospitality is going through. Now we have to face not being able to do our usual stand-by events, like a packed house for Christmas and a Thanksgiving brunch and that sort of thing.

We're part of a \$36-billion tourism business in this province, and I really think that we're worth further government investment. Hospitality is a really, really tough business. We're willing to work. We're hard workers. Our staff are amazing people. They're really willing to work hard. We are a private enterprise. We don't like to ask for handouts, but I do have a little list here.

We need CEWS. It has been the single most important thing that has helped us. I know that's a federal program, but anything the provincial government can do to encourage that to continue happening is really important, and it needs to happen into May of next year—and that's if there isn't a second wave of COVID; longer if there is. That's the program that just made the biggest difference in our ability to hire people and to bring back our workforce. We're investing in hard-working people. They don't want to be off work; they want to work and our business wants to be open and help people.

I know the ministry of tourism is working hard to encourage travel at home. Incentives to travel that would help encourage customers to travel at home and help the hosts would be a wise investment. A tax incentive to travel would also be a way to promote this: a no-PST portion on room stays for Ontarians in Ontario, or HST rebates for

Canadians travelling in Canada. Let the innkeeper keep the tax instead of just—

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Norah Rogers:—being a collector of it.

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Matching-dollar marketing would also help. There are all kinds of things that can be done with tourism: dedicated, forgivable grants or free loans to help tourism businesses to become solvent and defray our utilities and rents and mortgages and ongoing costs, capital expenditure loans to help businesses pay for COVID protective equipment and so on.

Continue the safety messaging that the government is doing. It's really important. It helps us encourage our customers to treat us so that we can be safe as well.

Fund municipalities to put in and man public wash-rooms. That's been a huge issue in our community this summer—just terrible. Also, we need some help with working with our provincial parks so that people don't come to the community expecting to get a place in a park, not get it and then park in our parking lot and spend the night and do some things that upset people.

The Chair (Mr. Amarjot Sandhu): Thank you.

Ms. Norah Rogers: I want to thank you for the opportunity, and I'm happy—

The Chair (Mr. Amarjot Sandhu): Thank you so much. We're out of time.

We'll start with the questions now, and we'll start this round of questions with the opposition. MPP Lindo?

Ms. Laura Mae Lindo: Thank you to all three of the presenters. I am going to start with Norah, actually. Thank you so much for your presentation. We've been hearing a lot in all of the different sectors about the impact of COVID on tourism, in particular. One of the things that we keep hearing is that we need to have grants rather than loans. For a lot of folks in the sector, with the increased amount of debt they are now seeing because of the shutdown—they totally get why they had to shut down, but they can't carry any more loans. So I wanted to know if you wanted to speak with us a little bit more about that, as an investment for you.

Also, we were hearing a lot about companies that did have some reserve funding available, didn't anticipate how expensive it would be to get the PPE they need to be able to move forward—and they know that this is going to be like a long-term shift in the way that they're going to have to think about their business. I'm wondering if you could just speak a little bit about that, if that's also what you're experiencing or hearing.

Ms. Norah Rogers: Yes, indeed. Certainly, PPE is a big expense. Just like I said, we're going to put UV lights into our air exchange system, probably this winter, which will be another multi-thousand-dollar thing to do, but we have to do those things for safety. And we have to do those things for our staff, because staff are just really frightened of COVID. We have to look after them.

As far as loans go, adding more debt—our industry has a lot of debt. There's no way to not have debt. My husband and I have been at this 25 years, and we still have a

mortgage. It's very difficult to get around that. Regular banks won't look at you, so we go to private lenders and that's always high interest.

Anything that the government could do to encourage banks to work with the hospitality industry and give us reasonable interest rates would be amazing. That kind of thing would help our business a lot, and I know there are so many other businesses out there with the same situation. But adding more debt is just not really going to help us, because you've got monthly payments you have to make to any lender that you have and just adding that monthly challenge is a challenge all right.

Ms. Laura Mae Lindo: Thank you so very much for that. I just wanted to make sure that we were still hearing the same things, because I know as the pandemic continues, some of the needs that people had early on may not be the same things they need now. As we're thinking through what this bigger strategy will be to make sure that people do feel safe to go to work, I think it's really important for us to make sure that we check in with business owners like yourself.

I'm going to use that as a way to go over to my friend Iain. Iain, it's lovely to see you. I actually had a different question for you, but I am curious around the PPE. For the start-ups in the tech hub and stuff, has that been an additional expense? What has that impact been as the folks in your area are trying to do their work?

Mr. Iain Klugman: It's nice to see you. Thanks for your advocacy for our region at Queen's Park.

At first, as you know, we started a task force locally in town to identify PPE and get it into the hands of people who weren't being supplied through Ontario Health, and that's everything from hospices to certain homes for special care and retail and front-line small businesses as well.

First, there was just no PPE, as you know. Currently, though, what's happened is, we've been part of an establishment of a not-for-profit. It's a co-operative called PPE Access, and anyone in Ontario can access it. It is going to aggregate the demand necessary for charities and for small businesses, and it's going to be bulk purchase orders of PPE and then getting it delivered to people across the province. It's really just a classic example of Waterloo region rallying around a problem. So at this point in time, because of the leadership of Amber French, who has been driving this, we now have that organization.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Laura Mae Lindo: That's fantastic. Thank you so much for that. My actual question for you, which is hilarious, was actually around the medical tech that's happening in the region. At 9 o'clock, the Council of Canadian Innovators brought this up as an opportunity to think specifically about innovative ways to boost the economy, but ways that also reflect the needs, given that we're in the midst of a pandemic. We also had the Canadian Nuclear Isotope Council that spoke about this as well.

One of the big issues that they raised—and we'll continue it in the second part of questions. They raised that there were a number of regulatory issues that were

standing in the way for medical tech start-ups to be able to do their work, that sometimes it was easier to actually go abroad and do the work outside, much easier there, than to do the work in Ontario. Is that something that's resonating with you? And can you speak a little bit about that to us and what we would need?

Mr. Iain Klugman: We are seeing a surge of med tech companies as they apply to COVID and beyond. A lot of that is some new programs at the University of Waterloo, the biomedical engineering and of course the nano-engineering programs, have produced a whole bunch of largely medical device types of companies and products.

I would say there are a couple of problems. First of all, 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 that we've been brought together. I have a weekly call with the CEOs of all the hospitals in town. We have a team of doctors and specialists and ologists etc. through something called Code Now that is surfacing the problems and the needs that health care professionals have. The really big opportunity here, in my mind, is that the more we can get good at having people identify challenges—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll come back to you in the second round. We'll move to the independent members now. MPP Hunter.

Ms. Mitzie Hunter: Thanks so much to all of our presenters today for the insights that you've brought to the committee. I want to start with the folks from Startup Canada. You talked about the contribution that you believe Canada's start-ups can make to the post-COVID recovery. I would like to hear specifically how we can create an environment that increases the number of start-ups to solve the challenges that we're being faced with, coming out of one of the greatest recessions we've seen since the Great Depression.

Go ahead, Natasha; you're on.

Ms. Natasha Morano: Thank you. Perfect. As I mentioned in my earlier remarks, Startup Canada as a national organization has surveyed the landscape right across the country. Some of the most pressing issues that we're hearing from start-ups and from entrepreneurs is that there is no one-size-fits-all approach to dealing with the ramifications of COVID-19, but something that they all share and something that our organization truly thinks that we can contribute to supporting the entrepreneurship community is providing an interactive platform to incentivize the budding entrepreneurs and those entrepreneurs right now who are thinking about starting a business or thinking about growing their idea and having all of the foundational knowledge to be able to do so.

Based on some of our design-thinking sessions and some of the conversations that we've been having with the 14 communities across Ontario, there is so much information out there right now in terms of: How do I start a business? How do I understand business 101? How do I know if I'm eligible for this government program or that government program? To be able to consolidate all of that

information and have an interactive platform that's built by entrepreneurs and led by entrepreneurs, where they have a touchpoint and they have the foundational knowledge to reduce the hurdles—the biggest issue they're facing right now is that there are so many hurdles. Anything that we can do as a collective group of thought leaders, both the private and public sector coming together—we need to give them tools to be able to succeed and we need to keep the entrepreneurship spirit alive, because it truly is the backbone of our economy.

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Ms. Mitzie Hunter: Natasha, how is that different than what the government has provided in terms of information on a particular website for businesses?

Ms. Natasha Morano: It comes down to consolidating all of that information. It also has to do with merging both the public and private sectors. Having a platform that is supported by both is really what entrepreneurs are needing right now. Additionally, by having this platform that's built by entrepreneurs and led by entrepreneurs, we're able to feed real-time data into those interactive platforms.

Additionally, through our support via Startup Canada, we'll have team members on standby and ready to answer their questions and walk them through the whole entire process, ranging from incorporation, understanding the importance of having a proper financial relationship with your banker, accounting—every single module that we are building out on this interactive platform, there will be a touchpoint, so they're not in this alone. We have their back. Just as we're hearing that slogan, "We have your back. We're in this together." Truly, this is an opportunity for entrepreneurs to use the platform and have it be as seamless as possible.

But of course, as I mentioned earlier, we have a pretty extensive group of ecosystem partners, so we'll be tapping in to use some of the existing programs that are there. It's about sharing knowledge.

Ms. Mitzie Hunter: Okay. Let me see if I get this: It's not just the information, but it's how to act on the information. If there is a company that perhaps is not qualifying, maybe there's a reason or a technicality that they can address directly from the information they find in this hub platform that you're describing. It's a proactive way of helping businesses rather than reacting or really not even—disqualifying them.

In my community in Scarborough–Guildwood, a lot of the small businesses have said, "These programs aren't designed for me. I'm not qualifying," or "It's not meeting my needs. They don't see me." So this is a way for them to be seen and to get the help and the support in an environment that is both private and public.

Ms. Natasha Morano: You've got it. Exactly. And that's just it: A lot of entrepreneurs that we're speaking to and that we're consulting with across the country and specifically in Ontario, they don't have someone who can act as a mentor, as a guidance counsellor, so to speak. So having someone who can help them understand perhaps why they have not been eligible or different steps and different proactive measures that they can take, without

sacrificing, of course, their business model—having that mentorship built into the program is really another fundamental difference from the existing programs that are out there, such as the excellence centres and the small business enterprise centres. They're incredible and they do a lot of work, and we see a way to work with them, but it's that actual person-to-person engagement factor that sets this platform apart from anything else that we've really seen in the ecosystem so far.

Ms. Mitzie Hunter: That's really great. Thank you.

Norah, I'm going to switch to you, because one of the themes that we've heard as we've been listening to small businesses is that they want the help now before they fail. Liquidity and cash flow is really important.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Mitzie Hunter: Some of them have said, "You know what? I don't even want to have deferrals, because deferrals are just another bill that I have to pay later on." What can we do to support businesses like yours so that you can make it through this?

Ms. Norah Rogers: A program like CEWS has been really helpful to us because that allows us to pay our staff. Our staff want to work so much. They've even come off CERB to come back and go to work. They didn't want to sit at home. They're so good. It's been a really, really tough summer for our staff. They've been working outside in the heat, 34 degrees, running around with face shields and masks on. It's been tough, and customers have been really stressed. So anything that keeps these people at work is huge for us. You can't do anything more for me than that.

Ms. Mitzie Hunter: Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. The time has come up.

We'll move to the government side now. MPP Crawford.

Mr. Stephen Crawford: Good afternoon, Chair, and good afternoon to the speakers. Again, very good presentations by all three of you, and I'll try to get questions to all three.

I'll start with Norah Rogers. I do want to also mention that our local MPP, Todd Smith, mentioned your restaurant and what a great restaurant it was. I'll have to get down there and try it. I look forward to it.

Ms. Norah Rogers: Thanks.

Mr. Stephen Crawford: I did have a couple of questions, the first being, as you know, our government made some changes to some regulations earlier in the year with respect to outdoor patios. You also mentioned takeout, which is not something you traditionally did. I'm not sure if you delivered alcohol to your customers during the takeout. I just want your feedback on the two changes and whether you believe those should be extended because they do expire on December 31.

Ms. Norah Rogers: Yes, and if I'd had a bit longer, I would have been much more fluent about this, but it was great. The EHT exemption changed in May, allowing the LCBO licensing areas to be—the red tape to decrease allowing the alcohol to go out with takeout. All those

things have been really great. It really helped. All levels of government have made a huge difference for us. Those measures—just the EHT exemption, that's freed up some cash for us for a number of months. That's huge—really important.

Mr. Stephen Crawford: Okay. I'm just curious—you know, from March and April when we were right in the beginning of COVID to now we're at the end of August, it's been a number of months later. It's been a nice warm summer. I want to get a sense because we are the committee on finance and economic recovery. I want to get a sense as to how your business is doing now relative to, say, a few months ago but also year over year. Are your sales down 10%, 20%, 30%? Are they up 10%? I'm just trying to gather trends here and economic data from small businesses.

Ms. Norah Rogers: Initially, our sales were way down. We were probably at a tenth of our usual sales, and now we're back—we're about maybe 75%. I was just able to get those three electrostatic sprayers for our rooms. Before that, we were leaving our rooms for 72 hours in between rentals. Just for the safety of our staff we had to do that. Now we can go in with the sprayers, with PPE on, we spray the rooms and then our housekeepers can go in. That's made a huge difference because we were way down in room rentals. All these steps are necessary, but it takes a bit of time.

Mr. Stephen Crawford: So you're basically down, but the trend has been better over the last two or three months?

Ms. Norah Rogers: The trend's better, yes. We're heading into winter and we won't have—what I was mentioning about [*inaudible*] and those sorts of things—we won't have those now or these will be much smaller. Those are the things that helped keep things alive in the winter months because we're a 12-months-a-year business as things go down in the winter.

Mr. Stephen Crawford: Yes.

Ms. Norah Rogers: We don't have the option of closing down because we still have to pay hydro and—there's so many things—and mortgages and things. We have to find ways around that and keep open.

Mr. Stephen Crawford: Okay.

Ms. Norah Rogers: It could be a lot worse.

Mr. Stephen Crawford: That's good. It's good that they're getting better.

A final question: You mentioned, I think, that you actually had trouble hiring people right now. Could you explain that?

Ms. Norah Rogers: They're afraid to work. A lot of staff are afraid to work. Our staff are extremely anxious about moving inside. That's why we're not inside yet, and my husband and I are anxious too. When we get a UV system is where our system—we'll feel a lot better about that.

There have been people on CERB who didn't want to come off. There's a few of those, but that's not the majority. It's more being afraid.

Mr. Stephen Crawford: Okay. Thank you.

Now I'd like to move over to Startup Canada. Thank you for all the good work you're doing, helping entrepreneurs here in Ontario and throughout Canada. I just wanted to get a little more idea—if you could summarize a couple of key points that you would want to get across to our government as to how we can help entrepreneurs—a couple of sentences each, like really high-level points. What can we do to work together to—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Stephen Crawford:—spur growth?

Ms. Natasha Morano: Thank you. As I mentioned earlier in my opening remarks, we've surveyed the landscape and some of the top concerns are confusion, mental health supports, connectivity, really being able to create, again, a platform and a place where entrepreneurs can tap into other entrepreneurs and be heard.

The big biggest thing for them is that there's all this information coming at them, but no one's listening to them. Through Startup Canada, being the national voice for entrepreneurs, we listened to them and now we're trying to act. What we're trying to act on is creating an interactive digital platform for entrepreneurs, regardless of where they are in their journey, to have every single tool, every single resource and every bit of support that they can gather from the start-up community to be successful. So by doing this, we're able to tap in with our extensive communities.

The communities, as I said before, really are the backbone of Startup Canada, and Ontario is our most active community base. There are 14 communities that we work with on a regular basis. We just had a town hall with the community members in Peel region.

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Right now, we are in a phase of testing this idea with our community leaders. Everybody has said that they need this platform to be able to consolidate the information and make things easier, reduce as many hurdles as we can. By being a support mechanism and by being a platform that's built and led by entrepreneurs, they know the aches and pains more than anybody else.

Being able to feed real-time data, real-time staff, having that face-to-face—hopefully pre-COVID—actual physical interaction, networking opportunities, community engagement opportunities, to be able to tap into the extensive knowledge that is out there right now and being able to work with our ecosystem partners to be able to provide that information is where we think that we'll be able to really stimulate the economy and [*inaudible*] right now.

Quite frankly, for those entrepreneurs who are still refining their concept and still have negligible revenue, what can we do to incentivize them and spur the economy?

The Chair (Mr. Amarjot Sandhu): Thank you so much.

We'll go to the independent members now. MPP Hunter.

Ms. Mitzie Hunter: Natasha, what do you need to create this platform? Because it seems like you have the expertise. It seems like there is demand. I've heard the same thing in talking to small businesses. Now, they might

not be at the same early stage that you're at, but they definitely are very in need of streamlined information, and proactive information, that they can just click through to solve whatever challenge they need so they can survive.

Ms. Natasha Morano: Quite honestly, we need funding. We need funding from both the provincial government and the federal government to be able to execute this. We're in conversations right now with the private sector. As I said before, we all have a role to play in this, both merging the private and public sector together. Corporations play an incredibly important role here. They rely on SMEs. As you can see, there's a bit of an opportunity for all of us to work together.

But what we need from the Ontario government and the government in general is funding to be able to grow this idea. Startup Canada is a national organization, and we do so much. But to be able to continue doing what we do in terms of our digital programs, our resource guides, our in-person events, our round tables, everything that we're doing, we need additional support to be able to execute and implement this program so, again, it is entrepreneur-led, entrepreneur-built, and we can sustain this program moving forward.

We see an incredible opportunity to pilot this in the province of Ontario, given what I had said earlier; it is the most active base. What we're looking for from the government of Ontario is funding.

Ms. Mitzie Hunter: Do you see this being an open platform? So once it is built, companies can just go onto it and get what they need?

Ms. Natasha Morano: Absolutely. It's 100% being accessible to everybody. There will be specific measures built in for some of the marginalized communities that I mentioned before, so really listening to them. As I said before, we have over 750 ecosystem partners, so women's chambers, really trying to build information and tools in there based on what we're hearing from our community leaders and our ecosystem partners. But it is 100% open to everybody. We do not want to lose any potential entrepreneur to COVID-19, so we want to make it as inclusive as possible.

Ms. Mitzie Hunter: That's really great. We've heard from Black and Indigenous businesses who have come forward to say that the support needs to reach the neighbourhoods in which these companies are residing, even the way that we frame programs like Digital Main Street, for instance, where you have to have a storefront. Many home-based businesses don't qualify for that, particularly in the time of COVID.

I certainly hear you when you say that there needs to be a focus on women entrepreneurs and women-run businesses, given the fact that the impacts of the COVID-19 recession are affecting women more deeply than other groups. I want to thank you for this work. I know that the government is here on this call, and hopefully will respond positively to the requests that you have so that we can help many, many, many more start-ups and small businesses stay in business.

I do want to, if I can—how much time do I have remaining, Chair?

The Chair (Mr. Amarjot Sandhu): Three minutes.

Ms. Mitzie Hunter: Okay. That's good enough time to go to Communtech. I certainly really value and respect the work that you do. I've visited and toured your facility in K-W to see the support that you're providing to entrepreneurs and to start-ups, particularly in the tech space. When you were presenting, I was wondering if there is a unique response coming out of perhaps the health sector or the tech sector, given the fact that everyone is working from home and learning from home, that creates that atmosphere for innovation in the space in which you represent.

Mr. Iain Klugman: On March 12, we became a fully functioning virtual organization. We have what are called growth coaches, which are mentors who work with hundreds of start-ups. We've had the highest rate of uptake ever in our history of utilization of the growth coaches.

People, by and large, are really looking for different ways of connecting in the absence of having proximity. We've seen, for example, initiatives like our Future of Work and Learning and our Future of Health go from 150 people to 1,000 people because, of course, all of a sudden people are participating from across the country. We're seeing the same with a lot of our training programs as well and this new IP program that we just launched. We're just seeing a lot of people wanting to find new ways to convene and connect.

There's one thing that I think is really missing from what we would like to see, and that is biological screening, whether it's saliva-based or it's swab-based. There is a company called Seegene right in Waterloo region. They swab the inside of your mouth and just inside your nose—not all the way to the back of your brain. They can turn around results for businesses within four hours.

I think we need to get really good at that, because we know that 80% of the people who are most contagious are either asymptomatic or pre-symptomatic. So we're worried about our kids and people coming into work and finding people who will work in stores. This biological screening is going to be a huge step forward for us, and we need it as soon as possible.

I think the other thing, too, is that every—

The Chair (Mr. Amarjot Sandhu): Thirty seconds.

Ms. Mitzie Hunter: Go ahead.

Mr. Iain Klugman: Oh, sorry. Every economic downturn with a high rate of unemployment, coming out of those, we have always seen a wave of start-up activity. There are two big issues that are at risk right now, one of which is, we've got a wave coming at us of founders and entrepreneurs, and we're going to need to be ready for them. The second thing is making sure that we can keep our great scale-ups. We have worked very hard as a province and across communities to keep them alive.

Ms. Mitzie Hunter: Thanks so much.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll move to the government side now for their second round. MPP Pang.

Mr. Billy Pang: Hi. Good afternoon, all. Thanks to all presenters to be the voice for yourselves and your sectors, and also sharing your wisdom.

