

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

**Official Report
of Debates
(Hansard)**

F-48

**Journal
des débats
(Hansard)**

F-48

**Standing Committee on
Finance and Economic Affairs**

COVID-19 study

1st Session
42nd Parliament
Thursday 20 August 2020

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

Étude sur la COVID-19

1^{re} session
42^e législature
Jeudi 20 août 2020

Chair: Amarjot Sandhu
Clerk: Julia Douglas

Président : Amarjot Sandhu
Greffière : Julia Douglas

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<https://www.ola.org/>

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7400.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7400.

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
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

ISSN 1180-4386

CONTENTS

Thursday 20 August 2020

COVID-19 study	F-2501
Ontario Association of Broadcasters; Mr. Gordon Grant; Kingston Accommodation Partners	F-2501
Mr. Doug Bingley	
Ms. Wendy Gray	
Ms. Krista LeClair	
BTI Brand Innovations Inc.; Sault Ste. Marie Chamber of Commerce; Mr. Russell Arthurs	F-2510
Mr. Parveen Dhupar	
Mr. Rory Ring	
Heating, Refrigeration and Air Conditioning Institute of Canada; Ontario Pharmacists Association; Wesley Clover International	F-2519
Ms. Dorothy McCabe	
Mr. Justin Bates	
Mr. Leo Lax	
Mr. Martin Luymes	
Anishnawbe Business Professional Association; Cristina's Tortina Shop Inc.; Wellmaster Pipe and Supply Inc.	F-2527
Mr. Jason Rasevych	
Ms. Mary Iusso	
Mr. James White	
Stratford Festival; True North Gaming; Ontario Federation of Agriculture	F-2535
Ms. Anita Gaffney	
Mr. Ron Steiner	
Mr. Keith Currie	
Restaurants Canada; Cole Engineering Group Ltd.	F-2543
Ms. Cindy Simpson	
Mr. James Rilett	
Mr. Mohsen Mortada	
Ms. Kelly Higginson	
Toronto Regional Real Estate Board; Barton Village Business Improvement Area; City of Stratford and investStratford.....	F-2550
Ms. Lisa Patel	
Ms. Rachel Braithwaite	
Mr. Peter Mokrycke	
Mr. Dan Mathieson	
Ms. Joani Gerber	
Mr. Von Palmer	
Mr. Jason Mercer	
Mr. Manny Mellios; Coalition of Concerned Manufacturers and Businesses of Canada; Rural Opportunity and Investment Coalition.....	F-2559
Ms. Catherine Swift	
Ms. Mackenzie Ledet	
Mr. Carling Dinkler	
Mr. Jeffrey Craver	

LEGISLATIVE ASSEMBLY OF ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

Thursday 20 August 2020

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Jeudi 20 août 2020

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

COVID-19 STUDY

The Chair (Mr. Amarjot Sandhu): Good morning. I call this meeting to order now. We're meeting for hearings on the small and medium enterprises sector for 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 with us: MPP Fife and MPP Hogarth. The following members are participating remotely: MPP Arthur, MPP Crawford, MPP Mamakwa, MPP Rasheed, MPP Martin, MPP Wai, MPP Taylor and MPP Oosterhoff.

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 reminder for the members and the presenters, you will receive a request to unmute yourself each time before you're able to speak. Please keep an eye out for that request and unmute yourself before you begin.

Are there any questions?

**ONTARIO ASSOCIATION
OF BROADCASTERS**

MR. GORDON GRANT

**KINGSTON ACCOMMODATION
PARTNERS**

The Chair (Mr. Amarjot Sandhu): Seeing none, I would now like to call our first witness of the day, Ontario Association of Broadcasters. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Doug Bingley: Good morning, ladies and gentlemen of the committee. Thank you for having us here

today. My name is Doug Bingley. I'm calling from Beausoleil First Nation near Midland, Ontario. Also with me today is Wendy Gray.

Wendy?

Ms. Wendy Gray: Good morning, ladies and gentlemen of the committee. My name is Wendy Gray. I am a board member of the Ontario Association of Broadcasters. I'm also the director of news for Vista Radio Ltd., which operates 22 radio stations across Ontario.

Doug?

Mr. Doug Bingley: The COVID-19 pandemic has had a devastating impact on local radio broadcasters across Ontario. Advertising on our stations predominantly comes from consumer-facing retail business, and the fact is that most of those businesses have lost a considerable volume of their customers, which has impacted our ad revenue. Consequently, Ontario radio broadcasters have seen their revenues decline up to 70%. Many radio stations are in jeopardy. By this fall, many of those stations may be unable to continue operation. If they're unable to find new sources of revenue, that would put hundreds of jobs in communities across the province at risk, including our newsrooms.

I'm going to hand it over to Wendy to discuss local radio and the important part it plays in the fabric of Ontario communities.

Ms. Wendy Gray: Thanks, Doug. In many Ontario communities, radio is often the only local media capable of providing immediate messaging in times of crisis. With the increasing number of newspaper shutdowns, radio stations are also frequently the only source of local news. As many of you know, local radio also plays an irreplaceable role in keeping our communities safe during times of emergency.

In Elliot Lake in 2012, when the Algo mall's roof collapsed, 94.1 Moose FM was the only source of local information for the community during the immediate crisis. The radio station of three employees stayed live on the air for the duration. If that radio station hadn't been on the air or didn't have the staff to be on the air during this time, the local community would not have had immediate access to valuable, cohesive and factual information from local officials.

Fast-forward to the ongoing COVID-19 pandemic. It is important to reflect on the fact that the pandemic affects people in the GTHA in entirely different ways than how it affects people in Northumberland county or Peterborough. For instance, while GTHA media is warning of a meat

shortage, rural radio is speaking directly to farmers about what they are facing with lack of capacity in the processing system.

In short, local small- and medium-market journalists reflect the concerns of their communities. If we are left with empty newsrooms in those communities and only mass-produced regional or provincial news from larger centres, there are hundreds of thousands of people with very different circumstances and concerns left without a voice in central and northern Ontario.

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

Ms. Wendy Gray: In addition, as an essential service as mandated by the federal government and provincial governments, radio stations must remain open to disseminate important local information about the evolving pandemic. Unlike non-essential businesses, private radio stations must continue operation staff and news departments and ensure programming integrity, incurring operational costs that a closed business in this crisis would not.

To help the locally owned, independent radio broadcasters survive during this pandemic, we at the Ontario Association of Broadcasters are asking the government to work with us on a creative solution that will allow small businesses and local festivals across Ontario to advertise on their local stations at a fraction of the cost.

I'm going to turn to Doug Bingley to explain our proposal.

Mr. Doug Bingley: Thank you, Wendy. The proposal we are suggesting is for two funds which are designed not only to assist the radio industry but also to support other key sectors of the Ontario economy. The first is a restart fund for small businesses. With financial support from both the Ontario government and local radio stations, this fund will allow small businesses to purchase advertising at a fraction of the normal costs. These ads will allow small business and retailers to encourage their community members to buy locally and help jump-start that local economy.

Their challenge is that many of their clientele have moved to online purchases and they need to win them back. The retailers need advertising, but they've exhausted their working capital. This is a real problem for them, and obviously a problem for the radio stations as well. That's what this fund is designed to address. The fund would see an investment of \$20 million from the government of Ontario to help local businesses purchase that ad revenue, and since the OAB recognizes that the government is under tremendous financial stress, to make sure that any investment from the province is as impactful as possible, we would match that with a further \$10 million in advertising to their local small businesses. So at the end of the day, businesses would then be able to purchase advertising for 75% less than the current market cost.

The second fund is specifically—

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

Mr. Doug Bingley: Thirty seconds.

The second fund would then allow for the tourist destinations to have access to advertising as well, and we

would do a matching amount to a \$20-million fund that we would be setting up.

So that would be a total of \$40 million available for the cultural industries across Ontario.

Thank you very much for your time this morning. We are ready to take your questions when you like.

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

Mr. Gordon Grant: Certainly. My name is Gordon Grant. I am a retired public servant who spent a 30-year career in the federal government working with major projects.

First of all, I would like to thank the committee for inviting me to present. Folks at the committee might be a little bit skewed to what I am proposing, but I am thankful for the opportunity to talk about major projects and their impact on individuals, and I want to connect my recommendations to how it impacts individual companies and people who invest in promulgating these projects.

0910

My example is that of Frank Schwenzer, who ran a concrete company that sprayed concrete on the inside of a light rail tunnel. He had a Toronto-based business, and he moved up to Ottawa to do this shotcrete work. He anticipated that it would take him seven weeks or so to actually do the shotcrete in the tunnel. When he arrived, he was put on hold. He had to move his equipment from site to site. There were numerous delays in his work, and he was only paid for the actual shotcrete that he sprayed on the inside of the tunnel.

Through the delays and through the lack of preparation on that project, Frank lost his company. He had 40 people he'd brought up mostly from Toronto. He pretty much went bankrupt. I understand he lost his house, he lost his company. He was living out of his car. This is the human side of the impacts of failed projects.

My proposal is that the government of Ontario declare its intention to create a body that looks after infrastructure and projects assurance within its current mandate, with the urgency to address the underlying infrastructure and project issues that threaten the COVID-19 recovery strategy.

I'd like to mention, first of all, the UK assurance framework which I'm modelling this proposal against. The UK adopted an assurance strategy in 2010, when it was in the midst of its worst recession in its post-war history. They recognized that the liabilities they had on their major projects were unsustainable and, given that the project failure rates were about 30%, the liabilities really would push them further over the brink. So they took a mandate from the Prime Minister, David Cameron, to create this assurance authority for major projects. Currently, there are about £450 billion of life cycle assets or projects that are within the portfolio. It's a massive means of providing appropriate steerage and guidance to major projects in the UK.

I want to explain, first of all, that there are three circular relationships that I really want to talk about. First of all,

the Infrastructure and Projects Authority is the hub for managing major projects in the UK.

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

Mr. Gordon Grant: It was created in 2010 with a mandate from the Prime Minister and it siphons through, again, £450 billion of major projects, using a regime, using a standard business case approach to project delivery. Individual departments or projects are required to submit an integrated assurance approval plan to the authority, which maps out how they are going to deliver these capabilities over the life cycle of the project. Approvals are based on that integrated assurance plan.

The second component of this relates to how the assurance framework actually supports government decision-making. The assurance framework provides a mechanism whereby individual projects complete the business case, and it's assessed by the UK treasury and the UK Home Office, which provide oversight on these major projects.

The third component, which is a little bit more discrete, and I think is also promising, is the use of research. The UK IPA has used a number of research bodies to feed back into the system the lessons learned of the major projects and best practices and developing project capability throughout the UK government.

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

Mr. Gordon Grant: It's a model which I think Canada should adopt. It is very robust. It's recognized as the Cadillac of major project assurance globally. A number of countries have copied their framework. One of the cornerstones of that is the education component. The major project leaders of these entities are required to take training from Oxford University, whereby they go through a rigorous training program that takes them about 15 months to complete, after which the individual project leaders sign mandate letters and provide—

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

Our next presenter is Kingston Accommodation Partners. Please state your name for the record, and you can get right into the presentation.

Ms. Krista LeClair: Good morning, and thank you very much for your time. My name is Krista LeClair. I'm the executive director for Kingston Accommodation Partners, or KAP, a collective of 52 small and medium-sized businesses, including hotels, motels, inns and bed and breakfasts.

I want to thank you for the thoughtful, phased-in approach, keeping Ontarians safe and working with industry experts to allow businesses to reopen safely and cautiously. I also want to thank you for your efforts and programs to support Ontarians and SMEs to date. There is no doubt that the hospitality industry needs specific focus and support in order to recover as well as contribute to job growth and the economy in the future.

Prior to COVID-19, the accommodation industry in Kingston alone saw revenues of over \$70 million in 2019 in overnight stays, contributing almost \$3 million to marketing and tourism product development through the MAT tax and significant economic spinoff.

At the end of March this year, the Conference Board of Canada reported that Kingston would be the fourth-most-impacted Canadian city based on the accommodation and foodservice sectors. They reported that more than 1.3 million jobs in the accommodation and foodservice sector would be affected by the COVID-19 outbreak in Canada—about 7% of all Canadian jobs. However, the economic impact on the tourism industry has been felt unevenly across the country. The lost demand for the accommodation and foodservice industry is largely irrecoverable. Hotels and restaurants alike sell a perishable product. The lost revenue from empty hotel rooms cannot be made up.

Employment in hotels and restaurants is well above average in Kingston, and we also have a high concentration of jobs in the tourism sector as a whole. Kingston is also at the highest risk of income losses for the sector. The effects of lost wages are significant to the community.

In Kingston, we saw about 40% of accommodations close down in the spring after experiencing single-digit occupancies, which they could not operate with. During the summer, we have seen all properties reopen to try to capture some of the limited leisure market that exists. We fear that come fall, winter and spring many properties will once again shutter their doors to manage expenses, again, due to the very low occupancy rates expected. For many properties, the fall, winter and spring depend largely on group travel, including sports teams, bus groups, weddings and, most of all, meetings and conferences. Properties are hoping to survive the harsh shoulder season and off-season through their already limited summer nest egg, including an occupancy decrease by 43%, an average daily rate down 22% and RevPAR down 55%—and all of this during the season that is required to carry these businesses through to next June.

My key message today is that reopening does not mean recovery. We were the first to be hit with mass cancellations of overnight stays and group bookings, and we will likely be some of the very last to recover, given that our recovery is dependent on consumer confidence and group travel. Businesses are facing significantly lower revenues while also facing higher overhead costs as we seek to help build consumer confidence and continue to keep Ontarians safe.

KAP is requesting the following of you today:

(1) Postpone pending changes to the Employment Standards Act that would remove the extension of the temporary layoff period, due to expire on September 4. We are seeking an exemption for the tourism industry as severance costs come mid-November are significantly more than businesses can bear. Many businesses are at great risk of bankruptcy.

0920

(2) I recognize that the Canada Emergency Wage Subsidy program is a federal program; however, I urge our provincial government to put pressure on the federal government to continue this program for the tourism industry well into 2021 so that businesses can get back on their feet after the devastating upcoming shoulder season and off-season.

(3) Consider grants for PPE for SMEs, as costs to adapt their businesses have been incredibly high during a time of minimal revenue. Businesses are doing all they can to ensure that their staff and customers are safe, but at a huge cost to them.

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

Ms. Krista LeClair: (4) We need a tax-based incentive for Ontarians to travel the province. Many other jurisdictions have successfully implemented such programs.

(5) We need a workable formula for property tax. A regulatory change needs to be enacted to permit the deferral and remittance of 2020 property tax obligations without penalty, and interest-free. A provincial fund for municipalities to access could be established as an offset for the corresponding decline to municipal revenues.

(6) Lastly, KAP would like to see insurance companies held accountable to businesses that have made business interruption insurance claims. This is critical given that businesses have been paying for business interruption insurance and, clearly, their businesses were interrupted beyond their control and in a devastating way.

We are a firm believer that a rising tide raises all ships, so I would be remiss if I did not take this opportunity to also ask for the following on behalf of my industry colleagues:

(1) Destination marketing relies on the MAT, and the MAT relies on overnight stays. For 2020, we were lucky enough to receive grant funding to cover one quarter of the annual marketing budget for our DMO. However, given the empty rooms we now face, support for our DMOs will be more important than ever in 2021 to be able to market our destinations, reopened attractions and tourism products, and help our sector recover.

(2) The recent changes by the AGCO to allow for dockside dining were fantastic and a great way to create tourism product. We ask that this be considered as a permanent change.

We need to ensure that Ontarians are safe and confident in the processes in place to keep them healthy, and also protect our economy and the livelihood of so many owners, operators and employees of small and medium-sized businesses. We need these businesses to be there next summer to bring back employees.

Thank you for your time and consideration, and I'm happy to take any questions.

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

Before we go to the questions, I would like to do an attendance check. MPP Schreiner, if you can please confirm your attendance.

Mr. Mike Schreiner: Yes, it's MPP Schreiner, and I'm in Guelph, Ontario.

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

Mr. Jeremy Roberts: Yes, I am present and in Ontario.

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

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

Mr. Ian Arthur: Good morning. Thank you, everyone, for your presentations.

Krista, I'm going to direct my questions to you for the most part, and then I think my colleague Catherine is going to take over.

We had a meeting a little while ago. Would you talk a little bit about the last quarter of this year and the first quarter of next year and why it's so important that we roll these programs out, and what those businesses that you represent are going to be facing in the off-season, having lost the summer tourist season?

Ms. Krista LeClair: Thank you very much for your question.

The key thing is that, right now, it's a bit of an illusion, because even though the numbers are still very low for summer, there's a lot of leisure travel; there's interest in getting out and about in the nice weather. But for the accommodation sector in particular, fall, winter and spring rely significantly on group business. We're talking about meetings and conferences, in particular, which make up most of their business in that off-season.

So it's twofold—one is that numbers are limited; for good reason, we understand. But the other side of it is consumer confidence. Until that consumer confidence builds up, we won't see meetings and group travel even to the 50 or the 100 numbers or the numbers that are determined in the future. So it's twofold in that numbers are restricted and consumer confidence is down. That's going to take time to rebuild.

When I say that numbers are restricted, we do understand that there's a reason for that. But I do appreciate that the government can continue to work with industry leaders to identify what is safe and how meetings and conferences can proceed safely. We've seen a little bit of that elsewhere, where they're utilizing ballrooms, for example, of 300 for meetings of 50. That being said, there is still a huge lack of revenue there, because then you can only sell that many guest rooms. It does leave huge vacancies, which overall impacts the success of businesses. Businesses are really fearful that getting from this summer, September into next June, is going to be devastating. We need to work really soon.

Mr. Ian Arthur: Also, when you're talking about group travel, you're talking about sporting events for youth and groups—stuff like that—that simply won't be having the tournaments that they had in a normal year?

Ms. Krista LeClair: Exactly. It's multi-faceted. We're not seeing sports teams travel, and we're not seeing groups travel to go to concerts or events or festivals. We're also not seeing the university and college travel that we normally do. In Kingston, in particular, we get a significant amount of business from meetings through Queen's University and St. Lawrence College. Even things like parents moving their kids in—with student numbers down, that has been a huge impact on us as well. Meetings and conferences are certainly the biggest group there, but there are multiple layers of groups that we're not seeing booking.

Mr. Ian Arthur: During your presentation—and thank you very much for it. It was very clear, and I'm glad that you had really clear asks in it. There was a series of things that this government can do to directly help you.

Do you have any costing on what that municipal fund for property tax deferment would look like? Do you have any numbers behind any of that yet?

Ms. Krista LeClair: I don't have anything here in front of me, but I know that municipalities across the province—I am participating here in Kingston with the mayor's task force that has a committee focused just on that. There are certainly connections out there that we can make to look deeper into what that solution could look like. I understand that it's going to be complex, but property tax is a really big concern for properties. Deferrals have been happening all year long, and the most recent deferral in Kingston—they have been great in working with us—is to the end of November for the accommodation sector. But that is just going to be a massive bill in a very difficult time. Some properties are looking at upwards of \$1 million that they need to pay when they just don't have the cash flow. That kind of speaks to what I mentioned about the Employment Standards Act payment around that time as well.

Mr. Ian Arthur: If you have more information on that, would you submit it to the committee—our report-writing will be in about two weeks—for a time frame for that? That would be great.

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

Mr. Ian Arthur: The other thing I want to talk about is the need to know restrictions as far in advance as possible, and possible scenarios going forward. We heard from another person in the tourism sector yesterday, and they talked about the need to be able to prepare for whatever the next stage looks like—how many people in a room—and that you can't pivot that quickly in some of these places. Would you just speak to that, quickly?

Ms. Krista LeClair: Particularly when it comes to meetings and conferences and business travel—for how that affects accommodations—knowing as far in advance what that plan might look like could be very significant, because it takes time. There's a process in place to plan and execute meetings and conferences. The sooner we can start planning and preparing for what that might look like—we may start to see meetings and conferences rebound in the future because there's a layover in time there.

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

Mr. Ian Arthur: It was suggested yesterday, as well, that even if there were a couple of different scenarios we might pursue, that still narrows it down to something that accommodation partners could actually work with, in preparing for the potential of each one.

Ms. Krista LeClair: Yes, and I think that meeting planners, as well, and the meeting planners on the university side and things like that, could benefit from having a few options to look ahead to start planning, and then hotels would probably see an uptake in future bookings.

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

0930

Mr. Mike Schreiner: Good morning, everyone. Thanks to all three presenters for coming in.