Since first learning of COVID-19, our government has taken significant steps to help businesses that have been impacted by COVID-19. To support the provincial efforts to deal with this crisis, our government has launched Ontario's action plan responding to COVID-19. It's a \$30-billion package with funding targeted to help families and businesses.

I have a question to Iain again. I noticed that your organization is offering training and skills development programs for people working in tech-driven companies. Actually, how many clients do you have in Ontario?

Mr. Iain Klugman: We have about 1,400 companies that we're working with in Ontario, and that equates to about 30,000 workers. The programs that we've got for training were initially around things like leadership development, software development, demystifying AI and blockchain and these types of things. Increasingly, what we've been doing is that we've become much more involved with a much broader set of companies. We're working very, very closely with, obviously, Digital Main Street. We're writing the future-proof component of that program across Ontario.

Also, we're much more involved with manufacturing companies, really helping them pivot out of whatever product they were producing before into manufacturing everything from scrubs and gowns and shields to masks and sterilization equipment. But we really have seen a much greater need for our programs and services from a much broader set of companies.

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Mr. Billy Pang: How does your organization support your clients to stay safe and healthy after stage 3 of re-opening, to bring the customers back?

Mr. Iain Klugman: Well, I think a lot of the work that we've been doing around finding a biological screen would make a huge difference as far as keeping people safe. We have been partners in launching a PPE initiative that will support charities, not-for-profits and small businesses. I think it's just really helping people to get good at working virtually and understanding that there's a social contract in place now, that we have to be careful with ourselves and each other.

Mr. Billy Pang: Okay. Thank you.

My second question is for Norah. Do you have any specific ways that you or your customers feel that the Ontario government can help to address those COVID-19-related challenges to your business?

Ms. Norah Rogers: Well, I think, just as I said, that anything you can do to help the federal government keep the CEWS program going—anything that you can do to work with commercial banks, to work with us—it's very, very hard for a hospitality business to get any assistance from a bank.

It's just typical. My husband and I went with a perfectly good piece of property, to just try to get a small mortgage on it, to help our cash flow. The Bank of Nova Scotia wouldn't look at us, and it's just because we're hospitality. I mean, I could have paid it through my old age pension, so it's just crazy. It's an immediate response that we get from banks of all kinds.

All the programs you're doing, the things that you're doing, are really, really good. I think just getting rid of the red tape and helping us expand our licensed area for booze sales—that was really helpful. Those sorts of things really help, for sure.

Mr. Billy Pang: Yes, I have heard that your local MPP is very supportive, so keep close contact with him to see how we can help you.

Ms. Norah Rogers: Yes, for sure. Thank you.

Mr. Billy Pang: My third question is for Natasha. I can see that your organization represent more than hundreds of thousands of entrepreneurs across the country. Actually, how many members do you have in Ontario?

Ms. Natasha Morano: Our main active base is in Ontario. In terms of our number, I can speak to just sample data from our census. About 59% of those respondents who we surveyed are from the province of Ontario, but because we work with over 14 communities around the province and we're working with them on a regular basis, we also work indirectly with their ecosystem members. It's a bit of that multiplier effect. In terms of the majority of our base for Startup Canada, like I said, it is in the province of Ontario, based on the numbers of our 14 communities that we work with.

Mr. Billy Pang: Okay. So, from your observations, how are the start-up communities in Ontario coping and recovering from COVID-19 in comparison to those from the other provinces across Canada?

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Natasha Morano: I would say that because Ontario has the largest base, of course, their issues are more pronounced, and we're hearing more from our community leaders and the entrepreneurs in the province of Ontario.

I can give you a very concrete example: Two months ago, we were fortunate enough to have a round table session with Minister Sarkaria. We connected, I think it was, about 11 community members from all parts of the province of Ontario, and through that conversation, a lot of the high-level topics that I had mentioned earlier in my opening remarks, in terms of the aches and pains and the issues that they're experiencing—they shared a lot of similarities, one of them being the most pronounced, which would be the lack of support for them to be able to funnel and understand all of the information that is out there right now. Having that mentorship, having that guidance, having someone who can really sit down with them and help them understand what they are to do next and how they can have the tools and the resources and the educational aspect to be able to combat COVID-19—

The Chair (Mr. Amarjot Sandhu): Thank you so much.

Mr. Billy Pang: Thank you, Chair.

The Chair (Mr. Amarjot Sandhu): We'll go to the opposition for their second round. MPP Lindo?

Ms. Laura Mae Lindo: Thank you so much, Chair. I'm going to go back to Iain, and then over to Natasha. Iain, just before, when we were speaking last, you were talking about Code Now. I just want to make sure that I

get this portion on record before I ask you the other question. I think that at the end you were saying that essentially Code Now allows you to identify issues or gaps earlier, so that your responses can be more effective. Is that correct, when you were talking to us about that?

Mr. Iain Klugman: Basically what Code Now has done is that it has led to what we're calling a think tank, which is the major hospitals and other health organizations in Waterloo region coming together with us to surface front-line needs that doctors, nurses etc. have. Then we take those and we put them out as challenges to the innovators and entrepreneurs in Waterloo region to say, "Do you have products like this?" But more the case, "Who wants to build this? Because if you can build this, there's a purchase order over here."

I think traditionally, industries, whether it's doctors or it's manufacturing or automotive, people felt, "I've identified these problems; I have to solve them myself." What we believe is, a big opportunity we've seen in the last little while, that the more that industries—health care—can raise the problems up and find a way to surface them for innovation entrepreneurs and say, "At the end of the rainbow, there's a purchase order," that, to us, is a really powerful model.

It's very similar to what Israel did. One of the challenges that they launched was, they said, "We need to be 100% self-reliant with the domestic supply chain of potable water." People rallied around that. Universities were involved. A whole bunch of companies were involved. And now they don't care if it ever rains again.

As opposed to coming out with an RFP saying, "We need this specific product," it's coming out and saying, "We have this specific problem." That's really what has happened with us. Of course, now we have broken down the divide between the health care industry professionals and tech, and I think we're really onto something now.

Ms. Laura Mae Lindo: Thank you so much for that, Iain, because that's one of the pieces that we are starting to hear more and more of as we're coming to the end of the hearings. A lot of the tech and entrepreneurial spaces, these kinds of hubs, they've approached the actual issue that's before us from a different vantage point, which is part of why the investment in these kinds of hubs is so important.

One of the things that another presenter had said to us—it wasn't today, but I think it was last week. They were talking about the need for a social innovation or social enterprise strategy that would allow us to do some of this work, not just during the pandemic but potentially in the future as we think differently about what jobs are going to look like, what our options are, who needs to be re-skilled and what they want to get re-skilled for. I just think it's really, really important for us to speak about that.

But my next question to you, and then over to Natasha—I'll have you both speak about this. I know Communitech, because I'm the MPP for Kitchener Centre, but both you and Natasha have spoken about the space that some of the more marginalized groups have played in entrepreneurship.

I know that we've heard from some other folks that there was a lot of work going into making sure that women found their footing in start-ups. But then that also meant that when their start-ups were set to launch early this year, they were more negatively impacted by the pandemic, because they didn't have revenue to be able to show to access some of the loans or any of those kinds of programs.

I'm wondering if we can start with Iain: Can you speak to us a little bit about the investment that was already being made to bring some of the more marginalized folks into the sector and what it is that we need to make sure that we don't lose them, moving through the pandemic?

Mr. Iain Klugman: Yes, I agree 100%. We launched a program about five years ago called Fierce Founders, which supports female-led companies. We've seen a shift going from about 7% of our companies being led by females to close to 40% at this point in time.

The bottom line is that we actually invest the time into understanding the differences in the needs. We just met with the Canadian Black Chamber of Commerce, and they were talking about the fact that they have a very difficult time matching money with these various matching programs, because they don't have inherited wealth the way that white founders do.

So I think we really need to start with: Let's understand exactly what the challenges are and let's make sure that we're building programs to fill the gaps.

The other—I'll leave some space.

Ms. Natasha Morano: Thanks, Iain.

To add to your remarks, Iain, you're absolutely right. Programs need to be built for the support for women entrepreneurs. We're very proud because one of our programming services is devoted solely to women entrepreneurs. This year, in partnership with some of our private sector partners, we'll have worked with over 10,000 female entrepreneurs from across the country.

One of our ecosystem partners, the Canadian Women's Chamber of Commerce, recently released a survey really focusing on the key issues and the key threats that women are faced with right now during COVID-19. Ranging from needed extra mental health support, as being the primary caregiver—the stress and burdens of domestic responsibilities are adding almost insult to injury for them. They're being compounded with so many different hurdles that they need to overcome, and the barriers under normal circumstances are much more pronounced for women than for men.

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Again, funnelling back to what I was initially discussing is that this interactive platform that we are set to build will have specific modules built out specifically for women, built by women entrepreneurs, led by women entrepreneurs. So really keeping our ear to the community, and into the communities, that's where we're able to speak with women entrepreneurs and understand what their biggest issues are and to be able to deliver programming to help educate, inspire and provide the resources that they need to deal with the magnitude of threats that are coming at them on a daily basis.

The Chair (Mr. Amarjot Sandhu): Thank you so much. That concludes our time. Thank you to all three presenters for your presentations.

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The Chair (Mr. Amarjot Sandhu): Moving along to our next group of presenters, first I would like to call upon FirstOntario Performing Arts Centre. If you can please state your name for the record, and you will have seven minutes for your presentation.

Ms. Colleen Smith: Hi, I'm Colleen Smith.

The Chair (Mr. Amarjot Sandhu): You may start.

Ms. Colleen Smith: Thank you. As social gathering remains a threat due to COVID-19, the sustainability of arts entertainment and the tourism industries continue to be impacted. How do we stage our comeback? With investment and support in time, space and voice; these are my three recommendations to all of you today.

My name is Colleen Smith. I am the executive director of the FirstOntario Performing Arts Centre located here in downtown St. Catharines and serving the greater Niagara region. Thank you for the opportunity to speak today to share our experiences, our challenges and our recommendations.

Professional arts centres like ours are anchor institutions and are economic drivers for cities across our province and indeed across the country. We are a part of a \$25-billion tourism sector that, before COVID, employed more than 360,000 people. That's one in 20 Ontarians.

Locally, operating with a \$5-million annual budget, we have seen exponential growth of our downtown core in St. Catharines since our doors opened in 2015, with over 40 new businesses opening downtown. We are also a part of the Greater Niagara Chamber of Commerce, which represents 1,500 businesses and organizations in the region, many of whom are impacted by our business on a nightly basis. We have partnership agreements with the city of St. Catharines and Brock University that allow us to support local organizations and act as a hub for education and learning.

We are a multi-use facility with four separate venues under one roof, and we showcase music, dance, theatre, film, comedy, speakers and more. Our spaces accommodate from 200 people to 800 people. In 2019 alone, we held approximately 1,000 events in our facilities. And of course, our patrons that come here frequent local neighbouring downtown shops and restaurants on a regular basis.

Like many of our sister businesses, comparing our opening year in 2015 to our current COVID reality just five years later is night and day. We have laid off 90% of our workforce, and our season and our rental business is on, as we say, intermission. This year alone, our earned revenue is down 73%. Our current projections for 2021

show a total COVID impact of \$2 million on our business in lost revenue, increased operating and safety costs and staffing adjustments. While we are grateful for the government's interim emergency support and funding grants for live entertainment businesses, employees and artists, where the FirstOntario Performing Arts Centre exists as an entity under a municipal board, we are not eligible for the Canada Emergency Wage Subsidy.

As our downtown businesses, restaurants, sports and rec centres are now opening by staggering public occupancy, it is really difficult for us to sustain our 95,000-square-foot venue without adequate audience traffic and associated revenue. With current indoor social distancing capacities of 50, our revenue opportunities from ticket sales and rentals just cannot justify our expenses.

Over the last five years, we have showcased an amazing range of artists nationally and internationally. In addition to the obvious COVID safety concerns, the reopening, or lack thereof, of the US border poses a risk of product for our business, as talent operators require a robust touring economy to generate the means necessary for artists to make a living through live performances.

What we know is that artists and arts organizations are resilient and that we are necessary to reignite the economy in our regional communities. Recently, we have begun to host a series of outdoor activities for no more than 100 people, of course abiding by our provincial protocols. We've also advanced our ability and our proficiency in professional livestream concerts and events from inside our venues. We're doing all that we can to keep our industry afloat.

Although these recent activities help with the engagement and support of our neighbouring businesses, they are very costly to operate and not sustainable. The limited numbers for us equals limited revenue. Today, I'm here to stress the importance of long-term support and continuity planning through the main recommendations of time, space and voice.

In terms of time, we are asking for:

- sustainable long-term funding models;
- mechanisms to support revenue loss and reduced capacities;
- a multi-phase strategy;
- bridging income support and protection for arts workers and creators beyond CERB;
- funding support for cultural content, including digital, because without the artist's work, our infrastructure and our employment opportunities would not exist;
- funding support for our arts partners like symphonies and choirs, whose livelihood depends on gathering;
- additional funding for the Ontario Arts Council and Ministry of Heritage, Sport, Tourism and Culture Industries through the 2021 and 2022 recovery periods;
- government-guaranteed small business loans for the tourism and hospitality sector for the recovery stages; and
- added operational funding, accessible to municipal service boards like ourselves, for health and safety supplies, PPE and cleaning.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Colleen Smith: Our second request is for space: permission to expand safe gathering protocols. From an economic perspective, current capacity regulations don't allow us to operate. Unlike sport and recreation, live entertainment centres are still restricted to 50-person capacities, even in multi-venue buildings like ours. While we agree that the health of our workers, our artists and our public is of the utmost importance, we ask for permission to expand safely and use multiple rooms with staggered times, just like recreation and sports are currently doing.

Finally, our third recommendation is around voice: an opportunity for industry professionals like myself and my colleagues to provide consultation to the government on plans and methods of innovation relating to strategic reopening solutions for the live and performing arts industry.

Unfortunately, not all businesses have been impacted equally. Revenues for tourism association—

The Chair (Mr. Amarjot Sandhu): Thank you. Apologies to cut you off. The time has come up.

We'll move to our next presenter, Interactive Ontario. Please state your name for the record, and you will have seven minutes for your presentation as well.

Ms. Lucie Lalumière: Lucie Lalumière, Interactive Ontario. I'm unable to start my video—okay, here it is.

Hi, I'm Lucie Lalumière. I'm the president of Interactive Ontario. Before we start, we want to thank you for your time today and for your support during these challenging times. We also want to thank Ministers Sarkaria and Fedeli for inviting us to speak today, and to Minister MacLeod for supporting our industry.

Interactive Ontario is the trade association representing the interactive digital media industry in Ontario; that is, the industry producing and commercializing video games, virtual and augmented reality applications, e-learning content and other innovative interactive digital media applications.

Our group today includes three members of Interactive Ontario who are in leadership positions. They are Joel Burgess, studio director at Cappybara Games—Cappybara is a small game developer that has been making award-winning games for over 15 years, including titles that you may have played like *Grindstone*, *Below* and *Sword and Sorcery*.

Mary Sorrenti is the VP, Game Pill and VRGEN. Game Pill was founded in 2008 and is located in Vaughan. They got their start helping brands bring their properties to life across mobile PC virtual reality and augmented reality. In recent years, they have transitioned to developing their own unique game IP.

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The third one is Jonathan Stanton-Humphreys, CEO of HitGrab Game Labs. HitGrab is an indie studio that has been producing award-winning games since 2008 on mobile, web, PC and console platforms.

Our industry is techno-creative since the skillsets required to succeed are both technical and creative. We are also an innovation-based sector since we have to continually push the boundaries of creativity and technology to

compete worldwide. Pre-COVID-19, our industry in Ontario was on a steep growth trajectory. We generated over \$3 billion in GDP; we brought new money into the province with 91% of revenue coming from international markets—91%; we employed over 22,000 people across the province with a steady need for a young workforce. In fact, the average employee age in our industry is 31 years old and they hold attractive, high-paying and knowledge-based jobs. The average salary in our industry is \$74,000.

However, compared to more mature jurisdictions, our ecosystem in Ontario is still emerging. Most of our companies are small and young SMEs, and in fact, over a third of them have only been in operation for five years or less. This shows you the entrepreneurial and innovative nature of our industry, but it also shows you that our sector in Ontario is more vulnerable to economic uncertainty than other, more mature jurisdictions.

We conducted a survey at the onset of the pandemic. It is outdated, and we're currently surveying the industry to monitor changes. But the two main risks identified are still relevant. The first one is a limited cash runway. Gratefully, since early April, that risk has been partly mitigated by measures implemented by the federal and provincial governments, such as the wage subsidy, the Canada Media Fund emergency fund and the fast-tracking of the Ontario interactive digital media tax credit. On the latter, we want to thank Minister McLeod and her team at the Ministry of Heritage, Sport, Tourism and Culture Industries, as well as Ontario Creates, for the tremendous efforts they put into fast-tracking the processing of files.

The second risk is the fact that business development has been significantly impeded. Companies in our sectors need to secure work many months in advance, but since the start of the pandemic, business development and fundraising activities have been severely impacted. Our growth has been stymied at a time where and when we are poised to grab a bigger piece of the global market. And that's a huge market: It will be \$150 billion by the end of the year. People of all ages and genders play games, like any other piece of entertainment. This market is poised to grow by 8% worldwide while the global economy may not even grow over the same period of time.

In order to seize this opportunity, Ontario must be competitive with other jurisdictions. Interactive Ontario and a group of business leaders made recommendations under the auspices of Minister McLeod's IDM council. We support those recommendations, but today we want to call your attention to the fact that Ontario must improve its Ontario interactive digital media tax credit. Our tax credit is an investment tool and it has been instrumental to the growth of our sector, but we have to bring it up to date to what other jurisdictions are doing. Jurisdictions around the world are tuning into the fact that our industry will continue to grow and create high-paying jobs post-COVID.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Lucie Lalumière: Companies in our sector are courted by jurisdictions worldwide, offering them to open virtual offices of remote staff in their jurisdictions to

leverage their tax credits and create jobs in their jurisdictions. Therefore, industry and government must work together to adapt our tax credit to the evolving needs of the global market

We have made recommendations that are specific and we will share them with you in a written submission. We're ready to work on them with government. We have what it takes to become a leader. We have a diverse workforce, highly qualified creative and technical talent, top-notch post-secondary institutions and great entrepreneurs. Let's decide to be ambitious and aggressively go for grabbing a big piece of the global [inaudible]. Let's make it happen together. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Our next presenter is Ontario Centres of Excellence. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Claudia Krywiak: Claudia Krywiak, CEO of Ontario Centres of Excellence.

The Chair (Mr. Amarjot Sandhu): You may start.

Ms. Claudia Krywiak: Thank you to the members of the committee for your time today and for your continued commitment to seek feedback directly from partners. I would also like to thank you for your leadership through these unprecedented and challenging times. OCE is a not-for-profit organization funded by the Ministry of Economic Development, Job Creation and Trade. We work in partnership with government, industry and the post-secondary sector to accelerate the development, commercialization and adoption of new technologies that will create jobs, drive economic growth and enhance Ontario's competitiveness in the global economy.

As a result of the quick action taken by this government, industry and communities across the province in response to this unprecedented situation, we have responded to the immediate challenges presented by the pandemic. As evidence of this response, OCE worked together with over 40 stakeholders from across Ontario's innovation ecosystem, including universities, colleges, accelerators, regional innovation centres, economic development offices and angel investors, to create the COVID-19 Collaboration Platform.

This platform brought together innovators, experts, researchers and industry partners on collaboration opportunities to address the immediate challenges facing front-line health care workers and to develop innovative solutions and production of procurement-ready products, supporting the Ontario Together effort. In its first two weeks, the collaboration platform received over 400 submissions and resulted in hundreds of new introductions, collaborations and R&D partnerships that led to the development of new products, submissions to Ontario Together and the rebuilding of Ontario's manufacturing supply chains. Now we are presented with both the longer-term challenge of economic recovery and the opportunity to rebuild better and leverage Ontario's strengths to emerge as a global leader in innovation.

Today, I am here to provide feedback that we have heard directly from SMEs that we work with across the

province, including companies like MediSeen, who you'll hear from later today. These companies, from Windsor to Thunder Bay, representing sectors that range from agriculture to quantum computing, are facing challenges that have been amplified by the pandemic and are struggling to build the pathway back to economic recovery and prosperity.

Among the considerations that will be important with respect to Ontario's economic recovery and rebuilding efforts, I would like to highlight three important areas of opportunity: (1) digitization as a tool to build resilience and provide a competitive advantage for Ontario's SMEs; (2) strengthening the tech sector and recognizing the role it plays in economic recovery; and (3) commercialization of made-in-Ontario technologies to build our future. These areas of focus will accelerate Ontario's economic recovery and provide much-needed support that will help Ontario's SMEs grow and succeed, fostering economic resiliency and global competitiveness.

With respect to digitization, Ontario businesses have faced significant challenges resulting from social distancing measures and disrupted global supply chains. Companies that have built digital capacity have proven to be much more resilient and are recovering more quickly. Providing Ontario SMEs with access to advanced technologies can assist companies in their recovery and ensure their resilience in the face of future challenges. Recommendations include:

- providing Ontario SMEs with access to advanced technologies and platforms and digital tools like machine learning, cloud computing, data analytics and 5G, and build capacity for technology development and deployment across key sectors through regional technology development sites and demonstration zones;

- extend access to 5G and other advanced technology platforms, to be inclusive of small and medium-sized northern and rural communities where barriers to new technology adoption and deployment can be significant; and

- help Ontario SMEs recruit and retain highly specialized and technical talent to accelerate technology development and deployment.

With respect to strengthening the tech sector: Technology SMEs are the backbone of an interconnected supply chain that supports diverse industry sectors and drives regional growth and prosperity. Assisting Ontario SMEs from start-up to scale-up to support pivoting, to take advantage of new market opportunities and to promote their solutions for international export would play an important role in rebuilding the tech infrastructure and accelerating economic recovery and resilience.

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Recommendations include: foster initiatives for government and the broader public sector to become early adopters and first customers of innovative made-in-Ontario technologies; issue public sector challenges and support innovation-based procurement to drive digitization and technology adoption across the public sector; support SMEs to pilot and demonstrate their innovative solutions with first customers and early adopters.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Claudia Krywiak: With respect to commercialization of made-in-Ontario IP, Ontario holds the unique position in Canada of having 46 publicly funded post-secondary institutions capable of supporting the translation of world-class research into economic outcomes that support Ontario's competitiveness.

Recommendations include: build and invest in partnerships between established local industries and post-secondary institutions in order to commercialize IP, transfer technology and solve business and market needs; de-risk early-stage ventures commercializing academic IP by providing seed financing.

Early in the crisis, there was a discussion about the return to normal. As the situation developed, however, our language has evolved, and we have an unprecedented opportunity to create a new normal, one that leverages existing strengths and builds an innovation-based economy that will drive job creation and provide Ontario's SMEs with a competitive advantage globally.

On behalf of OCE, I would like to thank the members of the committee for providing today's forum to seek feedback from stakeholders and for taking the time to listen to our recommendations as we work together to support job creation and drive economic growth in the weeks, months and years ahead.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll start with the questions now, and we'll start the first round of questions with the government. Are there any questions from the government side? Seeing none—

Interjection.

The Chair (Mr. Amarjot Sandhu): Oh. MPP Smith. Unmute, please. Can you unmute from your end, please? Sorry, we're still not able to hear you.

Mr. Dave Smith: It's supposed to be MPP Barrett who is up first for us.

The Chair (Mr. Amarjot Sandhu): MPP Barrett.

Mr. Toby Barrett: Chair, am I coming through now?

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Toby Barrett: I just couldn't get unmuted.

The three presenters—just a wealth of information. Maybe I'll jump down to Interactive Ontario. Lucie, I have to admit, the last video game I played was probably Duck Hunt maybe 35 years ago, with my son. I love that game. That serves me well because I enjoy duck-hunting, and it has developed my skills. I used to be in the militia, and I can just imagine the skills that are technical or manual that can be transferred digitally. So much of our economy is manual labour. I have a farm background and I've worked in construction. I have no idea about the various games now, but I see tremendous opportunities as we all spend an awful lot more time on Zoom—which I'd never heard of a number of months ago, and now I live on it.

Am I correct? Are there opportunities for you to transfer so much of your work to the military, to the real world, to construction, and perhaps, in this case, to government, as the need is apparent for government to go digital?

Ms. Lucie Lalumière: Absolutely. In fact, our people cross-pollinate other economic sectors because they combine these tech and creative abilities.

Is it possible to unmute all of my colleagues when we have a question? Because I would like my colleagues to be able to respond as well.

The Chair (Mr. Amarjot Sandhu): No, sorry. Unfortunately, we are not able to unmute everyone. They just have to raise their hand, whoever wants to answer.

Ms. Lucie Lalumière: Okay. Is there anyone—

The Chair (Mr. Amarjot Sandhu): Yes, go ahead please.

Ms. Mary Sorrenti: Yes, I think that's a great question. I think that's exactly what our sector does on a daily basis. In addition to video games, which is something that we can all relate to and understand, and perhaps have played at one point or another, many of the products that we work on do cross-pollinate, whether it be in education or, as you mentioned, the military or other sectors.

For example, we've worked on a virtual reality motion product, and even though it was intended for the use of entertainment, we were approached by several different sectors in ways that we could use that platform and the underlying engine to service things like military or vehicles or other sectors, and use it for training purposes, because it allows them to be immersed and feel and actually demonstrate their training in a safe environment.

I'll pass it over to Jonathan.

Mr. Toby Barrett: Yes, please do.

Mr. Jonathan Stanton-Humphreys: Thanks, Mary.

Yes, I think Mary summed up a large amount of what I was going to say. I was also going to give one of the examples that happened recently. One of the really big online gaming communities hosted the first digital music festival and the launch of a new music album, with unprecedented levels of attendance. We're seeing this incredible transfer of gaming communities, and those digital spaces are becoming spaces where various entertainment arts are able to now begin to compete.

I think what you're going to see in the years to come is the normalization of game. We have an entire generation of people who love playing games, and games become part of their life. They play it on the train in the morning. They play it at all ages. One of our games has a massive following of 60-plus players, so all age groups. Games are becoming just a natural part of life, and so there's an entire way of building products now called gamification, where you take learnings from games and the way that games work, and you apply it to various industries and products. So, absolutely, it's a massive industry, with massive scope and growth.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Toby Barrett: I think anything you can do to make government a lot more fun, and—why are people in business; I mean, why do we farm? Because we enjoy it. The last thing we want to do is interact with government and fill out the myriad of forms and paperwork and all that kind of stuff. If you can fast-forward that stuff to really catch up with where people really want to be, where you need to lower those kinds of barriers where people perhaps

aren't using government to the extent that they should—I don't know; any thoughts on that? You're in that business. We're in the business of bureaucracy and paper, it seems, and I would ask you, beyond this and the other organizations here, the centre for excellence—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry, MPP Barrett. We'll come back to you in the second round.

We'll move to the opposition now. MPP Sattler?

Ms. Peggy Sattler: Thank you to all three of the presenters. They were very informative and detailed recommendations.

I wanted to start with Interactive Ontario. Certainly, I'm MPP for London West, and London has a growing tech sector that we're very proud of, generating a lot of jobs, as you say, for new graduates and others. You mentioned that a third of the companies that you represent have been in business five years or less, and you also talked about the cash flow pressures and business development pressures since COVID hit; there has been no opportunity for these new companies to be landing contracts.

One of the things this committee has heard about a lot is commercial rent, and concerns about what's going to happen when the moratorium on commercial evictions is lifted, and also the limited uptake from landlords to provide commercial rent relief for small and medium-sized businesses. I wondered if you have heard that from the companies that you represent. Is that a concern for the digital media sector?

This was a question for Lucie.

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Ms. Lucie Lalumière: I'm going to ask Joel to respond to that, but in general I would say no, because our industry is flexible and resilient, and we are able to work from home. It has some issues in terms of productivity, and our businesses right now are looking at a mixed model of returning some people to the office.

Anyway, I'll stop talking and I'm going to ask Joel to take that on.

Mr. Joel Burgess: Speaking generally about the impact through lost opportunities for networking, travel and exposure, like Lucie says, we're pretty adaptable in games. We're also tech-ready. Things like this were easy for us to adapt to. In fact, I cancelled meetings, because I'm virtually attending a conference in Germany right now that's happening today, yesterday and tomorrow, called MeetToMatch, so those sorts of B2B opportunities exist, and existing connections that we have are there.

Really, the risk of COVID right now, particularly for Ontario, is on the smaller enterprises. Compared to other jurisdictions throughout Canada, Ontario has the most number of game development studios, but a small number of employees. Which is to say, we have a lot of small studios. And that's our competitive advantage, because this is a hit-driven business where you never know what is going to be the next application, whether it's a mobile game or it's going to be a console game or it's going to be a VR or an AR application in a non-entertainment industry. And without having the ability for a lot of groups

to survive and experiment and innovate, we lose that competitive advantage.

So that's what I've been concerned about throughout the pandemic, seeing funding opportunities—partners who usually invest, who are now a little bit more skittish because of the economy and the impact that they foresee in the next year or two, are not putting money into the small companies. The big companies are going to be fine. They're going to survive it and ride it out, or at least with less impact. But I'm worried about small innovators in Ontario, who should be growing and becoming the leaders of the next generation in IDM, going away because of what's happening. Rent is a small part of that, but I think the opportunities and the exposure are really the big, more existential threats to the future opportunities.

Ms. Peggy Sattler: Okay. Thank you very much. I also wanted to follow up on the Ontario digital media tax credit. Lucie, a couple of times you emphasized the importance of improving that tax credit as an investment tool to maintain Ontario's competitiveness versus other jurisdictions. Do you have any kind of estimates of how much Ontario is potentially losing because we are not competitive in terms of that tax credit?

Ms. Lucie Lalumière: I'll pass this on to Mary.

Ms. Mary Sorrenti: Hello. Thank you. I think that's a really good question. In terms of what we are actually losing, it's very difficult to say. We don't have any estimates on those numbers.

What we do know is that Ontario has always been very competitive, and part of that reason is because of our tax credit. It's now more important than ever that we maintain our competitive advantage, largely because, as Lucie had mentioned, there are other jurisdictions right now that are recognizing the importance of this industry and are supporting tax credits and/or implementing new tax credits in other provinces as well as around the world.

Now would be the time, so that we're not losing companies or the attraction of new companies into this province to these other jurisdictions.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Peggy Sattler: Okay. Thank you very much. I think in my final minute I'll turn it to Colleen from FirstOntario Performing Arts Centre. I think you were in the middle of finishing off your third recommendation, which was about consultation and input from this sector in terms of the live and performing arts industry in Ontario. I wondered if you wanted to finish your thought.

Ms. Colleen Smith: Hi. Thank you for that. My final points were just to reiterate that we wanted to have the opportunity to be at the table with other businesses, even though we are fundamentally representing and are a non-profit entity. We still would like to have the ability to contribute to the gathering limits and also how our industry comes back online again. So thanks for the opportunity.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll now move to the independent members? Any questions?

Before we go back to the opposition, I believe, can we do an attendance check? MPP Gélinas, can you please confirm your attendance?

M^{me} France Gélinas: Hello. This is France Gélinas, MPP for Nickel Belt, and I'm in beautiful Nickel Belt, Ontario.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go back to the opposition for their second round. MPP Lindo?

Ms. Laura Mae Lindo: Thank you to all of the presenters. One of the bigger threads that I'm hearing again today is that a number of investments were made in some pretty interesting and innovative sectors prior to COVID and that part of the concern in the asks that are coming to government now are to ensure that we don't lose what we've gained. That's my starting point.

I'm going to start with FirstOntario Performing Arts Centre and Colleen. We have been told in committee by a variety of the sectors during the hearings that performance arts centres are the centre of this web. What happens to you will have an impact on restaurants in the neighbourhood, on the artists who are struggling at this point because they've been working as self-employed and they may not have a space etc.

What I really liked about your ask to the government today, this long-term support and funding model that has a multi-faced strategy is something that I think sums up what we've been hearing throughout all of the hearings. Could you speak a little bit more about what you would imagine that looks like or what kinds of pieces you think need to be in that long-term strategy, so that we can make sure that's on record as we move forward through the pandemic?

Ms. Colleen Smith: Thank you very much. The live performing arts industry, as many people know, has been significantly impacted by the pandemic, and when we look at long-term strategies, the first thing we need to do is ensure that we have creative content—and, really, that spans whether it is in a digital realm or whether it's in live performance entities—we have to ensure that the creators and the artists that really drive the business continue to be supported and invested in. I think that is really critical from the very beginning, to ensure that we think of our content creators.

The next stage in that is looking at, from my perspective and some of the organizations, not unlike Interactive Ontario, how you look at some of the smaller entities and the start-ups that are having challenges because they're in a very precarious moment. The same thing goes for non-profit entities in some of the smaller arts organizations. They have very, very limited margins in terms of what makes them sustainable, and I think continuing to support community-based, inventive, innovative, grassroots organizations is really critical, that we have that ecosystem from the very small to the very large.

Then, I think the third thing is ensuring that the spaces for which we can create content and where we can gather are maintained, and that is where an industry or an organization like ourselves comes into play. So ensuring that we have the infrastructure and the ability to safely house creation, performance and gathering. That's how I would look at it from a multi-staged perspective.

Ms. Laura Mae Lindo: Thank you so much for that insight. It's interesting because we've also been hearing that within any of these sectors, different organizations within the sector are impacted differently. So depending on what your space looks like, for instance, you may be able to do more and house more people because you have the space to do so, but other places won't.

But what's been rolling out from government—partially, I would argue because we're in this state of emergency—has been sort of one size fits all, but now, as we start to think about looking into the future, we can get more strategic in our investments.

With that, I want to move over to Lucie and Interactive Ontario. It's nice to see you folks again. I'm still all excited because we're talking about video games, and I'm totally with the other member in government that was saying we should make video games for all government proceedings. I would be all over that.

One of the pieces that we heard earlier from—I think it was one of your colleagues from Avara Media Inc. They were explaining to us that your industry is a young industry and so by the time COVID hit, the impact was very specific, and that the needs now—the investment in your industry—will actually pay dividends down the road. I'm wondering if you can speak a little bit more about what it is that you need to help the industry get to maturity so that we don't lose that opportunity?

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Ms. Lucie Lalumière: Thank you for your question, and I'm glad that you're back.

Tax credits: I know we keep talking about tax credits, but that's the most important thing that we can do to help our industry because of the competitive nature of our industry. If we don't do anything, we will remain at the stage where we were about to become a leader, but other jurisdictions will—to give you an example, without naming the jurisdiction, right now they are aggressively approaching some of our studios to encourage them to open virtual offices in their jurisdiction, because this is an investment. The more jobs created, the more additional jobs will be created and the more foreign direct investment you attract. The most important thing we can do is modernize our tax credits. I don't know if one of my colleagues would like to add to this.

Mr. Jonathan Stanton-Humphreys: Hi, thanks. Jonathan here. I'd like to add that one of the things with the video game industry is, as Joel said, you never know where the next hit is going to come from. It's a creative industry. It takes time for people to really bear down on the industry and figure out the ins and outs. It's a rapidly evolving industry. So tax credits are really important. Honestly, more funding for the Ontario Creates IDM Fund would be phenomenal. As the complexity of video game development grows, the costs increase, and as the costs increase we need more support to ensure that we're building a really professional product—

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll go back to the government side now for their

second round. Any questions from government? MPP Crawford.

Mr. Stephen Crawford: Yes, thank you, Chair, and great presentation by all three of you.

I'd like to start off with questions to Interactive Ontario. I just wanted to get your perspective on what sort of non-financial measures we can take to really help in recovery, whether it be regulations or other things that you would recommend. We have 380,000 regulations in Ontario, more than any jurisdiction in the world. What can we do that are quick regulatory or quick possible changes that can help get things moving?

Ms. Lucie Lalumière: I will sound like a broken record, but there are things that could be done very quickly in terms of regulation and the tax credits. I'm going to let Mary explain, for example, the residency requirement, so I'll move on to Mary.

Ms. Mary Sorrenti: Thank you. Yes, to Lucie's point, I think many of the recommendations that we have submitted and will submit after this presentation talk about modernizing the tax credit and a lot of that is regulation as well. As Lucie pointed out, the residency requirement—right now, every employee that we have in Ontario, if they are a foreign employee that has come into Ontario to work in Ontario for a company, that employee's labour is not eligible for the tax credit in the year in which they arrive. For example, if I were to hire an employee from outside of Ontario on January 2, all of that labour, for which we've already said the average wage is over \$70,000, would not be eligible for the tax credit in this current year because that employee did not begin on December 31; instead they started on January 2, perhaps because of a holiday. Therefore, companies are now making business decisions to try to ensure that they are onside for the tax credit. Those may not necessarily be the best decisions for the company. Things like that, by changing that requirement, so that employees that are filing their T4s and paying income tax in Ontario and in Canada should be eligible for that tax credit in the year in which they're paid in Ontario. That is one of the suggestions that we have made, and that is a regulatory change.

Mr. Stephen Crawford: Okay. Another question—and I'd like to again ask Interactive Ontario, but perhaps even the Ontario Centres of Excellence as well: I'm assuming you probably have a lot of people who work, you mentioned, in their homes, so I would assume that's throughout the province. I wondered if you could give me some insight as to the lack of broadband and how that's affected some of these people, and what you would suggest in that area.

Ms. Lucie Lalumière: I'm going to pass this on to Jonathan.

Mr. Jonathan Stanton-Humphreys: I can only speak for our company. We have people across the GTA and we've had no issues with connectivity.

Mr. Stephen Crawford: Okay, and Claudia?

Ms. Claudia Krywiak: Yes. We've received considerable feedback from specifically northern and rural communities, SMEs in those communities, just more generally

around the challenges with connectivity and high-speed broadband access in those areas. Once you leave large urban centres like Toronto, you don't really have to go that far for this to become a significant and serious issue. This impacts SMEs' ability to do business, especially since most of us are still in a virtual environment. With children having experienced virtual learning, it's actually a necessity. So this is a really critical issue, especially in northern rural communities, small communities that are outside of large urban centres.

The government has made investments in that area, but more importantly [inaudible] significant [inaudible] and it's also [inaudible] inclusivity as well, because access to broadband and connectivity, especially in the new normal with this global pandemic, is of the same level as just having access to electricity, access to water. So yes, absolutely, this is an issue for businesses and for communities across the province.

Mr. Stephen Crawford: Okay. Thank you very much.

A final question to Colleen: I'm just wondering—and this is maybe a very broad question, but where do you see the arts centre 12, 18 months from now?

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Stephen Crawford: How are you adapting, and what kind of trend do you see over the next six, 12, 18 months to get back to normal?

Ms. Colleen Smith: Hi. Thank you for that. I think everything for us, really, depends on our ability to gather. That is what our space is built for. That is what our clients and our artists do best, is the interactivity between artists and audience. So when we look into the future, it all depends on our ability to be able to use the space safely. Currently, we're exploring outdoor activities. Of course, we're exploring live streaming as well.

I'm really thankful for the opportunity to be on the call as well right now with Interactive Ontario, because I think that there are opportunities for traditional art forms to really collaborate with and benefit from the interactive movement in digital art.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. That concludes our time. Thank you to all three presenters for your time and for your presentations.

DRINKS ONTARIO

MR. STEPHEN BECKTA

MEDISEEN HEALTH

The Chair (Mr. Amarjot Sandhu): Moving along to our next group of presenters, first, I would like to call upon Drinks Ontario. If you can please state your name for the record, and you will have seven minutes for your presentation. Drinks Ontario?

Mr. Jim Lisser: Yes. Good afternoon, and thank you. It's Jim Lisser, Drinks Ontario. We appreciate the opportunity to provide input and offer feedback into the government's numerous actions to support small and medium businesses.

As a way of introduction, Drinks Ontario is the leading advocate for businesses in the Ontario beverage alcohol industry. A membership-based trade association, we represent manufacturers, agents, marketing groups and trade offices. We've sent in an appendix for that. We support over 3,000 jobs in Ontario and, last fiscal year, helped drive LCBO revenue to exceed \$6 billion, with 95% of this represented by agents.

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We thank the government for its efforts and strategies throughout the COVID-19 pandemic in keeping Ontarians healthy. We commend its ministries, such as finance, Attorney General and small business, and its agencies, LCBO and AGCO, for implementing measures to sustain and to propel Ontario into recovery. Measures such as allowing restaurants to sell beverage alcohol with takeout delivery food items provided an important additional revenue stream for these businesses to survive financially while also allowing distribution outlets to continue for our members.

Mixed cases through specialty services at the LCBO enhance service and choice levels to consumers with contactless delivery. Members have now further developed their business models, and marketing initiatives to support our local Ontario producers have also had a positive impact.

We want to publicly applaud the LCBO, its senior leadership and all of its employees for ensuring a continued high quality of service level throughout the supply chain and retail distribution points. The strong operation allowed for members to continue to operate and provide a foundation for recovery.

Now, looking ahead, we've developed some recommendations for the committee to consider, both short term and long term, with the ideal of modernizing beverage alcohol in Ontario and providing additional convenience and choice. We agree with the government that Ontario deserves the best marketplace for beverage alcohol distribution in North America. However, we understand that the Master Framework Agreement, MFA, continues to be an impediment to this change. We understand negotiations continue, and as part of this review we encourage a speedy resolution to enact the change that will drive small and medium-sized Ontario businesses.

In the meantime, here are our short-term recommendations:

(1) Immediate implementation of the cost-of-service differential: Every three years, an audit of LCBO operations is conducted. The audit is designed to evaluate the extra tax levied on foreign products due to the increased costs of the LCBO importing these products. The audit stated that dramatic reductions in the costs relating to importing were discovered. It outlines the requirement in the reduction in the cost-of-service differential—COSD—pricing and would be a welcome adjustment for members as this cost is passed on to them.

Our ask is that the Ministry of Finance immediately implement the audit results into the pricing calculations

for period seven, September 13, 2020. This implementation of the new COSD rates will assist members and agents in recovery. These Ontario businesses drive significant net capital inflows to the economy, and the thousands of dollars recuperated will go back into these small businesses, allowing them to increase employment, investment and sales, and marketing initiatives and business development.

(2) Restaurant support: Continue take-away distribution. Restaurants are vital to the long-term success of the economy in our culture. We believe support mechanisms for this industry are a top priority. We were delighted with the amendment to regulation 719 in the Liquor Licence Act. However, the proviso expires on December 31, and we want to encourage the committee to recommend that take-away delivery for beer, wine, cider and spirits be permanently implemented by the Ministry of the Attorney General and its agency the AGCO. An amendment will continue to facilitate the existence of many restaurants, allowing them to pivot to sell take-away food and beverage alcohol together. This strategy meets the government's ultimate goal of providing additional choice and convenience for Ontarians.