I, too, am going to direct my first questions to you, Krista. I'm the MPP for Guelph, and Kingston and Guelph—very similar situations. I was just meeting with some folks this morning who are in the hotel and accommodation businesses. The sense I have is that if the kinds of supports that you've asked for this morning do not come through, a lot of hotel and accommodation businesses simply aren't going to be able to survive. Is that what you're feeling in Kingston right now?

Ms. Krista LeClair: Absolutely. That's what we're feeling in Kingston and across the board. Actually, there was a recent report put out by HAC, the Hotel Association of Canada, suggesting that about 1,000 properties had about 90 days of liquidity left—and this was a couple of months ago. So I think they're holding on to a weak summer to try to get them through. Like I said, the shoulder season and off-season are going to be critical.

Mr. Mike Schreiner: Yes. I was going to say, I think university communities—and I think of Kingston, Guelph, Kitchener-Waterloo, Sudbury and others that are particularly hard hit, because the students, parents and academic conferences are such a big part of it as well.

One of the concerns—you talked about the need for some sort of grant program for PPE and public health accommodations. One of the things I'm hearing—and I'm curious if you've experienced this—is that cash flow is so critical right now that even the challenge of reopening and doing it to meet public health guidelines, from a cash flow perspective, is very challenging. How critical is that in terms of being able to reopen and doing it in a safe way that ensures consumer confidence?

Ms. Krista LeClair: It's immensely critical. We've seen, particularly, independent businesses really struggling to try to find the capital to purchase equipment like this. We're also talking about Plexiglas. For hotels, we're talking about PPE stations on every floor, at every entry and exit. So the costs continue to add up, and again, it's at a time when the revenue is down so significantly.

Any kind of grant program that could be looked at would be very valuable to the properties.

Mr. Mike Schreiner: I'm also wondering if you have some thoughts around the role government could play in partnership with the accommodations sector around consumer confidence. I'm hearing that some people are looking at travelling, but maybe doing day travelling, because they're still a little concerned about staying in hotels or in bed and breakfasts etc. Are there some things we can do to work together around consumer confidence?

Ms. Krista LeClair: That's a great question.

I think part of my concern is that while we've seen a little uptick in leisure—and consumer confidence certainly affects that group, as well—the group travel, the meetings and conferences, getting away from meeting on Zoom in your office is a really big piece.

I know Minister MacLeod has been travelling the province and doing a great job at helping to build that confidence and safety, and getting out there and getting about. I know she has recently suggested that municipal councillors all get out there in their wards and showcase

that it's safe to travel. The reality is, of course, people are going to have fears, and that's very valid—but then there's also the point that the accommodation sector, as being an essential service, has been involved in safety measures from the very beginning.

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

Ms. Krista LeClair: So they've been safe; they've managed safety.

I'm open to discussing what possible solutions and partnerships we could look at, whether that's Destination Ontario, marketing campaigns or working with groups like TIAO.

Mr. Mike Schreiner: I'm just thinking of the Ontario Association of Broadcasters presentation, as well. Do you think government should take them up on the offer around doing some advertising for the tourism sector, and could that be part of that program around consumer confidence?

Ms. Wendy Gray: You're—

Mr. Mike Schreiner: I was going to ask Krista, but then we'll go to you, Wendy. I just wanted to get Krista's perspective on your proposal.

Ms. Wendy Gray: Very good.

Ms. Krista LeClair: Absolutely, I support the proposal. I think it's a great idea, and I think any way that we can do multi-layered marketing, working with our RTOs, working with Destination Ontario, different sector associations and the broadcasters, would be fantastic.

Mr. Mike Schreiner: Wendy, if you wanted to, in my few remaining seconds, comment on that, as well—how the two sectors could work together.

Ms. Wendy Gray: Traditionally, broadcasting and the tourism, hotel accommodation and restaurant industry have worked very, very well together. This proposal would leverage what we can do as broadcasters and the audiences that we reach—exactly as Krista says—to regain that consumer confidence in the tourism industry, as well as when we get to a point where festivals, events and those sorts of things can start to happen again, then we can support them with our proposal.

Mr. Mike Schreiner: I assume I'm almost out of time. Is that right?

The Chair (Mr. Amarjot Sandhu): Yes. One second left.

Mr. Mike Schreiner: Then I'll finish up on the second round. Thank you.

The Chair (Mr. Amarjot Sandhu): We'll move to the government side now. MPP Crawford.

Mr. Stephen Crawford: Good morning, everyone, and thank you to the presenters for your great presentations today. I have questions for all of you, if I'm able to get through them, but I'll start with the broadcasters' association. I want to thank you for your work in local communities and all the great work you do there.

I just wanted to get a bit of background. I know you talked about, for example, revenue being hit, and I'll get to another question on that in a moment. But my first question is, in terms of local broadcasting and radio—I just want to get a sense, pre-COVID-19, over the last, say, decade, of the trend lines in terms of listenership. I know

there are some stations that are probably doing better than others. What's the general trend? Has it been positive? Are there fewer people listening on the radio today, or more, or is it in certain areas? I just want to get a sense of the trend, pre-COVID-19.

Ms. Wendy Gray: Thank you very much for the question.

Our most recent survey studies report back to us that 92% of Canadians listen to at least eight hours of radio per week. So our audience was very strong, pre-COVID-19. COVID-19 has definitely increased that listenership, because radio has been the constant companion for people to get that local information and emergency information during the pandemic. So radio is very, very strong.

Mr. Stephen Crawford: Is it stronger in certain geographic areas—for example, more in rural areas than the greater Toronto area? I'm just trying to get a sense of where the listenership is.

Ms. Wendy Gray: As a small- and medium-market broadcaster, I can speak directly to that. We don't operate radio stations in the GTHA; Doug, my colleague on this call, does. I can tell you that our listenership in small and medium markets in rural and northern Ontario is stronger than ever. We have audiences that turn us on at 6 o'clock in the morning and keep us on until they go home at night and turn on the evening news. So we're not experiencing any loss of audience members. In fact, we're gaining audience members—also through our online properties. What we are experiencing is revenue decline, because of a loss of advertising dollars, because of the situation that retailers and the hotel industry are experiencing through the pandemic. And we've been expected to stay open, as well.

Mr. Stephen Crawford: It's interesting that your listenership is actually growing but revenues are declining, because of your customer base, I guess.

We've been going through this COVID-19 pandemic now for quite a few months. Are you seeing revenues—I'm speaking in general, of course, because there are lots of different radio stations, but I'm just wondering what the trend line is. Is it marginally improving from, say, four or five months ago? Is there significant improvement? Where's the general trend line, just so I can get a sense of the trajectory of your industry?

0940

Ms. Wendy Gray: Our decline in revenue is estimated to be somewhere in the midst of \$80 million by March 2021. That would be as a whole. That's projections; that's not hard numbers.

It is declining across the board. The CEWS, the emergency wage subsidy, has definitely helped us, because we are expected to stay staffed, stay open and stay on the air. But when you take the retail revenue decline, many businesses were forced to close, and non-essential businesses were forced to close, and now that they're reopening, a lot of them have used their capital that they would normally use for advertising for PPE or to reopen, to make the necessary safety precaution adjustments.

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

Ms. Wendy Gray: So that money isn't available. That's why we proposed this restart for small businesses, where we can help them, with government support, advertise to get more traffic through the door, to stimulate some growth for their businesses.

Mr. Stephen Crawford: I'd like to move to Krista and the Kingston accommodation organization. You obviously are correct. We had a whole series of presenters in the last segment from your industry, and your industry has probably been the most affected, unfortunately—first hit and last back. Our government has made it a clear priority to help your industry, and industry in general. We've committed over \$11 billion to help businesses in a variety of different formats that have been hit hard. But we recognize that your industry has been hit particularly hard.

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

Mr. Stephen Crawford: You touched on some issues that I know you would like to see done, and we'll certainly continue to lobby the federal government for some of those federal issues, as well. But are there any sort of issues related to overregulation or red tape that you think can help your industry? We have more regulations in Ontario than any other jurisdiction in the world, and that has been very cumbersome for a lot of businesses. We've had some great ideas on some non-financial measures that can help business get reactivated after this pandemic. I'm just wondering if you had any ideas with respect to that.

Ms. Krista LeClair: Thank you very much for the question.

I do know that Minister MacLeod has an advisory committee focused specifically on this issue, and I don't sit on it, so I couldn't speak to the suggestions that they've come up with, but I do know that there's a group of amazing people around that table trying to figure out solutions.

The Chair (Mr. Amarjot Sandhu): We'll move to the independent members for their second round. MPP Schreiner.

Mr. Mike Schreiner: I'm going to begin with my first question to Gordon. Gordon, you talked about an assurance strategy. I have heard concerns, at times, from small businesses in particular, around major infrastructure projects. Hopefully, we're going to have some major infrastructure projects as part of the economic recovery process, so it's important that we get this right.

The complaint I've heard more often—although I have heard the concern that you have raised—are businesses that are impacted particularly by street closures. In Toronto, probably most well known was the St. Clair streetcar—and, currently, the construction that's happening along Eglinton. I've also experienced it on a smaller scale in my riding, here in Guelph, where we've had street closures for major infrastructure projects that have had a real negative effect on small businesses. We've had a number of small businesses go out of business because their customers couldn't get to them.

And then I'm thinking that here we have a lot of small businesses that have gone through COVID-19 and couldn't have their customers get to them, and could

experience some other barriers to customers getting to them due to projects.

I'm wondering if any of these assurance strategies look at ways to support small businesses, particularly from a cash flow perspective, when major projects disrupt their businesses.

Mr. Gordon Grant: Thank you for the question. It's a very good question.

I guess it depends on the individual approach to delivering this capability. One of the things that we're seeing in project management, generally, is greater recognition of the delivery aspects of programs and projects. There is a more astute science that's being applied to program management. Really, projects are about delivering capability; programs are about delivering outcomes. So when you start looking at the overall impact of a project—positive or negative—you need to account for those impacts.

There's a lot of debate going on within the project management community about how they are delivering these kinds of infrastructure. Quite frankly, on the European side, they are much more mature in understanding those variances. In North America, I would expect that these kinds of conversations will be more upfront and more regular and put on the table—about the socio-economic impact.