(3) Expanded product choice: supporting small and medium businesses by beating the needs of the marketplace. We encourage the committee to allow for expanded product selection. Understanding again the MFA limitations, Drinks Ontario proposes the following:

Expanded wine selection: Currently only generalist wines can be distributed through the grocery channel. By enabling businesses to offer more diverse offerings, such as Vintages Essentials, this will boost consumer choice immediately and provide businesses with further opportunity to expand their sales and generate income.

Equal access for spirits: Drinks Ontario would like to reiterate the importance of value, choice and fairness. We continue to support Spirits Canada's call for equal access for spirit-based products through the current grocery channel. This would again facilitate business growth and provide additional choice for the Ontario consumer.

Bag-in-the-box: Our domestic members are grateful for the opportunity to broaden the local bag-in-box assortment, and we thank the government for that. Drinks Ontario has been promised that the opportunity for Ontario businesses to offer imported bag-in-the-boxes will soon be forthcoming, we expect and hope in September.

We wanted to reiterate and highlight the demand for imports. Ontarians shop 32% domestic versus 67% imported wine, and that imported in-box format sales have grown 30% since March, versus the industry growth of about 3%. To best serve Ontario consumers and provide value, fairness and choice, we recommend a minimum of five new SKUs and foresee the potential immediately for—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Jim Lisser: Sorry?

The Chair (Mr. Amarjot Sandhu): One minute left.

Mr. Jim Lisser: As a follow-up to previous discussions, and with the objective to modernize Ontario best-

in-class, we recommend further exploration of the implementation of a wholesale structure. The current route to market for goods flowing through Ontario—LCBO warehousing and pricing—do not allow for flexibility for multiple retail channels. A wholesale environment like BC would foster this new retail environment and provide enhanced pricing at lower levels for restaurant and grocery, and at the same time would not jeopardize the government of Ontario's annual revenue transfers that are currently in place.

As we move ahead into the new normal, Drinks Ontario looks forward to working together with the government and the agencies to develop an even stronger beverage and alcohol sector in Ontario, and believe these innovative changes would fuel tremendous opportunities for the beverage and alcohol sector and associated industries, enhancing the existing LCBO model to drive jobs—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. The time has come up.

We'll move to next presenter, Stephen Beckta. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Stephen Beckta: Thank you very much. My name is Stephen Beckta and I'm the owner of three fine-dining independent restaurants in Ottawa, and employ close to 140 staff.

I want to thank the finance committee and the Ontario government for inviting me here today to testify, and for all the incredible efforts that you have made on behalf of restaurants and small businesses during this very challenging time. Your efforts are immensely appreciated, and along with the federal wage and rent subsidies, you have helped most in our industry survive the greatest challenge to our business in memory.

I'm not here today with a long list of financial asks for our industry or for our personal businesses, but hope to add some context to the conversations you are having as you consider what measures to be put in place or to extend in order to have the majority of restaurants in Ontario survive this pandemic, while continuing to offer employment to so many and continuing to feed our communities at large in a safe and responsible manner.

My first point is that restaurants are not the same as bars and should not be lumped into the same category of businesses that might need to be shut down again, should a second wave of COVID show up in Ontario. Jurisdictions around the world have shown that with responsible service in restaurants, with proper spacing and sanitizing procedures, restaurants can be a safe place to have a meal during these times. However, I believe that a greater effort to police social distancing in all types of establishments by AGCO inspectors, along with local police and bylaw officers, is required in order to make sure that everyone is doing their part to contain the spread of COVID in our province.

There have been three main areas where I feel like the provincial government's loosening of restrictions during this pandemic were key to survival for many, including our own business, and that I hope will be made permanent to allow the survival of so many.

The first is to allow permanent off-site sales of alcohol from restaurants along with the purchase of food. This was game-changing for us and for so many who saw their sales decline by up to 90% from pre-pandemic levels, even with the addition of takeout and patios. While this initiative is set to expire December 31, my greatest request is that this program become the new normal, just like so many areas around the world, including Alberta and the bulk of states in America.

The second huge success that came from less regulation around restaurants was the ability for restaurants to set up patios, in socially distanced ways, by extending their current liquor licence without any additional applications to adjacent outdoor spaces, of course with approval from municipalities. This gave us hope during a very dark time that we could once again serve guests safely and generate at least a little bit of revenue. Seeing the success of this program and the ease with which it was implemented, I would request that it become the default in years to come.

Finally, I'd like to request to permanently extend the EHT exemption to \$1 million for small business. Extra-source deductions like the EHT is the greatest barrier for many employers to take on extra staff and to keep businesses going. I'm very aware of the extra debt that the province of Ontario has taken on as a result of this pandemic, but I believe that this small amount of revenue that is lost by extending this exemption to small businesses will allow many to live to fight another day.

I want to thank you again for allowing me to testify here today on behalf of thousands of small, independent restaurants and businesses in Ontario. I'd be honoured to take your questions when the time is appropriate.

1530

The Chair (Mr. Amarjot Sandhu): Thank you so much.

Our next presenter is MediSeen Health. Please state your name for the record and you can get right into your presentation.

Mr. Dan Warner: Great. Thank you so much for the opportunity to share feedback today. It's wonderful to be able to connect with everybody. I have some slides that I'd love the opportunity to take you through, so I'm just going to set that up really quickly here. Just one second, please.

I'm Dan Warner, the founder and CEO of MediSeen Health. I also founded a grassroots organization called the Ontario digital health alliance. I've been a part of a number of start-ups over the past 10 to 15 years. I'm very proud to have done that, entirely based in Ontario. I've also had the privilege of serving on the Premier's digital health and innovation subcommittee on improving digital health access and innovation. The Ontario government through the OCE is also a supporter of our company, and we include a number of other really incredible Canadian companies as supporters of us, and so many other innovators such as MaRS and Google and others.

We believe that, obviously, COVID has changed absolutely everything. The world has gone remote. Here we are over Zoom; I'd love to be with you all in person. But with companies big and small moving remote, and schools shifting online and hopefully safely back soon, the

world will never be the same. We need to adapt and shift. With virtual care amplifying by a factor of six over the crisis, we certainly see that maintaining, as things propel, with an anticipated half of all visits being done remotely.

Now, I'm here to share with you the plight of the Ontario health and wellness practitioners, as well as advocate on behalf of digital health innovators. What we did during the pandemic was interview over 300 health care practitioners who are based in Ontario, and they said that health-and-wellness-based practitioners are struggling. They have a reduction in their patient volumes, they have a reduction in foot traffic to their clinics. They don't have enough funding to go more than another couple of months, and even as we are now into phase 3, they aren't seeing the uptick in client volumes that they did beforehand, seeing anywhere from a 20% to even a 95% drop-off rate. Really, they need to survive and they need to be able to adapt and they need to offer new approaches.

Health care is very much shifting to remote. Globally, telehealth is approaching a quarter-trillion dollars as an opportunity and as an industry, and home health care is almost half a trillion as well. That's doubling, essentially, every three to four years, and it has continued its uptick because of the pandemic and the new normal where we see a shift towards delivery through Amazon and online sales through Shopify and other tools.

Ontario-based health care and wellness practitioners are not necessarily ready for the new normal that we find ourselves in. Helping them to adjust to outside-of-clinic care in their communities—what they told us over the past two months, by interviewing 300 of them, was they want better technology, they want better access. They want the opportunity to be their own boss. Entrepreneurship is a solution to a lot of the challenges that we face, and they really do want more flexibility and freedom to take better care of their patient rosters, to take better care of their communities, and they also want to be able to offer both virtual and in-person services outside of the traditional clinic setting, which some of them may have described as the way their parents did it. Now there's an opportunity for them to be more entrepreneurial, lean in and really deliver better access to help reduce the wait times, whether it's to seek out general practitioners or mental health care practitioners or even physical therapists.

We believe that the future of health care is very much in-home and we're embracing the post-COVID, remote-first model that we are actively advocating for, not only in the health and wellness communities but also the associations and colleges that are very much seeing that especially their newer practitioners, who could not afford their own clinic before COVID, let alone post—and giving them the opportunity of essentially building their own practice without the need of a brick-and-mortar clinic, and offering virtual care, house calls, office visits or, frankly, even opening up their own home office, much like I have right here.

Building a practice has been really daunting for so many of them. How are they going to afford it? How are they going to manage it? How do they market themselves?

There has been so much holding them back, from what we've heard from the Ontario practitioner community. What is their niche? How much does this cost? It will take too much time. But they know that patients need care more than ever.

I just got off the phone with a social worker who was laid off. She wants to provide better access to her care, outside of the clinic, for her services. Helping her to embrace the new normal and thrive is really what we're passionate about.

Now, the associations and schools did not teach them how to be independent, how to run their own business. It was very much, "How do I become an associate in a clinic? How do I get to practising? How do I do what I was taught to do?" So they were never really armed with the skill set that I have been fortunate to receive from MaRS and from the OCE, which again is an adviser and investor of ours. Our big "aha" moment was recognizing that health entrepreneurs have a really great role to play in the future to be able to deliver better access to care—which we sorely need—decentralize the model away from hospitals, away from clinics and really embrace the home and the community as the future of health care, especially as our population ages.

Our solution that we brought forward to market during COVID and beyond is what we describe as a concept called remote clinic, helping them to really be more visible in their communities and helping them to enable better access to care and more affordable care. When you cut out the overhead that a clinic entails, you can actually offer more accessible care and more affordable care.

We've been able to align with a number of leading experts to craft an educational program that will help them to be successful, help them to thrive and really achieve—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Dan Warner: —that they experience more freedom and flexibility and control, taking that community-centred approach and helping them prepare for the new normal.

The challenges that they face include a lack of coverage under OHIP—a lot of them charge privately, sometimes through insurance. Better support for independent practitioners: We really believe that they can become a pillar in the Ontario health care system as opposed to relying exclusively on a home care agency or a clinical system, really ensuring that they can maintain and ultimately grow, adapting to and thriving in the new normal.

In terms of digital health innovators in Ontario, as we've advocated with the Minister of Economic Development, we want to be able to work towards a consensus on evaluating criteria for value-based procurement, making information more accessible in terms of what the system pain points are and how new innovators, especially Ontario-based innovators, can help support that—

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. The time has come up.

We'll start with the independent members this time. MPP Hunter.

Ms. Mitzie Hunter: Hi, Chair. Can you hear me?

The Chair (Mr. Amarjot Sandhu): Yes.

Ms. Mitzie Hunter: Okay. Sorry about that. I've lost power in my building, so I'll be on as long as my battery will last here.

The Chair (Mr. Amarjot Sandhu): Sure.

Ms. Mitzie Hunter: I do want to maybe pick up where the gentleman—is it Daniel who was speaking about wellness practitioners? I'm just wondering about the shift to online and if you see an opportunity for your sector being permitted to do any part of their work online and it being allowed for billing purposes.

Can you hear me? I'm just not sure.

Mr. Dan Warner: Yes, I can hear you. Do you mind repeating the last part of your question, as I think the connection just dropped?

Ms. Mitzie Hunter: Yes. Just in terms of practitioners in your sector, the wellness sector, if you see online as an option for them and them being allowed to bill for those services that they deliver online. Do you see that as a way of managing going forward, based on the disruption that we've already had and may potentially have in the future?

Mr. Dan Warner: Thank you for the question. I appreciate it. I think there's certainly an opportunity to support the online care component through OHIP, not limiting it to physician care online as it currently does, but opening it up to mental health care, even food and nutrition and physical therapy for follow-ups. There's a massive need, and to be able to offer more decentralized care, a more holistic approach between video calls like this one, email support, phone support—there are so many ways that patients should be able to safely access care today, especially after what we've experienced.

While some types of health care like various physical therapy might still need to be done in person—we encourage that to be done in home—where possible, practitioners are really yearning for new ways of offering care, and that includes the various modalities that would fall under the virtual care bucket. That's certainly something that I would encourage and actively support, which is wider coverage through OHIP and not only limiting it to codes that home care agencies can use, but also practitioners in every community. It would really help to help them build their own business locally and ensure that their neighbourhoods, their communities can better access care moving forward.

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Ms. Mitzie Hunter: Daniel, is the limitation on this through the billing codes? Is that what's preventing it? Because I know that there are certain things that can be done, follow-up and those types of things, online. Or is it the colleges that are not allowing it online?

Mr. Dan Warner: No, it's not that at all. The colleges have been pretty active in supporting the adoption of HIPA, PHIPA-compliant virtual care tools. Unfortunately, as it currently stands, those services are not covered under OHIP. They are typically reserved for post-discharged nursing care in the home or online care through doctors. That was announced back in March, but it was only limited

to physician care. It did not include allied health care services that are sorely needed in our communities.

Ms. Mitzie Hunter: Okay. So Daniel, the request would be for the government to include allied health care workers in that opportunity to bill for the online services that they are able to provide.

Mr. Dan Warner: Yes. I think that that would have an immense impact to ensure that people who do need better access to mental health care services or physical therapy can receive that care securely online through approved channels.

Ms. Mitzie Hunter: Okay. Thank you so much.

My next question would be for Stephen regarding the request that you have for the extension of the sale of alcohol beyond December 31. I know that that's something that our party has called for and the government was responsive. Do you see this as something that you want to see as a permanent feature or just extended while the pandemic is still happening and there are restrictions and limitations on dining?

Mr. Stephen Beckta: Thank you, MPP Hunter. Yes, I would love to see this as a permanent thing. Most jurisdictions in the world allow this to happen. It is going to take us years and years and years of normalized revenue in order to dig ourselves out of the hole that we find ourselves in. We were closed for the better part of four months, and the debt that is incurred by small independent restaurants is going to take years to get out of. This is just one little tool in the tool shed that will help us do that.

The idea of going back to normalized dining any time in the next two years, even if a vaccine is found and in place—people changed their buying habits and they're spending habits. This just allows us to have one more revenue stream, albeit small for most, that will allow many people to survive.

Ms. Mitzie Hunter: That's great.

The Chair (Mr. Amarjot Sandhu): Thank you, MPP Hunter. I'll move to the government side now: MPP Pang.

Mr. Billy Pang: Thanks to all presenters for speaking out for yourselves and your sectors and also sharing your wisdom. Since first learning of COVID-19, our government has taken significant steps to help businesses that have been impacted by COVID-19. To support the provincial efforts to deal with this crisis, our government launched the Ontario action plan responding to COVID-19. This is a \$30-billion package we are funding targeted to help families and businesses.

My question is for Jim. I noticed that Drinks Ontario is a provincial trade association. How many members do you have in Ontario?

Mr. Jim Lisser: We have 130-plus members, which represent over 3,000 people in Ontario.

Mr. Billy Pang: Okay. Thank you very much. The government offered direction and regulations, with the expertise of the Chief Medical Officer of Health, helping businesses to protect their owners, staff and clients. How is your organization supporting the staff and clients of your members to stay safe and healthy after the stage 3 reopening, to bring your customers back?

Mr. Jim Lisser: It's a business-to-business model. First of all, many of our members produced hand sanitizer at the beginning, and so there was much support in that way. Also, many members were involved in providing food for the front-line workers. In terms of ensuring that our employees are safe and following protocols, we worked closely with the LCBO, and most recently, before we were able to return to the stores in our function as a salesperson, we had a combined webinar explaining all the health and safety regulations. We provide a lot of educational services to our members to ensure that the COVID-19 protocols are followed, and we have set up different committees to ensure that that happens. Does that answer your question?

Mr. Billy Pang: Thank you very much for your great work.

My second question is for Daniel. I noticed that you are running digital, right? The Ontario government is in the process of making transformative improvements to health care system via their Digital First for Health strategy. What do you think of the opportunities in Ontario's virtual care market in the near future?

Mr. Dan Warner: I believe that they're very promising. I think that before COVID hit, a lot of them were boot-strapping their efforts, providing a need that the public system really needed. They were doing it privately, either with their own funding or with traditional venture capital.

I think that there is a massive opportunity for Ontario to be a digital health leader. We have the second-largest health system in North America besides California. Being an active member of MaRS' digital health initiative, I know that there are hundreds upon hundreds of companies that want to make an impact right here. We didn't chase the Silicon Valley dream because we wanted to help right here at home, so I think that there's an immense opportunity here.

I know that my MPP, Roman Baber, and so many others whom I've gotten to know at the Ministry of Health really do believe there's a really meaningful opportunity for us to help Ontarians better access their care, better access their data and live more comfortable, longer lives. If we can get support from innovative MPPs like yourself and the group here today, I think the sky is the limit for digital health innovators in Ontario, because we have essentially—I won't call it a "sandbox" in a negative way; we have an opportunity here with a singular health system to be able to really succeed.

With the conversations that I've had with innovators and the board members at Ontario Health, I think that they believe that too. I think that MPPs now have a real opportunity to lean in and say, "Well, it's clear that there are some opportunities and room for improvement within our health system, whether it's long-term care, online care or even home-based care, to support." I believe that there's a really big opportunity.

With the right funding mechanisms, which currently don't actively exist—I know that Ontario Together is an opportunity that we're excited about and we're in the

process of, but there's so much more opportunity for us to not only fund early-stage innovative digital-health companies, but also to help them find their first series of clients, whether it is in the community or whether it is in hospital or in clinic, to really ensure that we can continue to lead when it comes to providing high-quality care for all Ontarians equitably.

Mr. Billy Pang: Thank you for your answer.

My third question is for Stephen. You have mentioned some ways that you expect the government to offer to help. Do you have specific places, other than what you have presented, that you or your sector feel the Ontario government can address, to help?

Mr. Stephen Beckta: Honestly, I think you've done an extraordinary job at removing regulation to be able to pivot very quickly—

The Chair (Mr. Amarjot Sandhu): Thirty seconds.

Mr. Stephen Beckta: —to online sales and at-home delivery or pickup. Again, my asks are small, but just make these amazing changes permanent, because they make sense. They work for businesses, there haven't been issues with it, and I do believe that it will help our employees and the residents of Ontario.

1550

Mr. Billy Pang: Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll move to the opposition side now. MPP Harden.

Mr. Joel Harden: Thank you, deputants, for the opportunity to hear from you today.

Mr. Beckta, it's a great pleasure to see you here today. For folks who don't know Ottawa's restaurant scene, you're regarded as a leader in this sector. So it was very wonderful to hear your insights this afternoon. I have a couple of questions for you, however. You mentioned that your asks are small; I want to see if you're willing to help me understand why the asks ought not to be a bit bigger, and I'll give a couple of examples.

We've heard from other folks in the restaurant sector in the course of these hearings who are telling us that insurance companies who had been selling restaurants products like business interruption insurance haven't been honouring those agreements during COVID-19. We've been hearing that capital has dried up, and for the organizations that were making massive investments just prior to COVID, this has really left them in a lurch.

I'm wondering if you might be able to explain to me from your perspective, as somebody with a well-established reputation in the industry, why it might be useful for the government to also take proactive steps to help organizations in the insurance industry and in the lending sector—Ontario oversees credit unions. It can advocate for better, progressive measures at the federal level. Might those measures also help people in your industry?

Mr. Stephen Beckta: Look, I'm sure they could. I'm a pragmatist, though, and I understand the levels of debt that have been piled on to all levels of government through this pandemic. The help has been extraordinary. Financially,

obviously the federal government has been the lion's share of our financial help, where the Ontario government has been the lion's share of our regulation help.

The idea that insurance companies will have to pay out massive claims based upon this I just don't see as realistic. A lot of people are still beating that horse, but I think that horse is dead.

In terms of lending, we are in the position not to need capital. Our start-up loans have all been paid off. For us, it's just operations and giving us the opportunity to try to have some sales outside, in a way that we hadn't in the past. I think most restaurants are in the same boat.

In terms of new investments, I don't think anyone, even if they had access to capital right now, is going to be putting in new investments because the future of this industry is so uncertain. I think there's going to be a natural pause, even for years after a vaccine is in place, before people will start investing in new restaurants at this point.

So I'm just a realist. I understand that Ontario doesn't have a limitless supply of money to give out, nor does the federal government. We want to do the best with what is available. I think, really, the best thing that the Ontario government could do is to make permanent these loosened restrictions and regulations that have allowed us to have a fighting chance at survival.

Mr. Joel Harden: Okay, I understand your point. I guess what I will ask you to consider—and we can send to you some of the transcripts; we've heard from other restaurateurs who have deputed to this committee. It really doesn't seem like a dead horse to me that, if an organization had been paying business interruption insurance for 25 years, in the very moment when business has been disrupted the most that I can think of, at least in decades, for no fault of the organization's—might it not be prudent for the Ontario government to compel folks in the insurance sector to honour some of these claims? Certainly in industries hard hit; I'm thinking tourism, hospitality and sectors like yours.

I respect your pragmatism and I respect your realism, but I was talking to a restaurateur yesterday who said, "Joel, the province's help to me amounts to asking to cut my grass while the house is on fire. I don't have the capacity to know if I'm going to be here in another month or two."

So I guess I'm wondering—Loblaws can lobby the federal government, the provincial government, and they get credits to renew their fridges to brand new, environmental standards; \$12 million. I'm asking, I guess, because you're a leader in our city and I respect your leadership: What can we do in this moment to help restaurants, catering companies and people in the hospitality sector who, for no fault of their own, have been asked to shut down and, from what I can tell, hope for the best with tax credits and liberalized alcohol sales? Can we do better? Can we do better through prudent requiring of people to honour their contracts, I guess I'm suggesting to you, in the insurance industry?