I'd like to talk a little bit about the UK in terms of their new approach to what they call the Green Book. The Green Book is the appraisal and evaluation framework that they're using, and one of the keystone approaches for the government in the UK is what they call "levelling up." They are finding that investments in rural infrastructure don't get scored the same way as urban infrastructure, simply because of the return on investment and some of the calculations, so they're actually rewriting the Green Book to accommodate what they call "levelling up," which is their key term for their new economic strategy. I look forward to seeing what kind of tools and assessments they have for greater investments in communities and the impacts of major projects and programs.

Mr. Mike Schreiner: One of the things I got from your presentation is that it's important with these major infrastructure projects to take the time to do it right, and doing it fast and getting rid of all the rules sometimes can actually create more problems than it's worth.

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

Mr. Mike Schreiner: So I appreciate you bringing that perspective.

I wanted to switch over to the broadcasters one more time. Wendy, I'm a huge radio fan. I listen to lots of radio, but I'm actually starting to shift a lot of that to listening to podcasting. I'm just wondering how new forms of audio delivery of information, such as podcasting, are affecting the industry. Is it positive? Negative? Are there ways that government could facilitate in adjusting to some of the transformations that are happening within the industry?

Ms. Wendy Gray: Thank you for the question. It's a very good question.

Podcasting is a very real way of getting information out. However, on a podcast, you don't get the information that

you need at the time that you need it. Emergency information cannot be delivered through a podcast. Your weather information, your inclement weather information, your bus cancellations—all of those things that happen on a radio station on a daily basis—do not happen on a podcast.

That being said, a lot of radio stations are also leveraging our ability with audio to do our own podcasting, so yes, there is definitely a synergy that can be leveraged there.

Mr. Mike Schreiner: Has that affected some of your revenues, as well? It's like you're competing in another space. I've spoken to friends of mine in radio who are expressing concerns that not only do their customers have less revenue to purchase advertising, but there's also more competition for those advertising dollars right now—

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

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

0950

Mr. Sam Oosterhoff: Thank you to the presenters for appearing before the committee this morning and speaking about some of the challenges that you're experiencing in your sectors. You're definitely not the first presenters who have had some really good ideas as well as some very sobering reminders of the impact of COVID-19, especially from an economic and fiscal perspective. I want to thank you for appearing before the committee and taking that time. I know there are a lot of things to do, going forward.

I want to start with Krista. I represent a riding in Niagara, a very beautiful area, but one that's been hit exceptionally hard, similarly to your sector, as you're speaking about. Normally, we get 14 million visitors, half of them from international visits. Of course, that has dried up. So we have severe unemployment now in portions of Niagara as a result of that.

You mentioned something about the insurance piece, the business disruption. I'm wondering if you could elaborate on that. That's actually the first time that I've had that cross my desk, and I'm wondering if you could speak a little bit more about what that solution would look like—what the problem is, first of all, and then what the solution could be.

Secondly, I'm wondering if you could speak a little bit about what you think a preferred approach to support would be. Would it look like destination funding, would it look like payroll relief, or would it look like direct cash supports?

Ms. Krista LeClair: Thank you so much for your questions.

Business interruption insurance has actually been in the news quite a bit lately across the globe. What we're seeing is that businesses have paid into business interruption insurance for a long time and are being denied claims, or they are being drowned in red tape and paperwork, which isn't going to help. Part of the conversation is that accommodations were essential services; they didn't have to close, but that doesn't negate the fact that people were

told not to travel and people were told to stay home, which left devastating effects.

What we're looking for is to hold the insurance companies accountable, whether that be at the federal level or the provincial level or both, certainly in collaboration and partnership. Those claims should be processed. Whether it be the businesses that need the support or the insurance industry that would need the support, ultimately the funds should be flowing through to the businesses that have been relying on services like this to lean on in difficult times. I appreciate that this is the first you're hearing of it. It's certainly something on which we've seen class action lawsuits happening throughout the globe, actually.

The second question you had—sorry, it escapes me.

Mr. Sam Oosterhoff: I was just wondering what you think the most appropriate form of support would be with regard to either payroll relief, destination funding or direct subsidy.

Also, an additional question after that: Can you think of ways that there could be supports in non-financial ways—to be blunt, we don't have tons of cash, as I'm sure governments of all stripes haven't right now, and of course you recognize the need. I'm just wondering if there are non-financial—whether it's red tape or whether it's redundancies or ways of doing business that we could do in addition to other supports, to make life a little easier for you guys.

Ms. Krista LeClair: Direct financial support is obviously really key. I think one of the ways that that could be prioritized is by supporting municipalities so that they can directly support the sectors that need it, whether that be through—as I mentioned, the property tax solution. Municipalities are struggling because they can't go into deficits. So what does that look like, when they're losing a large portion of their revenue through property taxes that can't be paid by the accommodation sector? Maybe there's some flexibility there for municipalities to then share that flexibility with the businesses.

I think one of the other key things would be the Employment Standards Act. That would not necessarily be a financial contribution, but a really big change to allow the tourism sector to either be exempted or have extensions for severance payouts that come mid-November. The businesses just can't pay at this time.

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

Mr. Sam Oosterhoff: Thank you so much.

Wendy, like MPP Schreiner, I have been an avid listener of radio. I have to say, I think I've been on a few—you mentioned the Moose one. I've been on a few of them, actually, doing regional media in my role as parliamentary assistant to the Minister of Education. That has been important, I think—to be able to have the local context. I find often you have the Toronto-centric media and the GTA—we fall a little bit in that here in Niagara, but we're still far enough from the core, I guess, that it's not just CBC Radio; we do have local stations. I think that's so important, especially in the north and some of these more rural places. So I want to thank you for that work.

Like MPP Schreiner, I've noticed my listening habits have been shifting to more podcasts. That is a real

challenge. Do you see an opportunity coming out of this pandemic for the radio industry, or do you see this as a real—and this is maybe kind of a crass question, but the underlying trends towards shifting—

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

We'll move to the opposition side now. MPP Fife.

Ms. Catherine Fife: Thank you to all the presenters. I guess, Gordon Grant, once a public servant, always a public servant. I just want to thank you for weighing in today.

I have a specific question for the Ontario Association of Broadcasters. I just want to say that, in times like this, I think that those independent broadcasters, those small independently owned stations play such a pivotal role in keeping community connected. My counterpart in Kitchener, Laura Mae Lindo, and I actually wrote to the government in early, early days for financial support, because we were seeing those cultural voices not represented. Losing those voices in communities really is—it's hard to put into words what we were hearing from our constituents, but they wanted to see themselves reflected in media. That's why we're such a great country and great province.

I just want to go to your asks, though, because the goal of this committee is to make recommendations to the government on how to strengthen and recover from COVID-19. In your proposal, the first part is a restart fund of \$20 million. It sounds to me that this would cover the "buy local" movement, if you will. And let's be honest, the government has, to date, really talked a lot about buying local. I think that it's a wake-up call for us to learn how dependent independent radio stations are on those advertising dollars. That's an educational piece, I think, that all MPPs could benefit from.

So you're proposing \$20 million, and this would be to subsidize the cost of advertising and then to engage in a "buy local" marketing strategy. Can you just talk a little bit more about that, Wendy or Doug?

Ms. Wendy Gray: Thank you very much for the question.

This is a strategy to help business locally, at a very local level—small businesses that have perhaps exhausted what little capital they may have remaining after COVID-19 and being closed, particularly non-essential businesses that have had to shutter and are now starting to reopen. Additional costs of PPE have cut into their capital that normally they might spend on advertising. This is meant to help those small businesses get some traffic through the door to help them regain some of that capital that they've lost, to help them restart their businesses safely and effectively and, in turn, that growth when they start to see the traffic through their doors and some money in their cash registers, which they haven't had, that also stimulates job growth. It stimulates the Ontario economy. We have more people getting hired to work, and in turn, it helps us provide exactly what you were talking about: that critical information to our local communities, particularly outside of the GTHA and in communities where, frankly—and the

government has talked a lot about it—Internet access is not stable. They don't have access to what people in southern Ontario do.

1000

They do have access to radio and they can listen to radio. The government has leveraged that. Through the COVID-19 pandemic, our company ourselves have done dozens of interviews with ministers to get emergency information out to hundreds of thousands of people who may not have access to traditional or digital services.

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

Ms. Catherine Fife: For us, it sounds like a win-win. There are advertising dollars that are supporting local stations and holding and stabilizing those jobs, and then there's the added benefit of promoting local businesses and actually supporting local economies. Your point around remote and rural communities is very important, as well. It's also good to hear Krista validate how important this would be for the tourism industry. Obviously, that lost revenue has left businesses destabilized.

It's \$20 million for the restart and then another \$20 million for a tourism cultural industry strategy. I think the government would say, "How did you come up with the \$20 million, and can you give us some information on the return on investment?" I think the government is trying to be targeted in where this funding goes.

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

Ms. Catherine Fife: Can you give some assessment around that \$20 million?

Ms. Wendy Gray: The \$20 million is going to help us maintain the level of service that I think Ontarians have come to depend on. The return on investment is simple in a business sustainability model. We help our smaller businesses in our smaller- and medium-market communities, as well as in the GTHA, use that ability to harness advertising, which they would only pay a fraction of the cost for; and the government and broadcasters ourselves would shoulder the rest of that. I think that's a win-win situation for everybody.

Ms. Catherine Fife: It is, and thank you for bringing it to us. It's something that we, as the official opposition, will pursue.

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

Before we move along to our next group of presenters, I would like to do an attendance check. MPP Mantha, if you can please confirm your attendance.

Mr. Michael Mantha: I'm here. Good morning.

The Chair (Mr. Amarjot Sandhu): Are you present in Ontario?

Mr. Michael Mantha: Yes, I'm present in Ontario. I'm in my constituency office in beautiful Elliot Lake.

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

BTI BRAND INNOVATIONS INC.

SAULT STE. MARIE
CHAMBER OF COMMERCE

MR. RUSSELL ARTHURS

The Chair (Mr. Amarjot Sandhu): Our next presenter is BTI Brand Innovations Inc. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Parveen Dhupar: Good morning. My name is Parveen Dhupar. I'm the founder and chief creative officer of BTI Brand Innovations. We are a boutique creative agency in Mississauga. For 20 years, we have been here in Mississauga and proud to be supporting our community. Plus, I'm honoured to be serving as a director on the board of the Mississauga Board of Trade and grateful to also be representing leading entrepreneurs in the GTA as the president of the Entrepreneurs' Organization, Toronto chapter.

I'd like to thank the Chair and the committee for this opportunity to appear before you. I recognize that COVID-19 is, first and foremost, a health crisis, and I recognize the work that every member of government has done to ensure the safety of all Ontarians as the first priority. I commend you and thank you for responding quickly and working in collaboration with all levels of government and parties to support our residents, and businesses of all sizes.

From my personal experience, our business had nearly disappeared overnight in the middle of March. One third of our business is event-related, and with no gatherings allowed, everything we had been working on was cancelled.

Another third of our business is to drive traffic into retail stores through building marketing campaigns. That business had disappeared, and is slowly coming back.

The remaining third of our business is focused on strategy and branding. Fortunately, there were some smaller entrepreneurs that were willing to invest and keep us going.

We do not see events coming back in 2021. Our client partners have already told us that there will be no events and to start thinking about plans for 2022. Since retail traffic is slow, those dollars are being allocated elsewhere. As a result, we are reinventing, looking at this as an opportunity, versus a crisis. We will be a very different BTI Brand Innovations by the end of 2020.

With revenue below 30% of the norm, we have taken advantage of the \$40,000 loan and the Canada Emergency Wage Subsidy program. I'd like to comment that I agree with the fundamental thinking of the scaling support for periods 5 to 9, but the process in making the claim is very confusing. Even the online spreadsheet provided does not accurately calculate the claim. It does not take into consideration the base subsidy and the top-up subsidy properly. But by leveraging these programs, we've been able to keep our entire team employed. They have been great in working with us for the greater good of BTI Brand Innovations.

I can also add that other businesses that are members of the Mississauga Board of Trade and the Entrepreneurs' Organization have been impacted to the point where they will not recover. In EO, we have seen over 50% of our members below 30% revenue, with many having zero income. We are concerned about the pace to recovery. Many of them rely on immigration. How is immigration being affected, and how are we going to continue to bring quality candidates to the country? It's my opinion that diversity and immigration is at the forefront of our culture. We need to have a steady stream of new Canadians entering the market, especially now. How are we going to keep manufacturing made in Canada a thing?

As a parent of two young men, one who had graduated last year and was just starting his career as a performing artist, I am concerned that he will not be able to perform on stage for a very long time and will have very minimal income. My second son is starting his fourth year at university. He could not find work early enough in the summer and decided to do two online courses to stay busy. What will the economy be like once he is ready to hit the workforce next year?

Much of what I have spoken to has to do with the impact of the shutdown on the economy. I'd like to also touch on my experience with the procurement process. As part of our growth strategy at BTI Brand Innovations, we wanted to work on government projects. We tried several years back and did not make the cut. This past year, we tried again and were awarded, on July 31, 2019, as a vendor of record for graphic design and creative services for the Ontario government, along with many other agencies.

But what does this really mean? The very few opportunities that are listed on the procurement website are not being awarded on time, and we have yet to win one. When we ask "why?" and "who has been awarded?" the answers are vague. In many cases, months go by before we even see the name of a company being awarded.

My question has to do with the fact that lots of creative work is produced for the Ontario government: Where are these opportunities going? Why are we not seeing these put up for tender?

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

Mr. Parveen Dhupar: Secondly, RFX that are listed on the portal are not being awarded on time, and getting responses on reasons why we have not been awarded projects are vague. The procurement team needs to be held accountable to the same deadlines and accountability as we are.

To recap, my questions and concerns have to do with:

(1) What will government do to help business owners that will not recover?

(2) How is immigration being affected, and how are we going to continue to bring quality candidates to Canada?

(3) How will government support young people coming into the workforce during a time when jobs are disappearing?

(4) This, I believe, is the biggest one: Consumer confidence is at an all-time low. What can government do to instill this confidence in Ontarians so that they will be

comfortable enough with being around other people and getting this economy moving?

1010

(5) I am concerned with the debt that the government and the federal Canadian government and other countries are carrying as a result of the shutdown. What is the government's plan to bring us back to a balanced budget and start paying back the debt? Where will it come from? Higher sales taxes hitting consumers? Higher corporate taxes hitting small businesses? Will it become the responsibility of our kids and their kids?

(6) Procurement-related—why are all the opportunities not listed, and what will it take to hold the procurement team accountable to a fair process?

I'm curious to hear from you on these questions. Thank you very much.

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

Our next presenter is the Sault Ste. Marie Chamber of Commerce. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Rory Ring: Good morning, everybody. I'm Rory Ring, CEO of the Sault Ste. Marie Chamber of Commerce and part of a northern network of chambers of commerce represented in Ontario.

Thank you very much for the time. I really appreciate your efforts. I've had the opportunity to speak to this group on the perspective of tourism. Today, we'd like to talk to you about a long-term solution for small and medium-sized businesses in Ontario in regard to the property tax burden and tax fairness across Ontario.

Commercial and industrial payers contribute significantly to Ontario's property tax base, which is a primary source of revenue for municipal governments. However, real concerns about the benefits received by a business versus residential taxpayers and the rationale for the notable disparity in property tax treatment between residential and non-residential taxpayers continues to persist. Put plainly, the proportion of property value and the resulting tax contributions made by these two distinct groups of property owners relative to the overall tax revenue collected by a municipality for services provided and consumed are vastly different and inequitable. This trend adversely affects commercial and industrial enterprises of all sizes and across all sectors and is pervasive in communities across the province, with very few exceptions. This has been a long-term issue that we have looked to address at our local chamber of commerce, and it is amplified now by our current circumstances arising from the pandemic.

We hear from Parveen, and I know you probably heard from a number of other folks about the stress on cash flow for businesses. So it really has amplified the potential for a dramatic impact on our small and medium-sized enterprises, especially those that employ individuals in the trades—so high-paying, high-quality jobs in the manufacturing sector, in the industrial sector—but now we're going to see more dramatic impact, actually, in the commercial sector because of the impacts and escalated trending to a remote workforce. So it's highly important

that we make sure that we're addressing the commercial real estate challenges that are going to be faced as people move to a remote workforce.

To set that stage, here in northern Ontario, we can see that the total tax share of taxable assessment is skewed to the commercial and business sector. For example, in Sault Ste. Marie, our commercial sector represents 13% of all taxable assessment yet pays for 23% of the municipal tax share. The industrial represents 1.6% of taxable assessment and is accounting for 8.6% of the municipal tax share. We know that they do not consume the same level of services as the residential taxpayer.

In regard to the education tax, or what we would commonly refer to now as the "Ontario property tax," we see that especially in northern Ontario the share of burden is quite dramatic. For ourselves in Sault Ste. Marie, business property taxable assessment is 15% but contributes to 32% of the municipal tax share. That's really dominated by Sault Ste. Marie, Timmins, Sudbury and Thunder Bay, where the municipal share is double the actual assessment value. In terms of that municipal tax share, Sault Ste. Marie, Sudbury, Thunder Bay, Timmins and North Bay are in ranges of taxable assessment from 15% to 18%, accounting for 54% to 58% of the education tax share.

So what we propose in our recommendations that have been approved by a number of municipalities across the province supporting our resolution:

(1) We ask that the government honour its 2019 budget commitment to ensure a modern and competitive property tax system and to develop an action plan to respect Ontario's property tax payers, based on meaningful and thoughtful consultation and collaboration with affected stakeholders, including residents, business, industry, municipalities and subject matter experts.

(2) Consider providing new revenue into property tax mitigation tools and flexibility in municipalities in order to manage property tax burdens in a fair and equitable manner and address new economic paradigms and to target relief to business owners and tenants in response to local property tax policy priorities and objectives.

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

Mr. Rory Ring: (3) Address significant disparity between residential and non-residential property taxes for education purposes.

The purpose of this is not to shift-share a burden from the business community onto the residential taxpayer, but it is to modernize the system so that it reflects a competitive Ontario, an open-for-business Ontario, and helps increase the amount of investment in one's own business.

We know here in Sault Ste. Marie that we've had a significant number of investments go out of our community because the return on investment cannot be demonstrated due to the impacts of their property tax system. We encourage the government of Ontario to honour that commitment in the budget, but also, we ask that each party representing Ontario support the modernization of our tax system.

As we move to a potential second wave, we want to ensure that there's regional consideration given for density

and intensity of the pandemic. For example, there were 27 cases in Algoma, with no hospitalizations and no deaths.

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

Mr. Rory Ring: For the northern Ontario region, this is a similar statistic. We want to make sure, if we move into a second wave, that we are not painting the whole of Ontario just with one broad policy stroke. So create awareness around that.

Again, I would just, as a closing remark, amplify it for—a note that consumer confidence is going to be critical to re-energizing our economy.

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

Our next presenter is Russell Arthurs. Please state your name for the record, and you can get right into your presentation.

Mr. Russ Arthurs: My name is Russ Arthurs. Good morning, everyone. I'd like to first thank all members of the committee for inviting us here today. I'd also like to thank Michael Wood of Ottawa Special Events for his great work advocating for Ontario small business and for encouraging me to come forward to participate today.

All levels of government have shown great intentions in helping to support small business during this pandemic. When it comes to the future of small business in Ontario, however, I'm very worried. My objective today is simple: It's to let you know that as someone who has run small businesses across multiple industry sectors for many years, many small businesses are in deep trouble. Without a long-term plan to help, many will not survive. The common statement that, "We're all in this together" is very hard for many of us to hear, and the current approach of one-size-fits-all needs to be addressed so that businesses with the greatest need get the most support.

First, a bit about myself: I've been self-employed for over 20 years. I'm currently a franchise owner of a beauty products retailer named Trade Secrets. On March 1, I became a co-franchisee of a Boston Pizza here in Barrhaven. I coach sports, and I've been on boards of BIAs and many community sports organizations. My businesses have always given back to numerous charity groups and community organizations.

Within two weeks of coming on board at Boston Pizza, it was reduced to a takeout-and-delivery-only option, and my Trade Secrets mall location was closed. Today, both operations have reopened, but sales are nowhere near returning to previous levels, despite aggressive marketing and advertising initiatives.

The following points I'm presenting today will hopefully shed some insight on some of the challenges we face, going forward. The first area I'd like to discuss is the rent relief program. The province of Ontario has been a key player in the federal rent relief program. While both of my landlords are participating, a business needed to be 70% down in sales to qualify. One of my businesses has qualified, but the problem is that as of today I have no idea what the plan is for September. July and August saw the plan be extended on a monthly basis at the last minute. This has caused great stress for owners. For many of us, the math of current sales does not add up at full rent again

in September. Already low cash reserves will be depleted if low sales continue.