Mr. Stephen Beckta: Sure, it's worth a shot. If anything, I would love to see refunds for insurance policies that we paid into even during the time that we were closed and generated no revenue. That would be something. That would be a few thousand dollars that could go somewhere. It would bankrupt every single insurance company to pay out the business interruption claims if they were honoured on the paper that they were written.

I believe that maybe there is a middle ground where they could be forced to at least refund the payments during our time of zero or reduced sales. Honestly, I think that that would be at least something, and I think something that is possible. I don't want other companies to go out of business in order to try to honour something that is obviously unable to be honoured.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Stephen Beckta: I love that you want to support us, and thank you for that, but if we can find a small way so that everyone can feel a little bit of pain and no one is bankrupted because of this, I think that's the best way that we all get through this together.

Mr. Joel Harden: I will agree with that message of shared prosperity.

Chair, how much time do we have left?

The Chair (Mr. Amarjot Sandhu): Forty seconds.

Mr. Joel Harden: Okay. Last but not least, Mr. Beckta, the commercial evictions moratorium ends on the 31st of this month, August 31. I'm wondering if you have a message for our friends in government about whether that should be extended, particularly for smaller start-ups in your industry?

Mr. Stephen Beckta: Absolutely. I think that's a great thing and that that can be done. Extending that until a vaccine is in place would be, I think, the greatest thing. It will cost the Ontario government nothing, and I think it could give, again, a fighting chance to many people who are just holding on right now.

Mr. Joel Harden: Thank you very much for your time, and thank you for being here.

I'm sorry, other deputants. My colleague will address you with further questions.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll move to the government side now for their second round. MPP Ke.

Mr. Vincent Ke: Thank you very much for all of your great presentations. My first question is to Jim at Drinks Ontario. Drinks Ontario has been a great voice for the wine, beer and spirit industry. In fact, the sales of alcohol have increased between 2015 to 2020 from \$1.7 billion to over \$2 billion. Congratulations. This has brought great revenue to the country.

Our government recognizes that the great contribution the alcohol industry makes to our economy is the impressive variety of consumer choice that you provide. Recently, global industry research has found that the methods of alcohol being delivered affected people's purchase decisions, and non-alcoholic beverages as well as no-calorie options are attracting more consumers who are seeking healthy alternatives.

My question to you is: How is the industry making adjustments to adapt to this changing market?

Mr. Jim Lisser: Thanks for your question and thoughtful review of the industry. Yes, there has been strong growth. A lot of that strong growth is the innovation of the agents working with the suppliers to develop products that the Ontario consumer wants. A great example is the RTD market—ready to drink—where, talking about low calories or non-alcoholic, that sector has almost doubled this year in terms of demand, because, as you say, people are looking for alternatives.

So to answer your question, the agents and the members work closely with their suppliers to come up with creative, innovative products. That's why I think we're asking for more opportunity and to allow for more choices, because we have such an innovative industry to meet this demand. Demand is right in front of us with—summer is another proof in terms of this section particularly where, just as an example, ready to drink sales have increased 30% year over year. Does that help?

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Mr. Vincent Ke: Okay. Thank you. My second question is going to Daniel of MediSeen Health. Thank you so much for your wonderful presentation, with the graphics and all the data. That is fantastic.

COVID-19 has caused many people to panic, including those who are not feeling well and need to go to see a doctor. People are experiencing greater anxiety about going to the doctor's office at the same time. I still remember when the news came out that virtual doctors' appointments were available and people became so excited about this service.

Our government has been clear and decisive in promoting virtual health care, especially in the middle of this global pandemic. Virtual health care has come from the sidelines to take a starring role in our health care system. Patients' use of virtual services has increased from 19% to 56% since the beginning of this pandemic.

Last year, the government announced a Digital First strategy, and announced their otn.ca platform. We also issued a billing code for video visits at the same rate as in-person visits.

I have two questions for you. The first question is, even though 56% of patients are choosing virtual health care during the pandemic, what are you planning to do to retain these percentages post-pandemic?

The second question is, for those medical doctors who didn't adopt the virtual service yet—about 44%—what can be done to increase awareness and provide support to supply more engagement for digital access?

Mr. Dan Warner: Absolutely. If you don't mind me asking, do you mind reiterating your first question, just so I can make sure I can answer it concisely?

Mr. Vincent Ke: The first question is, we have now 56% of patients choosing virtual health care. How can we retain that after the pandemic?

Mr. Dan Warner: I certainly appreciate the questions and the thoughtful research that you just shared leading up

to it. I'll start by answering your question about maintaining the virtual care levels.

First and foremost, there just needs to be a long-term strategy for virtual care. I know that the government was very, very quick to move on new approvals that enabled any Ontarian to receive care from any Ontario doctor, to ensure that they could avoid hospital visits and reduce the strain on front-line workers. I certainly want to commend the government for doing that and moving so swiftly, because that certainly reduced the strain on the hospital system.

Now, in terms of maintaining it, is your question pertaining to physicians specifically or all types of health care?

Mr. Vincent Ke: All kinds of health care.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We're out of time. We'll move to the opposition side now for their second round. MPP Gélinas? Any questions from the opposition? MPP Harden.

Mr. Joel Harden: Thank you, Chair. I'll move over to our colleagues who also deputed, first from Drinks Ontario. I'm wondering if you could just elaborate a little bit more, because it's been a learning—Chair, is MPP Gélinas on the line? I just want to make sure before I proceed.

The Chair (Mr. Amarjot Sandhu): No, she's not.

Mr. Joel Harden: Okay. All right. That's, by the way, a case for better broadband in northern Ontario, everyone.

Nonetheless, to my friend from Drinks Ontario: I'm wondering if you could just elaborate for us—because it's been a learning experience for me to get a better grasp of the industry, particularly in this moment, and the need to encourage more domestic producers. We had a discussion earlier with Mr. Beckta about the ability of folks in the restaurant sector to be able to provide alcohol sales. Has that been at all a boost to some of the organizations you work with in trying to encourage folks to consume local products?

Mr. Jim Lisser: It has been a boost for all of our members. We represent both domestic and imported products, and it has certainly allowed for a continued outlet, along with the LCBO—because we have many of our members who service only the restaurants throughout Ontario. So that allowed us to continue to generate income and sustain through the spring especially. As we mentioned in our presentation, we do, like Stephen, think that it should continue permanently. It's a big boon and it adds a great cultural feel to Ontario, not only for beverage alcohol products but also a boost for food products because of the combination of the takeout, where a lot of restaurants were doing interesting Ontario food baskets combined with beverage alcohol. So it was a win-win.

Mr. Joel Harden: Understood. Thank you, Mr. Lisser. I believe MPP Gélinas is on the line now. Chair, if I could pass the microphone to her?

The Chair (Mr. Amarjot Sandhu): MPP Gélinas.

Mme France Gélinas: Hi, there. My question is for MediSeen Health. Thank you for your presentation, Daniel. It was very interesting. You said there was a sixfold increase in virtual care. I take it that comes from

the provider side of things. Were you able to look at the client's/patient's side? Who are they? Are they satisfied? Were you able to look at that at all?

Mr. Dan Warner: The research that was recognized showed that patients widely want to access their health care in new ways. That includes video, it includes phone calls, it includes email and text messages. It was very well received, including through research that we've learned through OTN as well. These new technologies, this new approach of decentralizing health and wellness care is hopefully here to stay, and it has been very, very well-received by patients, young and old alike.

Mme France Gélinas: Very good. In health care, in primary care we often talk about interdisciplinary care: the idea that the physician who works on their own is a thing of the past, really. Physicians should work with nurse practitioners and nutritionists and health promoters and social workers. Is there a way that this interdisciplinary care can work through virtual care?

Mr. Dan Warner: I think it definitely can. I think that, as you shared, interdisciplinary care, cross-functional care is the way forward. A doctor can't solve everything. While they certainly have been the quarterback of a given person's health care, there are so many other health care practitioner types that need to be seen, that need to be better accessible. That care coordination can certainly be done through virtual tools like clinic management tools and virtual care. I think that ensuring that OHIP recognizes that it is very interdisciplinary between a social worker and a doctor and a psychologist and a chiropractor and on and on and on. I think that Ontarians will be able to get better access to care when OHIP widely recognizes that, as opposed to only reimbursing primarily for doctor care, whether it is in-clinic or online. I think that there is massive opportunity to really lean in on that vision, as you just alluded to, and I'm hopeful that the doctor-centricity of OHIP starts to recognize that mental health, especially with what we've all gone through over the past five months, is not only recognized but covered under the OHIP umbrella. That's my hope.

Mme France Gélinas: Through your work, we often hear about privacy concerns as soon as you use the phone or the Internet, whatever else.

The Chair (Mr. Amarjot Sandhu): One minute.

Mme France Gélinas: Have you heard of any breach of patients' privacy? And what do you say to people who still have worries about privacy?

Mr. Dan Warner: In 2020, HIPAA compliance is table stakes. Whether it is through major corporations like Google, Amazon, Microsoft or independent companies ensuring that compliance, it very much is table stakes, and people put their information online either through wearables or social media. I don't think that the concern is from the patient's side. They actually want to ensure that they can access their records and that their records can be utilized by their health care partners or practitioners. So I think that that concern, especially with what happened with LifeLabs, with that breach—

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. We are out of time now.

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We'll move to the independent members for their second round. Any questions from the independent members?

Ms. Mitzie Hunter: Yes, Chair. Can you hear me?

The Chair (Mr. Amarjot Sandhu): MPP Hunter? Yes.

Ms. Mitzie Hunter: Okay. My question is for Drinks Ontario. Jim, have you seen any disruption to your supply at all?

Mr. Jim Lisser: In terms of—go ahead.

Ms. Mitzie Hunter: Because I know that you represent—it's not just domestic. You represent a combination of foreign producers and domestic producers. Have you seen any disruption as a result of COVID to any supplies coming in for your members?

Mr. Jim Lisser: I think maybe there have been disruptions throughout various supply chains. Many of our import products had—a lot of them came from Europe, so there were production issues in Europe to begin with, and in the United States. So there has been some disruption—nothing where it's held people back tremendously, but it's to be expected. There have also been some strikes. I think the Port of Montreal affected the supply chain as well. More of the issue is on the manufacturer, and then obviously, with the physical distancing inside warehouses etc., distribution takes a little bit longer. So that's to be expected, but people have been able to work around that.

Ms. Mitzie Hunter: Okay. We heard at this committee from the wine growers and the Ontario producers. As they're coming up to harvest—and hopefully, with the weather being as good as it is, they'll have a good harvest this year—they're worried that they can't empty the barrels to then bring in the new harvest. Like, there's a whole chain that has been disrupted, whether it's demand from restaurants—maybe we can hear from Stephen on this as well. But the whole system right now for domestic is uncertain. Is that something that you're hearing from your members?

Mr. Jim Lisser: We do have domestic members. A lot of them represent or own wineries or production facilities; as well, they do imports at the same time—a combination. I think that's a worry every year. If I owned a winery or a craft distillery, it's something that—an annual business effect. That's for sure.

There has been growth in the industry, and as I said, the government has done a great job in promoting Ontario and the products, as well as trying to find a nice balance between what the consumer wants in terms of imported products. So there is a nice mix. I know that over the last three, four months, there's been a lot of extra promotion in the LCBO stores. As well, we work closely with some of the other Ontario beverage alcohol associations that, we do note, wanted bag-in-a-box. We were supportive of the additional SKUs of that coming out first for domestic, to give that opportunity, as you say, MPP Hunter, to empty the barrel.

Ms. Mitzie Hunter: Okay. Thank you.

Mr. Jim Lisser: Does that clarify?

Ms. Mitzie Hunter: It helps. Thank you.

I do want to ask Stephen about a comment that he made, that restaurants are not the same as bars. What are the key differences that you see, Stephen, that you want the committee to hear about?

Mr. Stephen Beckta: Thank you very much, MPP Hunter. Look, from the news reports out there and from a lot of studies in Canada and around the world, my understanding is that people's behaviour changes after a fair amount of drinking, and typically more heavy drinking happens in bars than in restaurants; therefore, social-distancing measures don't stay in place. If you go out for a nice dinner with your family, you're not apt to get up and mingle with people around you as you are in a bar. It's just the atmosphere. It's not to say all bar owners are bad and all restaurants are good. That's not the case. But what I've seen first-hand and what I've heard second-hand is that in bar environments there is less social distancing that goes on.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Stephen Beckta: You can tell people that they have to be sitting down to consume alcohol and to have a mask on if they're standing up, but at the end of the day, it's much more difficult in an environment that is meant for socializing, for mingling, than it is for one that is meant for dining and sitting down.

Ms. Mitzie Hunter: I know we don't have a lot of time, but if we could just reiterate the concern that we've heard from your industry around rent and the rent program needing to have more generous support for tenants. Can you talk about that a bit?

Mr. Stephen Beckta: Sure. I would like nothing more than the federal government to extend the rent assistance program that all three of our landlords have taken them up on. But in terms of the provincial government, I think the greatest thing that they can do is really just extend this moratorium on evictions until a vaccine is in place.

The Chair (Mr. Amarjot Sandhu): Thank you so much. That concludes our time. Thank you to all three presenters. We appreciate your presentation.

Before we move on to our next group of presenters, I would like to do an attendance check. MPP Rakocevic, if you can please confirm your attendance.

Mr. Tom Rakocevic: It's MPP Rakocevic from Humber River—Black Creek.

The Chair (Mr. Amarjot Sandhu): Thank you.

MR. KARNA GUPTA
INSURANCE BROKERS
ASSOCIATION OF ONTARIO
FSET

The Chair (Mr. Amarjot Sandhu): Our next presenter is Karna Gupta. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Karna Gupta: Thank you, Mr. Chair. Thank you for inviting me to this distinguished panel. My name is Karna Gupta. I'm currently an independent director in multiple organizations in Canada. I sit on the board of both public and private companies. I also sit on the board of crown corporations and, until recently, I was also chair of the regional innovation centre in Ontario, ventureLab. In the past, I have acted as president and CEO of both public and private companies on both sides of the border. So my current comments, therefore, are in large part based on experiential information and based on observations from my current board roles.

I believe the government of Ontario has done an excellent job in responding to the crisis of our lifetime, both in terms of societal policies as well as business policies, through closure, monitoring and now the gradual reopening. This pandemic has exposed some serious gaps in our business ecosystem and, at the same time, it has presented some opportunities which can enable us to come out much stronger on the global stage, especially now since we know that the recovery is going to be a slower process instead of a quick V-shaped recovery, which was originally anticipated. It is therefore important that the policy choices we make support this reality. It is also important to understand the problem areas facing the business community and its impact at this time. Let me expand on that.

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There are several characteristics to be aware of:

(1) Pressures on the small and medium manufacturing businesses: They are facing a tremendous working capital shortage, as well as pressure on their already slim margins. Their revenues from global markets are also at risk.

(2) The pressures on the knowledge-based SMEs: These companies typically are based on human capital. With the weaker business conditions, there is a high risk of losing key talents.

(3) Adapting to new business and operating models: There have been some serious disruptions in the supply chain, as well as increased cost burden from the post-pandemic health and safety requirements.

(4) Adapting to new technologies: Not having the capacity to adapt to new technologies to improve cost and customer engagement has weakened our businesses. As well, the competitive pressures from the new distribution and sales processes are creating a market disadvantage.

Therefore, it is my hope that the policy framework contemplated needs to cover several elements which can help businesses not only survive but also grow.

Let me go through some of the key recommendations:

(1) The adoption model: We need to find a way to help the Canadian public and private sector adopt homegrown technologies. Too often, we look to foreign technologies. Government can lead by example as well as persuade both the crown corporations and the large private sector enterprises to adopt Canadian and Ontario-based solutions.

(2) The capital availability: There is a need to have a greater availability of what I call patient capital, not only driven by a typical five-to-seven year exit model. We must

help to build enterprises and not just start-ups with an exit goal. Promoting foreign direct investment is also another pathway. This can provide a set of benefits such as global contacts through the investors, as well as reaching a broader market outside Canada.

(3) The talent build-up: We have to have conditions where greater collaboration can be accomplished between the educational institutions and the innovation hubs, as well as the private sector. It will reduce the time and investment needed to train and retrain our youth as they graduate.

(4) The knowledge economy culture: It is absolutely critical that we promote a culture of having an IP-rich environment. Attract intellectual property, IP-rich companies, in certain technology hubs and thus create long-lasting economic value. We need to create and incent public and private partnerships to provide capital to the IP-rich companies.

Finally, re-evaluate some of the supply chains in our critical businesses. A serious weakness which was exposed during the pandemic needs to be addressed; for example, the support and the capacity for both vertical and horizontal integration in the field of medical and health care technologies.

In conclusion, to ensure that we can develop policies and incentives to facilitate some of these solutions, a deliberate attempt is required.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Karna Gupta: As much as can be accomplished by creating a private and public partnership, this should allow for a broad-based, coordinated approach in addressing the post-pandemic economic recovery.

Thank you, Mr. Chairman. Thank you for your time today.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Our next presenter is the Insurance Brokers Association of Ontario. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Colin Simpson: Thank you. My name is Colin Simpson, the CEO of the IBAO, the Insurance Brokers Association of Ontario. With me is Jeff Gatcke, the chair of the board of the IBAO.

The IBAO is a trade association that represents over 13,000 licensed brokers operating throughout 1,200 office locations and 500 businesses throughout the province. Most of these businesses will fit within your focal point of today's discussion. Insurance brokers serve roughly 50% of personal insurance consumers in the province; but of note, they serve the insurance needs of 95% of the commercial businesses across the province. Our members collectively work with over 90 insurance companies, from the largest to some of the smallest.

Previous trends on the impact of COVID-19 on our communities have indicated distinct geographical differences, something that should not be ignored when reviewing any set of statistics or trends. Indeed, certain geographical trends today and areas today are experiencing mini economic booms driven by staycationers and

people looking for homes outside of the main metropolitan areas.

Consumer behaviours are changing, and hopefully not all fuelled by consumer debt. Generally, the health of our member businesses has been reasonable in comparison with many others in our economy, although there have been exceptions. The impact of the pandemic on a broker's business will significantly lag most other industries, given that insurance policies, the products that they sell, usually follow a 12-month cycle. As a consequence of the nature of our business, any downturn in the economy that leads to a business closing will have a corresponding delayed negative impact. It should be noted, however, that many brokers have been put under significant operational strain during these challenging months, processing an estimated \$345 million of consumer relief measures enhanced by their insurance company partners in supporting the Ontario consumer wherever they can.

Some of our larger businesses have reported workloads increasing fivefold in the busiest months, with managing their teams and operations from split locations. In preparation of today's discussion, we've heard from 100 of our member businesses spread across the province in both rural and metropolitan areas. I would like to share some of the feedback with you.

Currently, just under 60% of the brokers experienced a decline in their policy numbers being serviced; 30%, or roughly half of these, are experiencing a 5% to 10% decline in insurance policies in force. Although some of this decline can be attributed to market churn, the other half is a result of commercial businesses closing their doors or personal loans consumers downsizing their assets or uninsuring their vehicles.

As noted, not all insurance brokers are experiencing decline, with just over a third experiencing increased volumes. Those brokerages who had invested in digital solutions may have increased in business, as consumers accelerate their online shopping behaviours, as could the brokers situated in locations with mini economic booms.

Currently, 61% of brokerages are seeing a decline of dollar premium collected, of which 40%, or two thirds, we're told, are experiencing a 5% to 10% decline in premium collection. Broker commission levels—their income—will generally fall in proportion to declining premium dollar management through each business. Depending upon the trajectory of the economy over the next few months, we may see an underlying redistribution of commissioning come across the market, with both gainers and losers. A large element of broker compensation is driven through the profitability of their specific portfolios of business with each insurance company. This is a very large concern for many brokers given their ability to hit financial targets within a framework that was created pre-COVID. The impact of this will not be determined until early 2021.

Currently 75%, or three quarters, of brokerages report an increase in operating expenses. The average increase is 8%, with the top 10 respondents reporting over 20% increase. The most common reason given for this increase is

PPE acquisitions and technology investment for safely starting up remote workstations and phone services for their employees.

Currently, 63% of insurance brokers are reporting an increase in staffing expenses, averaging a 10% increase across the board. The increase in staff costs are mainly attributed to the increased costs of admin processing and low efficiencies from working at home. Overall, a broker's income level continues to be under downward pressure, while the expenses have got an upward pressure, which may result in expense on staffing and potential staff losses.

As part of our questionnaire to our members, we asked about the services that they are performing for their customers and how they are fairing. Currently, defaults on insurance premiums are more common against Ontario businesses than with individual consumers. There are definitely pockets of personal lines consumers that are experiencing difficulties, although 71% of the brokers are reporting that 10% or less of their customers are having issues. Although 52% of brokers are saying that 10% or less of their commercial businesses are having issues, 48% of them are saying that between 11% and 50% of their commercial clients are struggling to pay or have defaulted on their insurance premiums.

Most insurance brokers have started to see businesses fail in their communities in these early stages of COVID, including restaurants, small retailers, hotels, hospitality, personal service—e.g., hairstylists and pet groomers—events services, gyms and workout facilities. Segments where insurance brokers are seeing their clients' business improve include lawyers, technical consultants and software developers, contractors and construction, hardware stores, grocers and food distribution, cleaners, manufacturers of PPE and boat dealers.

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The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Colin Simpson: Ontario brokers have indicated that a number of industry sectors are struggling to obtain insurance coverage at an affordable rate, including restaurants, hospitality, realty and strata sector, with market availability getting harder. Sectors where insurance companies were difficult to obtain prior to COVID and getting worse: long-haul trucking, taxi services, delivery services and snow removal.

In closing, COVID has, and will continue to have, a major impact on the Ontario economy and the choices that consumers are making within that economy. Although the impact on the broker network, in many cases, has been muted given the 12-month time lag, if there is a significant risk of prolonged downturn on the Ontario economy, we will move to a more precarious position. It is worth reiterating that not all insurance issues are related to COVID and some of them were pre-existing.

We will be happy to answer any questions that you may have.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Our next presenter is FSET. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Kate Shippey: Hello. My name is Kate Shippey. I'm the director of business development at FSET.

Today I want to provide a background on what we have been doing to help promote business continuity during COVID with our clients—first and foremost, we want to thank you for your time and consideration and hearing the FSET story—and also what we are doing to prepare our clients and future clients for wave 2, should that occur.

FSET is a Kenora-based information technology services company with 20 years of experience in IT security management for public safety, Indigenous communities and private enterprise. We specialize in progressive, technology-based solutions, serving clients with a number of verticals.

Today, we are really going to focus on one pillar, which is our desktop as a service, or server-based computing. Through our partnerships with Citrix, Entrust and Samsung, we offer our clients secure, server-based computing solutions that not only improve the security posturing, but also reduce potential attack risks. Why is this beneficial to users? The solution is agile, with a 1-to-1 cost ratio, requires lower bandwidth, especially in northern Ontario where that can be an issue, and assists with VPN and the ability to replace or update legacy systems.

What is our solution? Our solution is: Our clients deploy server-based computing or a mobility-first approach, which means they are provided with a Samsung device and they're easily able to receive all the desktop applications that are required, or native applications, in order to work securely and remotely. We are able to repurpose PCs, laptops and thin clients with Samsung devices and the ability to, again, access native desktop and mobile applications from the palm of their hands. This solution also assists IT administrative staff with endpoint management and the ability they have to touch every single endpoint.

From a use-case perspective within law enforcement, we are working with clients such as Via Rail, OC Transpo, Belleville Police Service, Gananoque Police Service, as well as several others throughout Ontario. What we're doing is replacing MDTs, expensive laptops, PCs and tablets, and really only providing one source of a single smartphone to the officers.

In private enterprise, during COVID, our clients had little to no disruption of business, because we provided our clients with thin clients and repurposed current laptops or PCs and they were able to access their desktop from any browser. From a security perspective, all this does with server-based computing is that it's painting the screen, so no data is ever touching that actual device. In addition, we also implement two-factor authentication. What this does is mitigate against ransomware attacks—and easier endpoint management, again, for IT staff.

What are the benefits of the solutions deck? Ease of use: the ability to have video conference calls, complete all regular desktop functionality, and access to both native and desktop mobile applications. In addition, it's easy to deploy, with less work and resources on IT teams—scalable and manageable.

Risks: cost certainty, and manage risk at a 1-to-1 cost ratio. It's a decrease to total cost of ownership for hardware. As we go into a post-COVID life, as we're hopeful to say, we don't know what budgets will look like for municipalities' private enterprise because of the cuts that have happened due to business and loss of productivity. With our solution, we're able to help provide that managed cost and help our clients understand what those costs are going to be for three years.

System security: We provide the highest level of security with Protected B, and data is never physically transferred to the device accessing it.

Budgets: This is reduced capital spend and admin overhead, and cost certainty per user.

In addition, business continuity and contingency planning: We do need to start planning for wave 2, or what the next wave of COVID or our next pandemic looks like, and this solution does help present that—in addition to contact tracing.

What's the ideal implementation and deployment? Server-based computing can be deployed in both private and public sectors, using both thin clients and issuing a Samsung Galaxy or Note smart phone.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Kate Shippey: The applicability is anyone who works from home. FSET is currently targeting SMB organizations. We also look after health care, law enforcement and any type of mobile workers.

Thank you for your time.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll start with the questions now. We'll start the first round of questions with the opposition. MPP Rakocevic.

Mr. Tom Rakocevic: Hello. Thank you very much. My questions are for the insurance brokers.

My first question has to do with automobile insurance. We're more than halfway through the year, and we still don't know what the quarterly are—whether we're seeing wholesale increases or not for auto insurance. However, in the conversations I've had with many, many insurance policy holders, they're seeing massive increases to their policies in the midst of a pandemic, when driving and accidents have been at historically low levels. Do you have any comments on this? What have you been hearing from brokers?

Mr. Colin Simpson: Hi. Jeff, would you like to—Jeff is actually a broker. He'll answer those for you.

Mr. Jeff Gatcke: Yes, thanks for the question. There are increases coming through with some companies. As a broker representing many different companies—there are as many companies increasing rates right now as there are decreasing rates. I guess the big thing that's happening right now is that most of the insurance companies that most brokers would deal with, their COVID-specific related discounts or rebates to consumers have ended, at the end of July for most carriers. So it's really dependent upon the timing of when the consumers are getting their renewals if they're seeing those discounts come off as well as the regular cycle for the insurance renewal.

Mr. Tom Rakocevic: Thank you very much for the answer.

Across Ontario, we saw accidents down by as much as 80%, so when you hear from clients, and you're working for the insurers there—what I'm hearing is people seeing savings of \$10, \$20, very small amounts. But when you consider that 80% of accidents and therefore a massive amount of claims are down, it seems like people aren't getting what the savings are to insurance companies. Have you been hearing from your own clients who have been frustrated around this, having to deal with not knowing what sort of savings that they're going to get?

Mr. Jeff Gatcke: Absolutely. The challenge with many consumers is that if they have vehicles that are financed, if they're leased vehicles, we can reduce mileage only so much and reduce the usage, which results in, on average, pretty minimal savings to consumers. But if they still have those assets to insure, the lien holders and lessors aren't allowing those customers to take the vehicles entirely off a policy for the true savings; they still have to maintain the insurance on it. We're getting inundated. I get calls every single day from my clients having the same concerns. As a broker, there's not much we can do, other than advise them that they have these assets to protect.

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Mr. Tom Rakocevic: Your clients have always had the opportunity to put their cars on fire and theft, or to actually downgrade the amount of use that they're doing. But if accidents are down by 80%, even if you're driving every day, even if you're an essential worker, the possibility of an accident was far, far reduced. So even if you were using the car as much as you always were, the chances of you having an accident were certainly much less. People weren't seeing those savings.

But I want to move on a little bit as well. I actually just got a call from a local restaurant who was speaking for a number of businesses within a block in my riding. My riding is Humber River–Black Creek; it's in the northwest end of Toronto. They're seeing their insurance double. I believe Mr. Simpson was mentioning that there were increases here and there, but we're talking about a doubling of the insurance. How could their insurance be doubling?

Mr. Colin Simpson: Yes, it's an interesting discussion. I think one of the issues that we are facing is that COVID has struck right in the middle of what we call a hard market. A hard market is when prices are increasing generally and there's less insurance capacity in the market. There were some statistical reporting changes. Lloyd's of London started to withdraw some of their capacity out of Canada earlier this year, which has started to push the commercial rates even higher. So that, compounded with COVID, is starting to increase in pockets. It's not just specific restaurants, for example. The concern around the increased liability because of COVID has raised questions as well. You'll find that there are pockets all over the commercial sphere as far as rates increasing more than you would expect, things like taxi drivers and long-haul trucking. They're out there, for sure.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Colin Simpson: But it's part of the natural cycle. Can you justify it? That needs to be explained by the insurance companies who put the rates up.

Mr. Tom Rakocevic: Last comment: Exactly, I've been hearing this even from people with condominium insurance. The list goes on. Anyone who's facing any type of insurance overall has been seeing, in many cases, massive increases.

The last thing: You did mention taxi drivers. In the tens of seconds that are left, any suggestions for the government—because they are having trouble finding insurance policies—as to what could be done to help taxi drivers, before this industry is completely wiped out?

Mr. Colin Simpson: There certainly needs to be a review done on the insurance claims and the history of insurance, bearing in mind any insurance is done based upon historical experience. Increased rates and lack of capacity mean that there was, historically, a large amount of claims running through that particular sector. There needs to be a panel of experts pulled together—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. The time has come up. We'll move to the independent members now for their time of questioning. MPP Hunter?

Ms. Mitzie Hunter: Thank you so much to all three presenters today for the information you've brought forward to the committee.

I want to continue with the insurance brokers. It's actually really good to hear from you as an industry association. The aggregate data that you've provided to the committee today has been very helpful. We've heard for several weeks from different industry sectors—live production, non-profits even—and various groups who are struggling to either maintain insurance, find insurance or realize claims. Your aggregate data that you're seeing from your brokers is really telling to us as a committee in terms of what is happening across the board. I want to thank you for sharing that.

Did I hear you correctly that you are noticing that there is decreased activity, that people are actually de-insuring, that in certain sectors you've mentioned companies are closing all together and that you're seeing an overall decline?

Mr. Colin Simpson: Yes. I mean, interestingly enough—I'll give you a comparison. If you were to look at the number of people who took their vehicles off the road to save on insurance costs, you get a larger number in the GTA. There's different potential reasons for this; nobody knows for sure. But because you've got access to public transport, you can walk to supermarkets, you can walk to pretty much wherever you want or have access to transport is one reason. If you go further north, where the economy has been one of the hardest hit, again, there's a lot of movement around insurance policies, but in the middle, where you're in rural areas, the choices are limited. So it really depends on what you're looking at.

One of your comments earlier on about people not being able to get insurance—interestingly enough, one of

the biggest things we've seen a shift in is just the realization around pandemics. Although societies, some not-for-profits and certainly sports clubs may not have changed their outlook on their particular activities, there are concerns around potential COVID lawsuits. They didn't have coverage before, they don't have it now, but they are deciding to cease activities because they have got now a realization of the exposure in this environment.

There are a lot of factors at play. I would love to talk to you about it afterwards; it's too long of an explanation for this call. But there are lots of factors at play in insurance that change a business's outlook and whether they can continue or not.

Ms. Mitzie Hunter: I would take you up on that, to get a deeper dive into what you are seeing and what people are feeling when it comes to their coverage, their risk tolerance and also what's required in terms of operating.

You also mentioned that the administrative processes have led to lower efficiencies due to working from home. That's also the first time I've heard that, so I just wondered if you could expand on what you meant by that and how that is affecting certain job clusters.

Mr. Colin Simpson: Yes, for sure. If you think about how we would have 12 months of policies that we would service—and they usually go in cycles through renewals and changes, when people change cars and so on and so forth, or where businesses change their requirements and go through their renewals—because of relief measures, everything got crushed to within a two- or three-month time frame. So you're now doing a year's worth of work in two or three months. Coupled together with businesses that would normally operate on either single or multiple sites that are very much linked together and geared to be linked together, then operating from home because their staff are at home, that's where the inefficiencies get created.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Mitzie Hunter: Okay. So it has more to do with the bundling of the work?

Mr. Colin Simpson: Yes, absolutely, and just the mechanisms which are in place within the businesses. A lot of our businesses have invested heavily over the last two or three months just to make sure that they can operate from home. But certainly, given the structure of insurance and the way our insurance infrastructures and processes work, it becomes more efficient to do them, to a certain degree, centrally. Therefore, being in the office, it's easier to manage some of these issues than it is being outside of the office; for example, somebody who's less trained, not being able to answer a question and having to go to the manager to ask the question. There are time delays now built in because of all the telephone calls.

Ms. Mitzie Hunter: My last question is about the comments around clients who are struggling to pay. There are defaults; there are closures. You gave the example of gyms, some restaurants. We heard that as well quite a bit in terms of—

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Mitzie Hunter: —they're just really, really struggling and having to prioritize, first of all, their staff and then their business. It's very personal. Some people are acquiring personal debt. Is there anything that you believe the insurance industry could do to respond to the pandemic to make it easier on those small businesses?

Mr. Colin Simpson: Yes, certainly measures have been put in place, as hopefully you've seen over the last few months, by the insurance companies stepping up to the plate and trying to help consumers on a needs basis. But longer term, insurance is one of these products where there needs to be a set price for the product and the coverage to be there. So it's really just a timing issue that the insurance companies have to work with.

The Chair (Mr. Amarjot Sandhu): Thank you so much. The time has come up.

We'll move to the government side now. MPP Hogarth.
1650

Ms. Christine Hogarth: Thank you to everybody who came here today to share your comments and your questions with regard to COVID. Our government has been doing a lot to try to help businesses, and we are now looking for our next stage and how we can continue to help businesses as we move forward and our economy moves forward.

My first question is actually going to be for Karna. Sir, I just want to thank you very much for your presentation. You certainly have a wealth of knowledge and background. I would actually like to ask you if you have any thoughts or insights on areas where Ontario's competitive advantage could emerge further strengthened as we look towards our economic future?

Mr. Karna Gupta: Thank you for your question. There are several areas in Ontario we could focus on. We definitely have a very strong advanced manufacturing sector, particularly using modern technologies on the chip side and software. A lot of these companies—if you're going to pick a sector creating large numbers of jobs and building an economy, which I would call tomorrow's economy, the digital economy, advanced manufacturing will stand out in Ontario as one of the top sectors.

In terms of the other areas, the medical device and health care technology in Ontario is also very strong. Unfortunately, it's very segmented and fractured. If we do allow for some incentive in terms of either horizontal or vertical integration, that sector could take hold. The example I would give you is, with the current pandemic, there was a mad dash to get extra ventilators. Well, what happened? Sensor technology is not strong in Ontario, and one of the major components in ventilators is sensors, not only power, not only the gas delivery mechanism. The sensors were not there.

On the IT side, Ontario—given that's my personal background—has a good cohort of two areas particularly to focus on. One is on cybersecurity. We have a strong talent pool, and several companies have emerged in that area over the years. The second is, obviously, artificial intelligence, which is tomorrow's economy. If you're going to pick and choose either winners or losers, from my

perspective on a digital economy, those are the ones that I would put forward for Ontario.

Ms. Christine Hogarth: Thank you for that. You spoke about knowledge-based SMEs. I wonder if you can expand upon that. How do we create the environment in Ontario to encourage—maybe it's the confidence in the market. How do we encourage more of these knowledge-based SMEs here in Ontario?

Mr. Karna Gupta: That's a very critical question, largely because 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. The damage of this is, if I'm selling you an item, it's one transaction. I sell you my pen, and you give me \$10. But if I have an idea, I can sell the same idea to everybody on this panel, and it will be \$100. So the leverage factor on the knowledge economy is much more significant than a physical transaction.

As we move towards a knowledge economy, we need to create conditions and policies where the banks and the capital market provide lending tools to the companies that are built on intellectual property. We really struggle in that area.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Christine Hogarth: So if you were to offer some advice to our Minister of Finance about moving forward and key initiatives and perhaps some red tape reduction, can you see any red tape reduction or burdens to businesses—some initiatives that may have worked in the past or that we have missed and we should be changing, moving forward?

Mr. Karna Gupta: There are probably some areas to explore, particularly as evidence-based results. What we have seen in Singapore and what we have seen in Israel: The government has worked with the private sector to put together a pool of capital that will finance an IP-based knowledge economy.

Recently in Canada, for the first time, we are seeing that at a federal level, where BDC has now created a specific fund for the knowledge economy. They will know how to value an intellectual property and fund it. Results are yet to be seen, but at least it's a start. In Ontario's case, given the large pool of talent we have with all the universities and all of the innovation centres government is funding, from Kitchener to MaRS to ventureLab to Invest Ottawa, I think it's high time that we put some muscle behind it with funding for IP-based companies. There is something to be learned from Singapore, Tel Aviv and these places.

Ms. Christine Hogarth: Wonderful. Do I have enough time for another question, Chair?

The Chair (Mr. Amarjot Sandhu): No, we are almost out of time—15 seconds.

Ms. Christine Hogarth: Okay. Thank you very much for your comments today. I truly do appreciate it.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll go to the independent members for their second round.

Ms. Mitzie Hunter: I want to continue with the questions around developing the knowledge talent that we have in Ontario. You mentioned Singapore and Israel as sort of leading actors in developing the IP pool of capital. For Ontario, given the tremendous capacity that we have in terms of knowledge workers, in addition to the capital side, is there more that we could be doing to pool that talent and that innovation?

Mr. Karna Gupta: Yes. I think the talent area is a big one, particularly when it comes to a collaborative approach between academia and the private sector—as well as government, because government is one of the largest users of technologies, right?

Today in Ontario, we have typical programs where university students go out for three, four months of working and then go back to university. The problem we're seeing is that by the time these kids graduate four years down the road, the pace of technology has moved so quickly that they all need to be retrained one more time in the new job and the new technology. So there is a tremendous amount of lost productivity in the economy, because young kids are getting retrained for three, six, nine months as they come out because they are not fit to work in the economy that's functioning at that point in time.

If we create a much more collaborative approach between the private sector—encourage the universities and private sector and using the innovation hubs that are funded by the government as a platform to bring them together—you can potentially have a workforce that is a lot more agile and functional at a lot earlier stage, helping the economy grow. So you're not wasting that much time in terms of the talent.

Finally, we do need to bring in talent from worldwide, right? We need to be the destination place for good talent to come to Ontario. If we become a destination place, we would encourage a lot more vibrancy in the knowledge economy.

Ms. Mitzie Hunter: So you see the innovation hubs as a key access point to bring public, private and academia together to accelerate ideas. I'm wondering about the opportunity to give them the chance to solve for those problems.

You mentioned one of the big problems that we have, which COVID has exposed, being our vulnerability when it comes to the supply chain. Perhaps taking some of those problems to those institutions, we could come up with Ontario solutions and Ontario companies that respond to them. We heard a presenter who talked about a single screw that he needs that moved out of Ontario and is now being supplied out of Chicago, but because of the restrictions due to COVID, it's uncertain if he's going to get that particular part.

1700

I'm just wondering about ways in which we can make those innovation hubs much more targeted toward solving those critical problems.

Mr. Karna Gupta: My belief is that some of the innovation hubs where you see—I'll use health care as an example, given that we're in the COVID-19 pandemic that has exposed, quite significantly, our shortcomings in that area. In the health care area, some of the innovation hubs have started to work not only with universities but also with hospitals. The problem set is presented to the inventors in the young companies of what needs to be solved. Often, if we can define the problem right, then the requisite resources come together to solve it. But often a lot of the innovation hubs do not have health care professionals involved in the process, so those innovation hubs necessarily would not be able to address a lot of the needs in that space.

It has to be sector by sector. For example, some innovation hubs have direct access to universities that are working on automotive technologies. So they can solve some of the green, energy-related—the new generation of automotive in terms of the electric vehicles, how to solve it and what to do, either vertical or horizontal integration.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Karna Gupta: It really depends on the sector and the type of integration you're looking at between the universities, the hospitals as well as the private sector and innovators at the same time. The regional innovation hubs could play that role if that kind of a mandate is created, more to solve the problems rather than developing technology for technology's sake, because then you're just basically selling intellectual property to a large company like Google or Microsoft.

Ms. Mitzie Hunter: That's really great.

Just in the last few seconds we have: FSET, out of Kenora, is doing great development there for your IP security. I think that times of recession are times of innovation, and it looks like you are doing that by offering those solutions to police services and others across the province. Great job.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll go to the government side now for their second round. MPP Smith?

Mr. Dave Smith: Thanks, Chair. I have a few questions. Karna, I had one for you but I'm going to come back to you at the end because you had a whole bunch of questions from some of the others.

I'm going to start with FSET. You're based in Kenora. It's cloud-based technology that you're basically using—using a thin client Citrix tool, essentially, is what it sounds like to me. Do you have problems with bandwidth, to put it bluntly?

Ms. Kate Shippey: Thank you for that question. Actually, one of our main test pilots—and we did an initial POC—was with Treaty Three Police Service. Treaty Three manages 55,000 square miles and all they had was a radio, no MDTs, nothing in the detachments. And because leveraging Citrix really decreases the amount of bandwidth required, all you need is either 4G or LTE in order to make this work.

We are actually having conversations and have been in many conversations with Minister Rickford—we're lucky

to have a such strong support there—and Minister Tibollo. With that they have been supportive of Starlink, as we have developed a relationship with Starlink, because we do have many Indigenous communities within this province that do not have any access to bandwidth. We are actively working with them to deliver a pilot in the fall time frame.

So to answer your original question, bandwidth becomes a very low problem to deal with just because you can use LTE or 3G or 4G capabilities. But we are also working on another project with Starlink to get low-latency satellites within northwestern Ontario.

Mr. Dave Smith: BlackBerry introduced a product with their BlackBerry Passport a number of years ago that connected directly with Niche, the software that's used by most of the police services across Ontario. It sounds to me like this is one of those cases where the early bird gets the worm. Sure, you can use that analogy, but in this case the second mouse is the one who has gotten the cheese with this Samsung implementation that you're talking about.

This is not an Ontario-developed product, then. Samsung comes out of South Korea. I believe Sweden, actually, is where Niche is based in—sorry, they've got you muted.

Ms. Kate Shippey: Winnipeg.

Mr. Dave Smith: Winnipeg? Okay, I stand corrected on that. It's been a while since I've dealt with that software.

Ms. Kate Shippey: It's okay.