1020

My other business did not qualify, as we fell agonizingly short of the 70% threshold. We have attempted to negotiate with the landlord for some sort of relief, but calls and emails have not been returned. It becomes very hard to plan and budget in such an environment of uncertainty.

Franchisees also often are only on a sublease with the franchisor. The landlord will not deal with the franchisee directly. In many cases, the franchisor will not push the landlord on our behalf, as they risk not being offered prime spots at other properties down the road.

Finally, I was shocked to learn this week that a nearby business was refused for the CECRA program for July and August by his landlord after refusing to waive an exclusivity clause in his lease. The CECRA program was not meant to be used as leverage and this cannot be allowed to happen.

My recommendations are as follows:

The CECRA program needs to be extended for a minimum of six months. We're going to be in the current weakened situation for a while, and we need to be able to plan accordingly.

The program needs to be put on a sliding scale: Businesses with the greatest need get more, and those that are faring better get less. The 70% revenue cliff was not a proper measuring stick. It hurt too many that were just short and provided little incentive to increase sales for those who did.

Finally, I believe that the program should be taken out of the hands of the landlords. There are too many cases of landlords opting out or using the program as leverage, especially towards smaller tenants.

The second area I wanted to address today is regarding capacity limits and "essential business" definitions. With our dining room shut down in April and May at Boston Pizza, I found myself on many nights out on delivery in Barrhaven. I began to notice that many of the grocery stores in town were quiet, but certain stores had line-ups to get in well up to 9 p.m. I couldn't figure out why stores like Costco, Walmart, Shoppers Drug Mart and Dollarama were packed, while smaller pharmacies and grocery stores were empty. It dawned on me that many of these people weren't necessarily buying groceries; they were buying shoes, shirts, garden hoses, board games, and oh yes, shampoo, hair dye, brushes, makeup and nail polish.

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

Mr. Russ Arthurs: My businesses had been forced to close in order to keep people safe, yet here were my much-larger competitors selling the same items to my customers. I fail to understand how me being closed and those stores remaining open kept people more safe. This has had a permanent effect on my sales, as many of these customers have not come back. In both businesses, we are now operating at greatly reduced capacity and following every safety protocol, while big box stores can allow throngs of massed people into the same aisle with no regard for capacity or distancing at all. This does not make sense.

The playing field has to be levelled for small business to be able to compete.

My recommendations here are as follows:

We cannot allow any future safety measures to unfairly close small businesses again while allowing larger competitors to stay open. The definition of an essential business needs to be re-examined, should we find ourselves in that horrible situation again.

Current recommendations need to be consistent. If restaurants or small retailers can provide safe experiences for guests, they should be able to be allowed to operate at full capacity.

Finally, restaurants and bars are often grouped together as high-risk activities when mentioned by government and/or public health authorities. They must understand that there are significant differences between a family dining room and a nightclub. One can realistically provide distancing and a safe environment, while others cannot.

The third area I wanted to talk about today is regarding the new cost of doing business since the pandemic began. It's also important to realize that many costs have gone up significantly and that many new costs have been introduced or increased, and profit models now look much different than before. Some examples would include PPE.

We have many new items required in my restaurant and my store, and the labour to administer them with new roles, like sanitation specialist. For our takeout, costs of packaging are 10% of our sales—and of course, increased labour to box up and deliver these productions. The margins to third-party delivery providers are daunting. There are many more costs involved. Our hydro and water bill—we were offered a deferral and then found out after that we were being charged 18% interest on that deferred amount. Our insurance is up 30% this year on renewal.

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

Mr. Russ Arthurs: In a nutshell, any government support needs to factor in these new costs of doing business. There's little room for price increases right now and little profit to forfeit.

My recommendations here are the following:

We need to provide new programs to help small businesses adapt to these new and increasing costs.

We need to recognize that any future support cannot solely be tied to revenue, as old models for profitability are no longer valid.

We need to provide incentives to companies to create new cost-effective products for packaging and sanitizing products.

My final thoughts are as follows: In conclusion, the needs of Ontario small businesses going forward are very simple and, in many ways, not much different than they were pre-pandemic. We need a level playing field. Forcing us to close again while larger corporations stay open cannot be allowed. The government and local health authorities need to show trust in small business to keep Ontarians safe. It is in our best interest to keep the public safe as well. We can deliver on that challenge. We need to be allowed to innovate. You'll be amazed how small

business in Ontario can find a way to create new ways of doing—

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

We'll move to questions now, and we'll start this round of questions with the government. MPP Roberts.

Mr. Jeremy Roberts: I appreciate the presentations from everyone who joined us this morning.

I'm going to start with Russ. Russ, thanks so much for presenting today. I've definitely been a patron at the Boston Pizza over on Greenbank. I assume that one is the one you're referring to. I'm so pleased that you're able to get the restaurant back up and running a bit over the past little while.

I want to latch onto one of the comments you made at the end, and that's about PPE and recognizing that increased cost for local businesses. This is something we've definitely heard across the board. As our committee provides advice to the finance minister going forward, when we talk about that cost of PPE—do you have any ideas on how we should be looking at that? Is it that government perhaps needs to help with the procurement of PPE? Is it tax credits to help with the cost of it? Is it a direct grant that you think businesses are looking for? I'm just wondering if you have any ideas there on how we might want to frame that particular issue, in terms of a concrete policy solution.

Mr. Russ Arthurs: I think it's a combination of all of those things you mentioned. Procurement is definitely a problem right now. Our supplier has told us that the price of latex gloves has tripled and they're still having trouble finding them. So procurement becomes a huge challenge. I know our local BIA in Barrhaven has worked on that for us, so there are a lot of people who are trying to help with that, and definitely credits and innovation are all part of that. Everything helps at this point. It is a significant cost, especially with us doing much more takeout and delivery than before. It's a lot easier to put something on a plate and deliver it to a dining room than package it up, and there's a lot more sanitation required in doing that.

Mr. Jeremy Roberts: I'm going to jump over now to Parveen. I just want to fit in a few questions in our limited time. Parveen, I would be remiss if I didn't pick your brain a little bit on the marketing side of things. Our government has been thinking about different ways that we can encourage Ontario consumers to be comfortable re-engaging with the economy—different things like promoting staycations in the tourism sector, promoting “buy local.” Do you have any ideas on how the government can best market and support our small businesses in this time?

Mr. Parveen Dhupar: That's a great question, Jeremy. I don't really have a quick answer for you on that.

I think those are great ideas about the staycations and so on. When you think about consumer confidence, it's all about the message that's going out there. With everything that's been communicated, people are just so fearful. Even me, trying to get people back to work here, knowing that we're in stage 3—they're not willing to come back. We've created this safe environment, and the business that we're in is all about collaboration. When we're coming up with

creative ideas, we need to be in a room together, tossing ideas back and forth and drawing things up together. It works better than trying to do it on Zoom.

We're at a point now where—the confidence of consumers is at a point of too much fear. What it's going to take to get them out of that fear is not going to be just staycations and so on. There needs to be a stronger marketing message around saying, "Let's get beyond this, let's start moving forward." It's about getting some positive messages out to them, and stop with all the negative communication that's going out. I think that's going to be a starting point.

Mr. Jeremy Roberts: I appreciate that. Touching on your comments on procurement, that was something that we're definitely interested in hearing about. Our government is looking at how we can reform our procurement system and make it more efficient.

When you talk about feedback being very vague in the system, are you able to provide any examples of the sorts of feedback that you would be looking at getting that we can feed back to Minister Thompson and others?

Mr. Parveen Dhupar: I'm on the procurement website right now, for example. I've been a vendor of record, so called, for almost a year now so far. In that time frame, I have only seen about five opportunities being listed on here. That's the number one issue I have. Are you telling me that the Ontario government has only produced five pieces of creative out there in this one year? There have got to be more out there that are not showing up on this website. Why are we not seeing all of those opportunities?

1030

And when the opportunities are here, we're being told that a response must be given by a certain date. We do that, and we go through a lot of effort in doing that. Then we'll check back according to when a response is supposed to be there, and it's not there. Months go by and it's still not there, and there's no reason why. They're not giving any reason why. So the point around communicating with them—it's very, very difficult. So that's a starting point.

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

Mr. Parveen Dhupar: And when there is an answer given, I will ask, "I would like to understand why I didn't win." Just to be able to have that opportunity, to have that conversation, takes time. When we do finally get that conversation, the answers are very, very vague. "There's a scoring system, and we've had many responses." That's the standard response. But I would like to understand who won and why they won. Even today, it still is not listed on here as to who was awarded this last one that I've asked about, so we don't even know that.

There are just so many questions—and it comes down to price. If it comes down to price, then I would say that it should be part of the process. Let us know what the budget is. Then I won't bother responding if I know it's not even a project that's going to fit in within our wheelhouse. That budget needs to be mentioned ahead of time and—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off.

We'll move to the opposition side now. MPP Fife.

Ms. Catherine Fife: I know my colleague MPP Mantha will probably pop in around northern business issues with the Sault Ste. Marie Chamber of Commerce, but I do want to start with you, Parveen. You've raised a couple of issues that have been consistently heard from this committee: that procurement, particularly government procurement, can and should be part of the solution on a go-forward basis. Your frustration around the process not being open and transparent is something that I think is important for all MPPs to hear, because we should be engaging in local businesses on a go-forward basis, especially on the creative side.

I wanted to mention that I appreciate the fact that you've also talked about your family. I think that's important for this committee to hear, because you have children who are older and they're looking towards the future—I think that challenges us, as a committee, to be forward-thinking and to think broadly about what the future and the economy of Ontario is going to look like.

The one issue that you did raise is around immigration. Of course, immigration is primarily a federal issue, but local companies in Waterloo, like Communitech, have taken out advertisements down into the United States. They're actively trying to recruit certain skill sets to come to Canada. You just touched on it, and I wanted to give you an opportunity to expand on where you think the provincial government should be on that file and what that conversation should be at the federal level.

Mr. Parveen Dhupar: We have a lot of great talent locally. There's definitely a lot of great talent locally, and I'm always looking for us to hire people who are here. But I can tell you that my success has mostly come through recent immigrants. If that talent isn't coming in new, I just don't know where I'm going to go. I'm not sure how to answer your question, but I'm just talking from my own personal experience in the sense that the talent coming from abroad seems to be a lot stronger than the talent here. That has been my personal experience.

Ms. Catherine Fife: That's an interesting point, because several delegations have talked to us about educational opportunities and around retraining to adapt to this pandemic.

Just hearing that your son actually took two courses over the summer—that was a good use of time. I have a daughter who also volunteered over the summer, so she picked up some life experience and she's going to college.

I think that we have to put education on the radar of an economic recovery plan.

And then just moving quickly to Rory: Your comments around a regional approach have been consistently heard from this committee, as well. The counterpoint to that, just so you know, is that when Waterloo opened in stage 2 ahead of the GTA, we did have a number of people moving into Waterloo, and so I think that if we're going to take that approach—which is something that I'm supportive of—we have to make sure that we mitigate transfer of the virus in some way. But there's no reason why we can't learn from that first round of experience, if we indeed see a second round.

And finally, to Russ: The issues that you've faced as a small business person, particularly around dealing with the CECRA program—there's no doubt about it; CECRA is fundamentally flawed. Everyone knows it. The Canadian Federation of Independent Business and the Ontario Chamber of Commerce have all asked for that threshold of 70% to be dropped to 20%. My local chamber of commerce has said that.

The issue of rent, of the rights of tenants, under the current Commercial Tenancies Act, has also been opened as a very problematic piece of legislation, in that, as you mentioned, tenants have been asked to sign non-disclosure agreements and their ancillary fees have gone up.

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

Ms. Catherine Fife: Their rent has gone up by 30% in a pandemic.

Maybe you can lend your voice to how you feel as a tenant within the confines of that act, because it's a flawed piece of legislation that needs to be modernized.

Mr. Russ Arthurs: Yes, obviously, it's a problem and it doesn't give us a lot of negotiating power when we start hearing non-disclosure agreements are being requested to be signed. There's always a string attached. They're saying, "We'll participate in this program if you do this," and I don't think that was the intent of the program. There's still so much uncertainty about it. We're five months into this now, and I don't even know if we qualify yet or not. It's just month by month. They keep saying, "We'll let you know, we'll let you know." We've been sending in the cheques, but we don't know if they're going to come back and ask for more.

Ms. Catherine Fife: In the second round, we'll talk about going forward, how Ontario needs to respond to that. We believe strongly that we need a made-in-Ontario, tenant-driven process.

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

Ms. Catherine Fife: Only 10% of that funding has flowed, so clearly it's not working for businesses, and we need businesses to stay open so that we can actually recover. We'll talk about that in the second round, I think.

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

Before we go to the independent members, I would like to do an attendance check. MPP Coteau, are you there?

Mr. Michael Coteau: Yes, I am here.

The Chair (Mr. Amarjot Sandhu): Can you please confirm your attendance?

Mr. Michael Coteau: I am here in Toronto.

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

Questions from the independent members? MPP Schreiner.

Mr. Mike Schreiner: Thanks to all three presenters for your very valuable presentations. My hope is that I'll be able to ask you all questions, but I do want to start with Mr. Arthurs.

Russ, I think you gave a very detailed and compelling case for support for small businesses and especially how deeply flawed the commercial rental assistance program is. You've called for a six-month extension of the program, and also fixing it so it's tenant-driven—a revenue threshold decline etc. I agree with all of that.

Do you believe the commercial eviction ban should also be extended six months? That is something that is purely provincial jurisdiction. And then, related to that, could you explain to the committee why it is so important for small businesses to have the runway on the rent support extended another six months?

Mr. Russ Arthurs: Thank you for your question. I agree wholeheartedly. Obviously, any eviction discussion is tied to that. As small business owners, we have to be able to plan ahead. Right now, we're planning month to month. We all watch the stats. We hope the cases go down, and we're hoping it's going to go away. But this isn't going away any time soon. We're not going back to a level of normal in 30 days. We all know that. So the plans have to be in place so that we can plan accordingly, budget and know what our labour needs are going to be, and when it's tied to rent, we just need to know that there's something in place to help us out long-term. Obviously, they all go together.

1040

Mr. Mike Schreiner: I appreciate your perspective on that. As a long-time small business owner myself, this falling off a cliff just doesn't work, so I hear you.

I wanted to talk to you a bit about a level playing field for small businesses, because I did hear a number of concerns from small businesses who were forced to shut down and saw the big box chains selling products that, essentially, you supposedly weren't able to access. Let's hope this doesn't happen, but if there is a second wave and we do have to go into a lockdown, how could the government better design some of those lockdown rules in a way that provides a level playing field for small businesses?

Mr. Russ Arthurs: Thank you for that question, as well.

The frustrating thing is that when all this started, hours were greatly reduced where people could go, so people were funnelled into the remaining places that were still open. In my Trade Secrets example, where I sell hair dye and shampoo—people still wanted and needed those things. Unfortunately, I don't have an online option, so I couldn't adjust and just go to an online model. Our franchisor controls that, and we're not a part of that. Any future problems we have if there's another lockdown or a rollback—we need to find a way to define what's essential. It makes no sense for Walmart to be open selling groceries and having the whole rest of the store open as well.

The other thing is that the big companies have used this time to develop their online databases of customers. They're aggressively marketing to these people for their online purchases. We know that online is growing and it's the way of the future, but this accelerated everything. In my case, where I couldn't develop an online business, it has really put us at a disadvantage now.

The level playing field that we're looking for—if, horribly, we have to go back to this—is that we find a way to really define what is essential, or find a way for small business to remain open somehow. I feel confident, in my thousand-square-foot store, that I'm able to provide a safe

shopping experience for my customers. Right now at the Rideau Centre, our mall downtown, we have a capacity of two customers at a time. I have two staff members. One staff member; one customer. The customers are not allowed to touch the product, we handle it for them and, so far, our customers have told us they feel very safe coming in. I don't know how closing us and letting the big guys stay open makes Ontarians more safe, so I think that needs to be addressed. I hope we don't have to go there, but if we do, we can't be allowed to be disadvantaged like that again.

Mr. Mike Schreiner: I really appreciate you getting that on the record.

Parveen, you were answering a question from MPP Roberts around procurement and the importance of transparency, accountability, providing information to small businesses. You ran out of time, and I think you were making some really important points, so is there anything else that you wanted to add to finish your thought there?

Mr. Parveen Dhupar: Really, I think it's more about when an opportunity is put on there, it should be a little more clear as to what is the budget. If we know the budget, and if I feel like this is a project that we can do within that budget, then I will respond. Sometimes I feel like we're responding to things that we would never, ever win, because it's all based on price, and there could be other agencies out there that are undercutting just to win the project, so I would prefer that budgets be very clear up front—

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

Mr. Parveen Dhupar: —so that we know what we're responding to, and then when we are responding, that they take the effort and also be respectful of the timelines that they put forward in terms of when they are going to actually award the project.

Mr. Mike Schreiner: I appreciate that. A similar theme to Russ here is, "Create a level playing field for small businesses," whether it's procurement, rules etc. I think that's what you're asking for, really—is to have a level playing field and the information around that.

Mr. Parveen Dhupar: Correct.

Mr. Mike Schreiner: I probably don't have much time left, do I, Chair?

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

Mr. Mike Schreiner: Okay. I'll just yield it. Thank you all for being—

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

We'll move to the opposition for the second round. MPP Mantha.

Mr. Michael Mantha: Rory, I wanted to put this question to you. From a northern lens, there are scary prospects in regard to the survival of many businesses that we have across the north. We're talking about close to 45%, if not more, of those businesses that—if something isn't done, if we don't become creative, if there's no flexibility that comes in, they're just not going to survive. They're not going to be there. That's going to have a huge impact. As you've clearly articulated, on the tax share for municipalities. It's going to kill our infrastructure. It's going to put

the burden on the backs of our municipal services. It is just going to be horrid.

I'm looking at some of the presentation you've already provided to us. I went over it, and I really want you to touch on the deployment of capital. You talked about it being flexible, that it fits the businesses. I want to get a northern lens, a northern flavour of what that's going to look like. Can you touch a little bit on what that's going to look like?

Mr. Rory Ring: I think for a perspective—and I think it incorporates comments from Parveen and Russ—the sensitivity of cash flow right now for businesses. The CFIB just issued its report on small business—that only 20% of businesses are experiencing normal revenues, and those normal revenues that are being experienced are those businesses that have been deemed essential. Those businesses are able to maintain their cash flow, deploy capital, attract capital. If we're looking at a very long-term recovery, that 75% to 80% of the businesses that are struggling are going to have a real challenge in attracting capital and investment.

And then when you impact specifically, like, on property taxes—the municipalities are struggling to drive revenue. Where's that money going to come from? Well, the only primary source of revenue is through property taxes, so will there be long-term implications for the property tax burden? And that, in itself, takes away from the ability of a business to reinvest back into itself.

We have had a local company that was looking at a million-dollar expansion; property taxes would have increased by over 20%. When you drive your return investment numbers, it just doesn't make sense for that investment to happen. You're talking about a \$1-million investment, and \$200,000 in property tax. You've paid \$1 million in five years, so that puts a real burden. The other side of that is that the ability then to borrow is reduced because your cash flow's down, your commitment to paying property taxes is up and you can't leverage, then, the available cash flow to even multiply your potential investment. So that's a real challenge.

From the northern perspective, it certainly comes down to somewhat of an isolation of market. Transportation infrastructure is greater, business between markets is greater—and that's for, say, traditional. When you want to talk tourism, that's amplified even greater now with the Canadian-US border being closed. Many of the tourism industry—80% of their volume was US-based. We are seeing increases in the staycation. We are seeing that, but when you really look at the northern communities that rely on fly-in or remote, or transportation to access those areas, there's a tremendous amount of stress on those businesses, whether they be outfitters or actual accommodations.

We in Sault Ste. Marie have had the Agawa train cancelled. That's a \$7.5-million contribution to our economy in six weeks. That will be devastating to our downtown, to our accommodations sector, to restaurants, foodservice—

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

Mr. Rory Ring: —retail. It's a significant challenge, absolutely, and we may see a result in our largest regional

mall closing down, because they've already lost 15% of their tenants. They don't have two major anchors—Sears and Walmart have left already, pre-COVID-19. So there are some very significant challenges.

Our closest market is three hours away, which is Sudbury, but we do have good access—we had access—from the airport. You can be in downtown Toronto with an hour-and-15-minute flight, but that's not happening now. It's a real challenge in your northern communities. It's distance, travel, infrastructure, market access—some significant challenges around that.