Mr. Dave Smith: What type of overall savings would there be for, basically, the province, who would be funding police services this way? And how do we incorporate it as part of COVID relief, then?

Ms. Kate Shippey: Definitely—great question. To answer your question: FSET is the only private company within Canada that has direct access through CPIC. NicheRMS is one of our main partners based on that, because we load it into our virtual desktop. Again, we are the only private company in Canada that does have direct access to CPIC, which you require for Niche, just to answer that question.

To answer your question around cost savings: What we usually do is look at the police service. Let's use the police service as an example, but we can use health care if you would like. What we do is look at their current operating budgets. We look at what they're spending on laptops, PCs and MDT units, and then we peel back the layers from there. Most police services are also deploying mobile solutions. Toronto Police Service: I think upwards of 50% of their officers are carrying devices. That means they have a device on their hip, they have an MDT in the car, and then a laptop and PC back at the detachment.

Based on our research and what we have been developing within law enforcement, agencies are seeing upwards of 25% in savings, because they are looking to start removing a lot of that hardware because they're able to get longevity out of the current hardware that they do have.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Kate Shippey: And then, also, by leveraging Samsung and the Samsung DeX platform, you're able to get your full desktop experience from the phone, which is directly tied back to CPIC through our virtual desktop. We work with companies such as Gamber-Johnson and Darta fleet services, and they have a ruggedized monitor and keyboard where you slide the phone into—and I'm more than happy to send you some videos around these things. You slide your phone into a cradle and then you get a desktop-like experience right there in the cruiser. Does that help answer your question?

Mr. Dave Smith: Yes, thank you very much. I'm actually really, really familiar with the type of technology that you're talking about. Prior to getting into politics, I was in the software development world and did some consulting for the local police service on that type of technology. I fell in love with the BlackBerry Passport, myself. I still have one.

I'm going to jump over to Karna, then—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Dave Smith:—with the last minute that we have. You made a comment that we need to be building enterprises and not have start-ups looking for their exit strategies right off the bat and how they could sell off either with an IPO or to a larger company. How do you recommend the province of Ontario do things to promote those companies to continue growing themselves rather than have the principals sell out to a larger company for an awful lot of money?

Mr. Karna Gupta: Thank you for the question. Some principals will always sell off. It is more of the culture of the business community, right? In our younger companies, as they come up through the ranks, they have so much trouble getting to scale and size that they become easy targets for large multinationals to give them a proper price for acquisition. In a private company—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. The time has come up.

We'll move to the opposition now. MPP Harden.

Mr. Joel Harden: Thank you to the deputants for your comments this afternoon.

Mr. Simpson, as my colleague MPP Hunter mentioned, we've been hearing from many people at this committee about their difficulties in getting any relief with respect to their insurance premiums. In fact, I don't mind sharing with you that our office in Ottawa Centre has received several calls from folks who are dumbfounded by the fact that when they've even asked for their insurance company to honour the business cessation policy—some of them have been paying for it for over two decades—they have been flatly denied.

1710

I'm wondering, you're in the industry—and I know that there's too often a tangent in politics of shooting the messenger. You're a broker; I respect the fact that you're not speaking for the industry, but you know a lot more about them than we do. What do we need to do from a government policy standpoint to make sure, Mr. Simpson, that we don't see small and medium-sized enterprises in

our cities and towns across this province go bankrupt after lifetimes of investments?

Mr. Colin Simpson: I think, as far as insurance itself is concerned, it's a very complex product. What is actually purchased by a consumer and what events actually unfold have to be tied very closely together before there's a payout. I think everybody would admit that nobody was expecting a pandemic like we're going through just now to ever evolve on such a worldwide scale, so the insurance products themselves were never really designed to cover a lot of this. That is, in itself, causing a lot of frustration.

There is a role to play in the industry to go back and look at that. There is a role to play in government to understand, if these exposures and risks are so large that the private companies cannot cover them, is there a government backstop and what can we do? There are examples of this in, for example, the terrorism on the back of 9/11. You can look at all sorts of different things like flooding and earthquakes. There are all sorts of natural disasters of a huge scale that could potentially unfold. It's not possible to just rely on single companies to actually fund that type of activity. I think there is a lot of discussion that has to take place on the basis of the pandemic's evolving.

As far as premium rebates are concerned, it very much depends upon your individual circumstances. Not everybody can access a rebate, depending upon how they're structured. Some companies are producing cheque rebates directly to consumers themselves. Others are looking for reasons as to why they can reduce the cost of your insurance, whether you're travelling less or otherwise. For example, if you're an essential worker and you're still commuting to the hospital, then you're travelling and the use of your car has not changed. So is that fair? It's just a question for society, to be honest, of how we do that.

Mr. Joel Harden: Right. I understand what you're saying, but let me try to put it in a little bit more of a pointed fashion. Again, it's not directed at you, but directed at the industry, to try to benefit from your understanding, okay?

I was talking to a reputable tourism operator yesterday in Ottawa, who talked about paying business cessation coverage for 25 years. If COVID is anything, it must be evidence of business cessation. Organizations in the tourism sector can't function right now.

I take your point. What I hear you saying is that it's up to the government to make sure that in a sector cessation moment, which has basically happened to the tourism industry, we don't have talented operators going belly up. I do find it frustrating, I will confide to you. Again, critiquing the captains of your industry, not the brokers, that even our big banks in this country, who I'm not big fans of, have forestalled mortgage payments. They haven't injected the kind of money that I believe they could to help small and medium-sized enterprises get through this moment. But I have yet to see the insurance industry do anything approaching that.

I will confess, I really find it shocking that in this moment we haven't seen, at a minimum, small and

medium-sized operators get reprieve from their monthly payments. I know for a fact that there are a number of legal proceedings happening right now on the basis of business cessation policy not being covered.

Does this have to go to the courts for this to get resolved, do you think? Or do we need the government right now to step up—not with tax deferrals, not with surfing off the federal announcements, but with helping create what you’ve just discussed, if I understood you correctly: a backstop for small and medium-sized operators who will go bankrupt in this moment.

I worry that many of my fellow residents in Ontario don’t understand the gravity of this. There are a lot of businesses in this province that will go bankrupt if we don’t make sure we can help them. Could insurance reprieve be part of that, Mr. Simpson, in a bigger sector model like you’re talking about?

Mr. Colin Simpson: So the issue here is how much capital sits in the insurance markets here as opposed to what you’re suggesting gets paid out. I’ll get these statistics wrong, so don’t quote me, but the amount of capital in the insurance companies is about a tenth of what you would have to pay out to actually satisfy—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Colin Simpson:—every single business interruption claim that has been created across Canada because of this.

Again, because of the complex nature of this particular claim and type of product, there are court cases all over the world trying to unravel this challenge. So yes, it is a challenge, for sure, but bankrupting every insurance company in Canada is not the answer. It has to involve many people talking. Nobody expected this type of situation to occur. The majority—not all, but the majority—of business insurance policies do not cover for a pandemic.

Mr. Joel Harden: So you’re saying that the industry, right now, is at 10% capacity to be able to pay out the liabilities in this moment. What I’ll tell you is, on my stroll from Union Station in Toronto when I get up to the Legislature, I pass the Canada Life building, which is a lovely, beautiful structure. When I’ve looked at its reports to shareholders, there seems to be a lot of money. What I want small mom-and-pop shops to see, Mr. Simpson, is some of the money that they have been paying to those organizations for years, and right now, in their highest moment of need, they can’t get it. I think that’s wrong.

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. That concludes our time. Thank you to all three presenters for coming and for your presentations.

EIRENE CREMATIONS INC.
ONTARIO MUSIC EDUCATORS’
ASSOCIATION
SKINSATIONAL INC.

The Chair (Mr. Amarjot Sandhu): Moving along to our next group of presenters, first I would like to call upon

Eirene Cremations Inc. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Mallory Greene: Hi, there. My name is Mallory Greene. Good evening, everyone. I want to start off by thanking the Chair and members of the committee. I’m thrilled to be here today, representing entrepreneurs building a better tomorrow for Canadians and, most importantly, representing the small percentage of young women in early-stage entrepreneurial activities.

My name is Mallory Greene, and I’m the CEO and co-founder of Eirene, an innovative funeral services company focused on providing simple, affordable and transparent arrangement services to Canadians. Eirene allows families to make funeral arrangements from the comfort of their own homes. At launch, our business is to provide cremation services in Ontario, something which over 70% of Canadians choose as their final disposition today, but our ambitions are bigger than this. We hope to offer our services across Canada and provide new and unique ways for families to commemorate their loved ones.

On paper, I did everything right in my pursuit to launch my business. I built a seemingly recession-proof business model, one that doesn’t carry the same traditional overheads of the funeral industry and focuses on using technology to deliver a better customer experience. I carefully recruited a team passionate about making the death care experience better, raised a bit of capital from investors within my network, and I spoke to the regulatory body in Ontario before quitting my job to ensure that my business model would be acceptable under current legislation.

In January, after gathering all of the requirements to become a licensed funeral establishment, I submitted my application to the Bereavement Authority of Ontario. The standard licensing approval time is 45 days. We are currently on day 232 of waiting for our licence, recently being told that our business was too much of a threat to the industry. Add in the complexities that COVID-19 has brought on to launching a new business, and it’s a miracle that I’m still prevailing. But I am not here today to speak on the regulatory hurdles that have caused a burden to my business, but to emphasize the importance of entrepreneurship in Ontario as we recover from the pandemic and demonstrate how the government can help us thrive.

Entrepreneurship has long been studied as an important determinant for the long-term health and growth of an economy. Technology start-ups do not fit into the traditional category of small businesses. We’re the young, fast-growing businesses that have a major impact on job creation and economic prosperity in Canada. Toronto, for example, is the fastest-growing tech market in North America.

In my short time as an entrepreneur, I’ve recognized the conditions that can burden start-ups, inhibit innovation and be the cause of start-up deaths before they’re even able to launch. My asks are simple, yet incredibly important, as you think about a long-term strategy to recover from the pandemic and how we can encourage entrepreneurship in Ontario.

(1) As a young woman in business launching a start-up, I don't qualify for any government support. I do not qualify for any business relief that was created by the government for COVID-19. I don't have the revenue to qualify for government grants. Like many young entrepreneurs, I don't have the balance sheet or collateral to support debt. My direct-to-consumer business in a new and heavily regulated industry isn't appealing to venture capitalists.

Starting a business takes risk, capital and time. It also takes a large amount of privilege, which is clearly reflected in the demographics of entrepreneurship and tech founders in Canada. If we want to encourage entrepreneurship in Ontario and ensure that a more diverse set of pioneers can start businesses, we must have more funds being directed to help them get started.

1720

I have watched the government invest millions of dollars to keep long-running businesses afloat, and unless many of them can pivot and bring their business models into the 21st century, they will likely not survive despite government support. This is a short-term strategy.

A long-term strategy would be to think about businesses that can be created, drive the future growth of our economy and result in job creation in Ontario. This will likely be brought on by entrepreneurs creating innovative and high-growth businesses. Financial support should be more broadly available to early-stage businesses that need it.

(2) The Premier's office has a mandate to support people and their businesses, yet doing business in Ontario remains bureaucratic, expensive and runs a high risk of regulatory penalties. Regulation is a tax on human achievement. If we want to think long term, we need to think about how our regulatory environment hinders entrepreneurship and start-up success. That means ensuring that regulatory bodies continue to work in the best interests of consumers and build stronger relationships between new businesses and government.

There should be a better way to bring new ideas to the table, especially if that involves changing legislation or encouraging regulators to think outside the box. Regulation matters for the Canadian economy.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Mallory Greene: New businesses and high-growth start-ups need support from the government to overcome compliance and regulatory burdens.

(3) The pandemic has accelerated technological advancements in many industries. In health care, telemedicine has advanced in a matter of months. I've seen this happen in the funeral industry as well. Unfortunately, the gains we have made have been quickly undone. When COVID hit, everything in the funeral industry was brought digital, and it was a wonderful advancement. Unfortunately, this week I have been in four of the many municipalities that are regressing back to the previous way of operating.

My third ask is to look at the advancements we were able to make promptly when the pandemic hit and continue to apply them in how we move forward. There

are substantial cost savings the public sector could realize by using technology, and digital solutions save start-ups time and money, something that is very precious to entrepreneurs when we're getting started.

In closing, I respect the work that Ontario has done to support the economy and our people, but there are fundamental changes we need to make to ensure the long-term prosperity and recovery. My belief is that technology and high-growth start-ups will drive that prosperity, so we should help more people take the leap into entrepreneurship.

I built a business to help consumers have a better death care experience, and I know many entrepreneurs who have ambitions to create positive change in their respective industries. If nurtured and supported properly, we can tackle big problems with our innovative ideas. Innovation is good for consumers, it's good for the economy and it will power the recovery of our province.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is the Ontario Music Educators' Association. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Laura Lee Matthie: Laura Lee Matthie, OMEA treasurer.

The Chair (Mr. Amarjot Sandhu): You may start.

Ms. Laura Lee Matthie: Good afternoon. I am Laura Lee Matthie, OMEA treasurer. I'm a parent, a secondary music teacher and 2018 MusiCounts Canada music teacher of the year. I am joined by Jim Palmer, advocacy director for the Ontario Music Educators' Association. He is a parent, grandparent, retired educator and recipient of the Prime Minister's award for teaching.

Thank you, Mr. Chair, for the invitation to contribute today. OMEA celebrated its 100th anniversary in 2019 and is recognized by the Ministry of Education as the voice of Ontario music teachers, with over 1,400 music educators in elementary, secondary and post-secondary roles. In 2019, our Ontario not-for-profit enterprise and registered Canadian charity brought in over \$315,000 and then invested it in the future of music education, through conference offerings, workshops, print publications and online resources. We are completely run by volunteers.

Today, we discuss the direct impact of COVID-19 on our small enterprise, connect to music education in Ontario and conclude why this ministry should be concerned. In a normal year, the OMEA is a busy and fiscally sound organization. We hold six board meetings, publish *The Recorder* magazine, run a renowned provincial conference and host workshops throughout Ontario. We are typically involved in consultations with the Ministry of Education and various stakeholders. We have produced hundreds of resources for music teachers supporting literacy, 21st-century skills, diversity and equity, and financial literacy. We visit Ontario universities and teachers' colleges, facilitate summer programs and respond to inquiries from OMEA members.

COVID-19 has impacted almost every aspect of our organization, both operational and fiscal. Our board has not met in person since November 2019. All local

workshops, university visits and summer programming have been cancelled. Our annual November conference has moved online. This event is the paramount driver of memberships in OMEA, as well as being a significant source of revenue. While we are hopeful, we have no prior experience to indicate how teachers will react to the online conference format, and it is reasonable to assume that we will experience a fiscal shortfall.

While the pandemic has not allowed for business as usual, we have been extremely busy. In February, we shared expertise in instrument sanitation. As things became more serious, closing schools and moving learning online, we created resources for distance learning, facilitated an online Facebook support group and produced a distance learning best practices document. We worked with other subject associations to offer support to school boards and the Ministry of Education on reopening plans. Our summer issue of *The Recorder* was dedicated to the impact of COVID-19. We hosted interactive Zoom workshops, improved access to member digital benefits and more.

When students did not return to school in the spring, the OMEA researched, developed and, in June, published a framework for a return to music classes. This document was included by the Ministry of Education in its guide to reopening Ontario schools. All of these resources and activities were developed without outside funding. Our writers and contributors were volunteers. Costs related to editing, publication and distribution of pandemic initiatives were absorbed by the OMEA.

The bottom line for future sustainability of our organization is that we've invested an unprecedented amount of time and effort into helping Ontario deal with the pandemic, with no secure source of revenue for the immediate future. Frankly, as an Ontario small enterprise, non-profit and charity, we're scared.

I would like to pass things over to my colleague Jim.

Mr. Jim Palmer: As concerned as we are for our organization, it's the music educators and students of Ontario we serve that we're really worried about. All teachers faced a teach-from-home model last spring, but few experienced the challenges that music teachers did. The very attributes that make music an engaging and empowering subject made it hard to transition to a distance model.

How can students safely and securely make music remotely? How can teachers ensure that kids can secure equitable access to the instruments and technology that they need? Furthermore, the 21st-century skills of collaboration, critical thinking and creativity are hard to develop while students are working in isolation, using screens and cellphones. OMEA did its best to help, but the impact of the pandemic on music classrooms has been profound. Of even greater concern is what music class will look like in September.

Following the release of the SickKids guidance for schools reopening, we updated our framework document to include the recommendation that choir and band practices and performances be cancelled for the immediate future. While the SickKids report does provide room for

the resumption of performance activities, it would require appropriate social distancing, special protective measures and success in local pandemic measures.

Retrofitting most music classes and implementing the necessary mitigations for performance safety will require a significant investment and will take time. For now, many boards are proceeding without singing or wind instruments. This will also require a broad range of appropriate instrumental, technological and human investments to be effected. We have further concerns, supported by anecdotal reports, that music teachers will be reassigned to other teaching areas that are more easily adaptable to social distancing. This is profoundly disturbing to us at the OMEA.

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Jim Palmer: But why should any of this be of concern to the Ministry of Finance or, by extension, the government of Ontario? What does it have to do with dollars and cents? It has everything to do with dollars and cents. The 2017 census indicated that Ontario arts and culture accounted for 3.6% of GDP, \$26.7 billion and 300,000 jobs. The music teachers we represent prepare Ontario students with the skills, values and attributes necessary for them to take their place in this province's workforce.

For Ontario to retain its current position in the national and international cultural economy, it's vital that music teachers and students be supported by fiscal and legislative policies that will help them persevere in the challenging times of this pandemic. We urge the Ministry of Finance to work with the Ministry of Education and the broader government of Ontario to ensure a bright musical future for our province. It's a sound investment.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll move to our next presenter, Skinsational Inc. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Darlene Price: My name is Darlene Price. Hello. I would like to thank the committee for allowing me to speak today. I have run my day spa business, Skinsational, in Barrie for over 32 years, and COVID-19 has been, by far, my biggest challenge to overcome. Added to that, the situation has been totally out of my control. I have seen my business and profit margins disappearing.

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My business closed on March 17, and we were not able to reopen, even for partial services, until June 12. On top of the loss of revenue, the increased costs of PPE, Plexiglas shields and disinfectants are extensive. This severely impacts the profit margins that were already not substantial because of the high cost of products and equipment in my industry. I was very proactive and spent a lot of time taking courses on sanitation and disinfection, workplace health and safety, and even joined a salon spa leadership forum to keep an eye on how other areas were reopening and measures they were taking to keep themselves, their clients and their staff safe.

That being said, I received very little direction from the government or the local health unit on measures that would be expected. I was ready when it was announced

that we could reopen, but many others in my industry were not, and I feel that better communication from government sources would have been beneficial. I understand that this was a new and unprecedented time for everyone, but the uncertainty was very hard. The anxiety and the stress were, and remain, unbelievable, and then we found out at the same moment as the public about the reopening, with only four days' notice. There had been an indication that we may not be opening for at least another month or two, and then, surprise, you're opening on Friday.

Even though I was generally ready, it was a juggle getting staff organized, all the final touches finished, and screening calls from all the Toronto people trying to get appointments, because they were not allowed to reopen. I don't know how it could have been handled differently, but it would have been great to even get an extra day's notice ahead of the public announcement.

I did try to pivot my mainly service, hands-on industry during the pandemic. During the shutdown, I also spent time building an online store to try and sell more retail products. I don't have the technical expertise to do this myself, so I had to pay for a company to get me set up. To save costs, I inputted most of the product information and pictures myself, but it was still an added expense. Unfortunately, because our products generally sell better by professional recommendation, and the fact that stores like Shoppers Drug Mart were open, my online store did not go over as well as I'd hoped. Generally, just our regular, loyal customers bought the products. I also tried to do some virtual services, but they were not very popular either.

My next challenge, when I was reopening, was the staff reluctance to come back to work. Many of my staff, because they have children at home, were only working part-time hours and sharing shifts before the shutdown. The CERB, in a lot of cases, covered and exceeded what they were being paid for working. They were not eager to return to work and get less or similar money, as well as dealing with the need to find child care. And the government gave them an easy out. It was announced that if they had child care issues or anxiety over the safety of returning, they could stay at home and their jobs would still be saved. Therefore, even employees who did not have children used this excuse to either not return to work or work less hours. While this may work well for employees, the business depends on having staff to provide a certain number of services and to cover the fixed expenses.

All of my staff are women, and most have school-aged children. If school doesn't open safely and consistently, this is going to be extremely detrimental to the beauty industry. Everyone is concerned about what is going to happen in the fall and if there will be a second wave. This is also reflected in clients. Many of our clients have returned and are very happy with the measures that we have in place for their safety. Others are still too scared to return. But even the clients who have returned are talking about staying home in the fall, because they think cases will go up.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Darlene Price: The news certainly doesn't help with this. It's very frightening every time you turn on the news. It's a constant dialogue about how many cases, what are things going to look like in the fall, a possible second wave and increased cases.

One of the most important things in running any business is the ability to plan, and that's just not possible in this environment. I would love to be able to hire to fill in the gaps of my missing staff, but that's very costly time-wise and money-wise, and I still have to make the jobs available for when and if my original staff needs to return.

At this point, if there's a second wave and we are shut down again, I'm not really sure if we will be reopening.

Thank you very much for your time.

The Chair (Mr. Amarjot Sandhu): Thank you. We're running a little behind our schedule, so the time for questions has been reduced to five minutes and 30 seconds instead of six minutes and 30 seconds.

We'll start with the government first. MPP Barrett?

Mr. Toby Barrett: Yes, Chair. Am I coming through okay?

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Toby Barrett: Thank you. Maybe I'll quickly work backwards, with Darlene with the spa. Certainly, as elected representatives, many of us have heard these stories from so many small businesses, and a wide variety of businesses, as we went from stage to stage. I just wonder, there was and still is a toll-free 1-888 number. Was that toll-free number helpful? Did you know about it or try it? And email communications—was any of that forthcoming?

Ms. Darlene Price: I didn't even know about the 1-800 number, so I'm not sure where that was posted. As I said, I did join the Spa and Salon Leadership Forum, and it wasn't on there either. I was in communication with the local health unit, but they didn't really have any further information other than the regulations that were already in place before the pandemic, which, fortunately, were quite extensive anyway.

Mr. Toby Barrett: Are you a member of an association or anything like that?

Ms. Darlene Price: No, I'm not a member of an association.

Mr. Toby Barrett: It sounds like your customers have come back. I think the problem now is absenteeism. You made mention of CERB, and I understand it morphs into a replacement, which may also lead to the same kind of problems. Any comments on that?

Ms. Darlene Price: Well, not all of our clientele has come back, plus we have to space out our clients more, so we can't be at capacity, which is also a problem for restaurants and many other types of businesses. When you don't have the people filling your establishment, then you can't have as much revenue. But yes, I still don't have my staff back up to full measure, and they have good clientele if they're there. When they're not there, it definitely impacts the revenues.

Mr. Toby Barrett: I want to continue with the Ontario music educators and Laura Lee's presentation and perhaps the challenge of the umbrella association. You can't have

your conference. I'm sure that was maybe a bit of a revenue generator. What measures have you taken to try and get through the year? Hopefully, there will be another conference down the road or other ways of keeping your shop open so you can serve your membership. I wonder, with the music industry, do you kind of change your fundraising perhaps to ask certain players to contribute—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Toby Barrett: —to the association just to keep it viable? That was to Laura Lee with the music educators.

Ms. Laura Lee Matthie: Thank you for your question. Normally, we would raise over \$200,000 at our conferences. We've pivoted to an online model, but we still have expenses associated with that, with our keynotes and things. We don't feel that we could actually go to our music industry folks to garner any more funding than what they currently provide with us, because they're also having troubled times. The live concerts aren't occurring, so musicians that we would normally reach out to, they don't have the income. The music stores are not being—the shopping factor is not quite there to what it used to be. A lot of our retailers and our industry support staff are really part of—the schools fund a lot of what they do. So again, without the music occurring in the schools, that's an issue.

Jim, anything to add?

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Mr. Jim Palmer: I think the other thing to realize with the conference is that the conference is also the driver of our membership, and so our membership income will be significantly down when we don't have the people attending the conference. That's why one of the asks that we're looking for is perhaps that the government would establish a fund to allow teachers to invest back in their subject associations by buying memberships in their subject associations during COVID, because really, we're the ones who have been providing the majority of hands-on resources that teachers have been using during the pandemic.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll move to the opposition now. MPP Rakocevic.

Mr. Tom Rakocevic: I'm just going to quickly say, Ms. Greene, I really appreciate your presentation and what you're trying to do within the industry, and best of luck. I would love to actually chat with you at a future time.

I'm here on behalf of the NDP culture critic, MPP Jill Andrew, to ask some questions to OMEA. She thanks you for your advocacy and recommendations, and she regrets that she can't be here today.

She says: I know how integral an arts education is to our students' social, emotional and academic development. Arts literacy also helps students hone some of the most competitive employability skills, regardless of career path. Sadly, we have not heard this government speak at all about arts education in their back-to-school plan. So, OMEA, I've heard the call from music educators and boards for more clarity around which music programs can and cannot occur this school year. Can you express to the Conservative government members present today what supports and additional clarity with regard to opening plans would make a safe and equitable return to school

possible for you and all our students at both the elementary and secondary levels in music education?

Mr. Jim Palmer: Thank you, Tom, for that question. The truth is, there's not one answer for that question. Music education in Ontario right now is a very unequal, patchwork quilt of offerings. If you're in an urban centre, you are more than five times more likely to have a music teacher than you are if you're living in rural Ontario. I think that's one of the areas that needs to be invested in, is equity for rural Ontario for smaller and underserved communities.

People for Education will also tell us that even within urban centres, you are far more likely to be receiving face-to-face music instruction if you're in a non-racialized community. If you're in a racialized community or in a community that is facing severe economic hardships, you're unlikely to be having a music or any kind of an arts education, especially at the elementary school level.

The investments that we see would need to be made more broadly would be providing sufficient funding so that the Ministry of Education could move forward with policies that would establish that schools and school boards had to provide music education and had to be accountable for their music and arts education.

As you say, we are probably the subject best able to provide for 21st-century skills like collaboration, critical thinking, creative thinking. That's what we do as music teachers, but we need the policy support and we need the funding support to make that happen across Ontario.

Mr. Tom Rakocevic: Thank you. I have a second question from MPP Jill Andrew:

Students will need their own music kits, all in efforts to keep our kids and educators safe. Can you express to us today if you have received any guidance around funding or allocated funding from the government to provide for the purchase of these kits? As I understand, as of now, if hundreds and thousands of kits are required, there just isn't the budget for these items. I also worry about the budget for more instruments as per safety measures. Is there any additional insight or advice you'd like to give this government today on that?

Mr. Jim Palmer: It's our understanding that no money has been specifically allocated for retrofitting arts classrooms. That is especially concerning for those boards who have decided that they would like to proceed with performance-based classes. There is a body of research that outlines what kind of, as you say, performance-based kits need to be provided for singers and wind players. They're not inexpensive, and schools faced with the decision of providing that out of their own budget—they just won't be able to do it. That could result in the cancellation of music programs, the reassignment of music teachers and the underserving of Ontario students who deserve a really viable education—

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Jim Palmer: —in 21st century skills as provided in music and the arts.

Mr. Tom Rakocevic: A third question—oh, did you want to answer that, Laura Lee? Okay.

Ms. Laura Lee Matthie: Thank you. I just wanted to add to what Jim has said that some of our courses will have to pivot to other modalities. If buildings cannot provide certain modifications in the air quality system for band instruments and vocalists to actually continue, then they will have to pivot to something else. So to have targeted funding for that something else—maybe a vocal class would now need to have guitars, so having the funding to purchase those guitars.

For a band classroom, if they're not able to run at this particular point in time, which is what the SickKids report stated, then perhaps some funding for drumlines so that the kids can still be doing music, but they just need funding for a different modality. As a current teacher—

The Chair (Mr. Amarjot Sandhu): Thank you so much. The time has come up. We'll move to the independent members now. MPP Hunter?

Ms. Mitzie Hunter: Thank you so much to all of the presenters. Just a really terrific set of information that you've provided to us. I want to say, as the former Minister of Education, I asked the former Premier to include arts education—in which I included music—as part of my mandate letter. I believe in it very much, and particularly for students of all backgrounds to learn and to be their best. I can't imagine schools without music education.

I do think that the need to introduce other modalities is something that perhaps can be pursued with the boards. Given the value of music education, given the concern over well-being and the gentle return to school that is required, this could potentially offer a way of doing that.

I'm also curious about the opportunities that you see for using new technologies for students who have opted to learn online, which is a very high percentage of students, and how they can continue to learn and be creative with digital as well. Those are my questions for our Ontario Music Educators' Association.

Mr. Jim Palmer: It was interesting to me that Mallory talked about, in the funeral industry, the positive effect that the pandemic caused, at least to moving towards freeing up online and digital resources and utilizing those in that industry. I think that we can perhaps leverage some of that same energy that we're having to put into distance learning and learning online and, as you say, moving towards effective use of technologies and using those technologies to explore different kinds of modalities of music.

I'm especially interested, myself, in students being able to explore music of their own cultures, and we've certainly got the ability to do that through digital connections and to be able to produce modern pop music that they can do with some fairly simple technologies.

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But while those technologies are simple and fairly easy to use, they're not generally available to the students unless they can get them through the schools, so some kind of investment program in the technologies that would allow equitable access to those kinds of creativity and collaborative technologies that would allow students to participate fully in arts and music activities—and investments in music-specific technologies as well, programs

that allow for composition and collaboration online, even for performance online. Absolutely.

The Chair (Mr. Amarjot Sandhu): Two minutes.

Mr. Jim Palmer: I think Laura Lee had something to add too.

Ms. Laura Lee Matthie: Thank you. I think also for the students who are going to be online, we need to look at the digital gap, the broadband in rural areas, that there's also an increase. The students will be unable to utilize that.

Last year, for example, I taught a computers and music class. Two of my students from the emergency distance learning could not fully participate in my class. I had to create paper packages for them because of the bandwidth that they did not have in their homes. So I think it's two things that we have to look at.

The government has always funded OSAPAC. It's the Naxos recording listening library, and we understand that that licence is going to expire soon, so I think continuing that and funding the purchase of the technology or renewing licensing. That is not an equitable thing that schools can do across the province and that is a challenge for programs to actually pay for the licensing for that.

Ms. Mitzie Hunter: Thank you. I really enjoyed your presentation and believe that we're going to find a solution for this. I also support arts education, even in the after-school components. Sistema Toronto is in my riding, and they've done a transformative job. I've seen it from its inception to—some of the students are now moving from their elementary grades into grade 9, and they're completely different, just from this program that has been consistently there, providing—

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll have to move to the opposition now. Any questions from the opposition? MPP Harden.

Mr. Joel Harden: Thank you to all the deputants. I have to say, it's very rare that I get personal reflections as I listen to people's expert testimony, but in my own family, my grandfather was a funeral director, my parents and my grandparents started up a great small business in eastern Ontario, and my mom is a music teacher—so wow. Thank you for the advice that you're offering. It's very much important, and I very much appreciate it.

I want to turn the perspective for a moment. The insight that we had about the funeral industry and the start-up that you were discussing—what you're trying to do, you described it as a disruptive force—and how to encourage entrepreneurship at a moment like this: A lot of folks that we've heard from at this finance committee are talking about the need to make sure that we actually have the supports in place for people who are risk-takers, who we should be celebrating in the moments when there's very little opportunity to even countenance risk. We don't want that, obviously, to be a punishment.

You're trying to do what sounds like very innovative practices in the funeral industry. You spoke about regulation. I was wondering if you could just elaborate upon anything you might have missed.

Ms. Mallory Greene: Yes, for sure. My dad is a funeral director, so that's where my interest in the death care space comes from. My mom is a nurse, so I always

say that I grew up in a house where death was very normalized. Combining my love for tech with an industry that I felt was ripe for disruption was really important to me.

As I said, regulation, as of right now, is my biggest barrier to launching my business. I do think that financial support is super important for entrepreneurs. As it stands, most financial support from the government is once you're generating a million dollars of revenue. The hardest part of starting a business is actually getting started. That's why I speak on the privilege and demographics of people who are starting, traditionally, businesses in Canada. It's predominantly, obviously, men, and it's predominantly white.

I just think that if there was more financial support from the government, that would be a huge determinant of starting more businesses. For myself, I quit my job in May 2019, so I have been working to launch my business since then, and, like I said, have experienced a lot of regulatory hurdles. I'm in a privileged position where I can do that, I can take that risk and I can take my time, but I think that there is definitely a lot more support that the government could offer.

One other thing that I should add is that when I had my last conversation with the regulators, which was in the beginning of June, I had to then take the steps to figure out who I needed to reach out to through the Premier's office and different ministries to help me navigate this barrier. That took me quite some time. Luckily, I have a lot of connections, but I would say that for a lot of people, they couldn't say the same. At that point, their start-ups might have died. There have definitely been a lot of things thrown my way, but the beauty of being an entrepreneur is you kind of just—

The Chair (Mr. Amarjot Sandhu): Two minutes.

Ms. Mallory Greene: —keep going through it. Hopefully, that answered your question.

Mr. Joel Harden: Well done, and congratulations. It's been great to hear about your success. Keep in touch. We're in Ottawa Centre. If you're ever in Ottawa, we'd love to know more about what you're doing.

Ms. Mallory Greene: Awesome.

Mr. Joel Harden: I want to move over to Darlene. I feel for you, what you said, the margins that you're talking about in this moment. I have to admit being frustrated when we were just talking to our friends in the insurance industry in the previous panel, and they were talking about having an inability to pay out and help people with their cessation-of-business claims.

Also, given what you said, Darlene, about the back-to-school moment and the fact that we can't get this wrong or it will really, really mean serious consequences for your business, I was wondering if you could elaborate upon that for us.

Ms. Darlene Price: It's been talked a lot on the news about women needing child care—

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Darlene Price: —and women are a lot of the caregivers. Well, all of my staff are women, so if they need to stay at home and they need to be teachers to their kids,

they obviously can't come in and work. That's going to be extremely detrimental because I won't have staff, and then I can't cover overheads. If I don't have staff, I don't have a business.

Mr. Joel Harden: Right. So taking risks of swollen classrooms of fourth- to eighth-graders in two weeks, it's not such a good choice for your business.

Ms. Darlene Price: No, not really, because if there's a second wave and I have to have my staff stay at home, then there is no chance of our business being able to take that hit. And that's for all the beauty industry, because if you look around, most service providers in the beauty industry are women and most of them have small children.

Mr. Joel Harden: Right. We hear you and we know the success of our province is based upon organizations like yours, so thank you for speaking to us today.

Ms. Darlene Price: Thank you very much.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go back to the independent members for their second round.

Ms. Mitzie Hunter: Thanks, Chair. I actually want to talk to our start-up entrepreneur, because you've come at this, I think, in a very unique way, where you have knowledge of your area, you saw a market opportunity by innovating, using technology, and then the pandemic hit. Is there anything you believe that governments should be doing for start-ups to help them to survive this period and to continue to grow and to thrive in their businesses?

Ms. Mallory Greene: Yes. I think that when the government relief first was introduced, obviously start-ups were completely out of that. They didn't qualify because most start-ups don't generate revenue for quite some time. Eventually, I know the government kind of readjusted and started offering relief to start-ups, which definitely helped a lot of start-ups, and I know a lot of start-ups still have different requests going forward.

From my perspective, obviously, like I've said, the hardest part of starting a business is actually getting started and having the capital and the people and the support to do so. And then when I think about starting businesses in regulated industries which really haven't innovated or changed over—I mean ever, in the funeral industry. I think there are just so many barriers to entry.

Like you said, I am in a very unique position, where I understand both businesses on the tech side and on the funeral side very well. But I would like to see a closer relationship with government and start-ups, new businesses, specifically on the regulatory front, because I just think that's the biggest barrier. A lot of our legislation is old and needs updating and needs to be reflective of what people are trying to do and also what consumers want today.

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Ms. Mitzie Hunter: Would you be open to providing us with that list, Mallory, of what we need to do to modernize in your industry?

Ms. Mallory Greene: Yes.

Ms. Mitzie Hunter: I think that this is specific and that we should hear it, because you're not the only presenter

who has told us that the old regulations or requirements don't apply during the pandemic, don't apply when you have to use technology and you have to innovate.

One of your comments that you said was that digital solutions have been proven to work and everyone turned to them, but now that we're in stage 3 of reopening, some municipalities are regressing. I would love to know in what ways and how we could perhaps encourage them or enable them to not regress.

Ms. Mallory Greene: Yes, for sure. Two specific examples on the funeral industry front: When COVID hit, legislation was very quickly changed and we were allowed—I say “we” but I wasn't allowed because I haven't launched. But the funeral industry was allowed to offer digital signatures, which was never previously allowed, and the second was that we were allowed to issue digital burial permits.

I was thrilled. This is perfect for my business. It involved no paperwork or going in person to do any of these things. This week, I was notified that the city of Brantford, which is who I was going to be registering with, has gone back fully to in-person registration within their specific hours. I feel like that's such a loss, because two months ago, I spoke to them and they were actually building out a digital burial permit solution where they could register deaths. My biggest concern is that if we go into a second wave, then we're just going to have to redo this all over again.

Those are two specific examples where I've seen, like, wow, we've made some really great progress in the funeral industry, but now we're somehow regressing. I think it benefited the entire industry. It saves a lot of time. You don't have to walk in somewhere and speak to someone and sign things. Like I said, it's 2020, so digital signatures are the future, and it's what people are looking for.

Those are two very specific examples in the funeral industry that I've seen that we've kind of gone back on.

The Chair (Mr. Amarjot Sandhu): One minute.

Ms. Mitzie Hunter: Okay. Thank you. Keep going to launch your start-up. Obviously, we need more women in business.

I want to turn to Darlene, who is an experienced business owner, but who is seeing some roadblocks as a result of the policies. I'm just wondering, Darlene, do you have, in the last few seconds, anything else that you want to share with the committee so that we can help to support your business to survive?

Ms. Darlene Price: I would like to congratulate the government. I think the government has done a good job in trying to get money out there and trying to keep the economy going, so I would like to congratulate all levels of government on doing that.

It's just a scary, unprecedented time. We need to get the kids back to school. We need to get child care in place, but we need to—

The Chair (Mr. Amarjot Sandhu): Thank you so much. The time has come up.

We'll move to the government side for their second round. MPP Smith.

Mr. Dave Smith: Mallory, I'm going to come back to you on a couple of things. It sounds like your plan would be perfect for an innovation cluster or an incubation centre. Have you approached any of them in your area?

Ms. Mallory Greene: I haven't. I'm not interested in doing so, to be honest—it's not something I have looked into yet; maybe potentially next year. For me, I have all the resources. I have start-up mentors. I have tech founders who are supporting my business. I have everything I need. My only barrier is the regulatory environment.

Mr. Dave Smith: Sure. They provide an opportunity to help you navigate some of those things.

Ms. Mallory Greene: Yes. I mean, we have a lot of—for example, the previous head of public policy at Uber is helping us navigate a lot of these things. So I do have those people. It's definitely something I could look into. It's just not where I have put my time and resources as of yet.

Mr. Dave Smith: Have you approached your MPP?

Ms. Mallory Greene: I have approached every person I possibly can. The ministry is involved; the Premier's office is involved. I have reached out to a few MPPs. It's kind of a waiting game right now, but it's uncertain how long this will take to resolve.

Mr. Dave Smith: You mentioned it took a little bit more than 200 days, or you're a little over 200 days at this point.

Ms. Mallory Greene: Yes.

Mr. Dave Smith: The average was about 40, I think, is what you said, for approval.

Ms. Mallory Greene: Yes.

Mr. Dave Smith: We're about 160, 165, maybe 170 days since the original declaration of emergency. You would have been right in around that time that an approval or a denial would have happened, and then COVID hit. Do you think the delay is because of COVID, or do you think the delay is because a bureaucratic layer truly does not understand what you're proposing?

Ms. Mallory Greene: Yes. I would say that I was patient with the timing up until June, because I understood that the funeral industry was overwhelmed by COVID. Up until that point, that's what my understanding of the delay was, so we were patient and we were letting things ride along.

I had a very concerning conversation in June where I realized that it had nothing to do with COVID and it had everything to do with my business and the threat of my business. That is why I am here today, and also having conversations: It comes down to legislation. Our business model is not fitting into any of the specific licensing that currently exists, but also there's a difference in interpretation of the legislation. That's where we are currently at.

Mr. Dave Smith: Mr. Chair, how much time do I have left?

The Chair (Mr. Amarjot Sandhu): Two minutes and 30 seconds.

Mr. Dave Smith: One last quick one for you then, Mallory, and then I'm going to move on.

Whenever there's a disruptive technology, there are job losses on one end and increased jobs on the other. Governments, in particular, tend to be risk averse when it comes

to that. I appreciate what you're saying about finding ways to do financing or funding for start-ups. That's really where the incubation centres and the innovation clusters come in: in finding ways to creatively finance it. That's why I was suggesting that.

Do you have any other suggestions on how government could be able to finance without taking on that additional risk?

Ms. Mallory Greene: Yes, for me, my business relies on pre-existing businesses in the funeral industry, so I'm actually contributing to the funeral industry. We use third parties to transfer, store and cremate the remains, and then I hire my own funeral directors. So in my opinion, I'm not actually taking away jobs. I'm just contributing to the overall ecosystem of the funeral industry. I don't personally view my company as a risk. I think it's just another option for families to choose how to make arrangements.

Mr. Dave Smith: Thank you. How much time, Chair?

The Chair (Mr. Amarjot Sandhu): One minute.

Mr. Dave Smith: Darlene, I'm going to come to you, then, for the last one. We had a presenter come in who pays basically 2,800 bucks a month, and he wasn't able to

get people to come because it wasn't significantly more than what the CERB was. If you don't mind me asking, what, roughly, would you be paying full-time staff?

Ms. Darlene Price: Full-time staff I don't have a lot of. Full-time staff usually make around \$3,500 a month. My problem is, a lot of my staff have children at home—and they have been long-term staff members, because I've been in the industry 32 years in Barrie, so some of my staff members have been with me over 20 years. I don't want to lose them, so I've worked around their schedules so they were only working part-time hours. In those cases, some of them were making \$2,200 a month. It wasn't worth it for them to come back and then have to deal with child care on top of it.

Mr. Dave Smith: Did you find any—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. That concludes our time. Thank you to all three presenters for coming and for your presentations.

Seeing the time on the clock, this committee stands in recess until 6:30 p.m.

The committee recessed from 1809 to 1831.

Report continues in volume B.

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