1050

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

Mr. Rory Ring: If indeed the second wave happens and we do not take a regional approach, those small businesses are going to be tremendously impacted in northern Ontario.

To comments from Russell and Parveen, about density in a small store versus density in a Walmart: What is the difference? If you take an approach of maybe a customer per square foot, it may make some more sense. If you can put 250 people in a lineup outside a Walmart, why can't you have three people line up outside a small business like Stork and Bundle or Art Gabriel's Men's Shop? We really need to take some rationale around what happens in the second wave and how we support our small business community.

What we see in our community and right across northern Ontario is that there is not the intensity of cases, really, because a lot of our businesses have been doing what they need to do to ensure a safe and secure environment—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off.

We have to move to the independent members now for their second round. MPP Schreiner.

Mr. Mike Schreiner: I think MPP Coteau has some questions, so I'll let him go first.

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

Mr. Michael Coteau: Thank you so much. I appreciate the folks on the call today. It's really insightful to get this feedback, and it's interesting, because many of the same—the comments are based on some really big themes. We know that one of the biggest themes is that, yes, there's been a lot of goodwill by policy-makers, by introducing programs, but at the same time, we've seen that there could be a lot better alignment between those programs and what's actually happening on the ground.

One of our biggest challenges we're going to have as Ontarians in the future is that the debt load that we're building up is so extreme, unlike anything we've seen before. So far there's been about \$230 billion spent as a direct response by the federal government on COVID-19. The deficit for the federal government, which is taking on the weight or the majority of the burden of the program expenditures, is going to reach \$350 billion here. Across the country, when you look at that debt-to-GDP ratio, Ontario is the highest, and in Canada, we're now at about \$40,000 of debt per person.

So my question is—and I don't want anyone to misread what I'm saying; I do believe that if businesses are not set up for success, there will be no revenue, so we need to do whatever we can to help individuals and businesses succeed.

Russ, you talked about an extension of programs for the next six months. How do we find that balance between setting up businesses for success, and at the same time, making sure that, at the end of the day—because the revenue is only going to come through property tax, personal income taxes or business taxes. As a business owner, how do you find that balance between the revenue that's coming in through taxes and the expenditures that are going out?

In addition to that, are there ideas that you would address first, as a priority, that seem to be more reachable, lower-hanging fruit that government can start to focus on, that aren't taking place?

Mr. Russ Arthurs: Thanks for your question.

I think the first thing to realize is that the money that's being spent now—there is a cost to that, and that's just a reality. The alternative is, if we don't get support and our businesses close, we're not going to employ people and we're definitely not going to be paying taxes, and neither will those employees. So we have to look at that investment in small business and what the taxpayers of Ontario or the public is getting back.

It's a tough situation for everyone, and we get it. You're right; we can't just borrow it out of this money pit forever, because there is a price to pay down the road. We've talked about our children. I have four children, all teenagers, two of them in university now. We have to think about that. But if we allow everything to collapse and all the infrastructure that goes with that, unemployment, and your tax revenues dry up, I think that's going to create an even bigger problem.

There is no easy answer to that, other than, for the next few months—we have to get out of this somehow. Get us through the bridge, basically, until things get better.

Mr. Michael Coteau: If you were on this side of the screen and you did have influence with legislation and government direction, what would be the biggest priorities for you, for business owners? What are the top three priorities that you would address immediately and focus on?

Mr. Russ Arthurs: Thanks for that question, as well.

A good friend of mine, a dairy farmer here locally, said when this all started, "You can't turn off the cow." It's the same thing with a business. In that sense, we can control our variable costs, like labour. If we have fewer sales, obviously we're going to need fewer people. But it's really the fixed costs that are the problem. When you have commercial leases, you can't turn that off—

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

Mr. Russ Arthurs: —and those are the things that need the immediate attention. It's the fixed costs that we can't turn off. If we were able to furlough our business and shut all the costs off, we could find a way to do something else for six months and then just turn it on again. But that's not the reality.

My advice—and that’s why I’m not on your side of the screen—is that you guys have done a great job, and we appreciate everything, but we have to stop looking at it 30 days at a time. You’re right: We do have to find that balance. But it’s really our fixed costs that we can’t turn off right now, to use—

Mr. Michael Coteau: Even Parveen’s comment around the procurement process and how we really leverage Ontario businesses to reap the benefits of that spending—if we’re going to go into extreme deficit, at least that expenditure has to benefit local businesses.

We’ve never been through anything like this, so again, I’m not going to point my fingers at the current government exclusively and say, “It’s your fault.”

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

Mr. Michael Coteau: The coordination is a difficult thing for anyone to do. But we have to learn from this. We have to know that at this stage, we know enough within the last six months to actually make smart decisions. I would say that to ensure that businesses in Ontario are getting the first ability to take advantage of that expenditure and that spending is the most important thing, because I’d rather owe that money back to the people of Ontario than to people outside of this province.

The Chair (Mr. Amarjot Sandhu): We’ll go to the government side now for their final round. MPP Martin.

Mrs. Robin Martin: Thank you to all the presenters for the great presentations. I’m learning so much just listening to all of you and getting your on-the-ground perspectives, which really are so valuable to us. As MPP Coteau just pointed out, it’s important to learn. None of us have ever been through this before, and the government has certainly been trying to create programs which help businesses and support them in the way, I think Mr. Arthurs just mentioned, that businesses are looking for.

But we need to know exactly how it is impacting in each of the scenarios and situations that we’re hearing from, with people coming to us. I really want to thank you for bringing what we could call the “ground truing” of some of the programs to us, by letting us know how they are working on the ground, or not working on the ground. It is important that we improve and do everything we can to support our small and medium-sized businesses, going forward, because we do rely on them, frankly. I think the only way we’re going to get out of this, and particularly the debt that we’re incurring, is from the revenues we’re going to get from successful businesses, going forward, that are continuing to pay taxes. So that’s all very important.

In that regard, I just wanted to start with Parveen Dhupar, who did mention, in a long list of things that he was concerned about, the plan to bring us back to a balanced budget. From what I understood you saying, people are concerned about how we’re going to get there. Businesses will be concerned if that’s going to fall on them. Individuals will be concerned if it’s going to fall on them. Again, it helps with planning.

I just wanted to ask you, Parveen, do you think that ensuring that the government presents or has a credible

plan that it can articulate soon for a return to balance will help us build confidence among small and medium enterprises, and help them have confidence to go forward?
1100

Mr. Parveen Dhupar: I think what I’m hearing right now, even from Russ and from Rory, has a lot to do with supporting the businesses right now. The businesses are still not through it. We know that this is not a short-term problem and it’s not going to be over. So I think the current issue is, absolutely, let’s just make sure the businesses can survive, but we need to have a long-term plan, not just, like Russ mentioned, looking at a 30-day plan. What is the long-term plan on how we are going to repay all this debt? We can’t just make it disappear. We’re not printing money. We have to be looking at that at the same time.

Mrs. Robin Martin: Mr. Ring, as you represent a chamber of commerce in the north, I was listening intently to what you were saying about, for example, the tourism sector in the north. I actually read this morning an article in the Financial Post by David Rosenberg, who is a fairly negative person when it comes to predictions going forward, usually; I’m sure you know. I have it here. He said, “Canadians are the eighth top tourism spenders in the world, spending US\$33 billion abroad in 2018.” He notes that a lot of that purchasing power is now confined to vacationing and shopping domestically. My husband and I just came back from a mini staycation in Ontario ourselves, and we tried to splash as much money as we could afford to in the area we were.

I know with remote communities where they have to fly in, that can be challenging. You mentioned that. But I’ve also seen recent articles—I’m parliamentary assistant to the Minister of Health—and recent commentary that flights are actually not as dangerous for the spread of the virus as initially thought.

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

Mrs. Robin Martin: Do you have any suggestions as to how we could use this as an opportunity to expand tourism within Ontario and the north especially?

Mr. Rory Ring: Absolutely. It just goes back to some earlier comments—ensuring that consumer confidence is put back into the market. As Parveen mentioned, a lot of that has to do with messaging—and, honestly, some of that messaging coming from government. When you look at the statistics, Ontario and BC have the highest rate of apprehension of getting back into the economy; Ontario being perhaps the highest. That’s the creation of that fear. The conversation around, “We’re going to get a second wave. We’re going to have to shut down”—

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

Mr. Rory Ring: A lot of that is that conversation that’s coming.

I think the province needs to take the lead on the positive messaging that business is doing its ultimate best to ensure a safe environment for its consumers and for its employees. I see it. Small businesses are putting in PPE, putting in protocols that will keep us safe. That messaging has to start to become a more positive message, that Ontario is ready to go; the business community is open for

business, and they're doing their part to ensure a safe today for a safer tomorrow. I think that messaging really has to start coming from our leadership throughout the whole province, whether they're in the public service or an elected official. We need to start that messaging happening. The border is going to stay closed for some time, that's our feeling, until the US can get its act together—

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

That concludes our time. Thank you to all three presenters for your time and for your presentations.

Before we move along to our next group of presenters, I would like to do an attendance check. MPP Gélinas, please confirm your attendance.

M^{me} France Gélinas: I'm France Gélinas, and I'm in beautiful Nickel Belt.

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

HEATING, REFRIGERATION AND AIR
CONDITIONING INSTITUTE OF CANADA
ONTARIO PHARMACISTS ASSOCIATION
WESLEY CLOVER INTERNATIONAL

The Chair (Mr. Amarjot Sandhu): Our next presenter is the Heating, Refrigeration and Air Conditioning Institute of Canada. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Dorothy McCabe: Good morning. My name is Dorothy McCabe. I'm with the Heating, Refrigeration and Air Conditioning Institute of Canada. Thanks very much, Chair Sandhu and committee members, for the opportunity to address you today.

HRAI Canada is the national trade association for the heating, ventilation, air conditioning and refrigeration industry. We represent member companies across Ontario and the country. Our members include manufacturers, wholesalers and contractors who collectively employ tens of thousands of skilled trade professionals and contribute billions annually to the economy. We also provide technical certification training recognized throughout the country. We are eager to engage with the government to chart the pathway forward towards our economic recovery to ensure that small and medium-sized business owners are once again able to create high-quality jobs across Ontario.

Our members install and service the indoor air quality mechanical systems that keep schools, health care facilities, grocery stores, long-term-care homes, commercial and industrial buildings, and your homes functioning safely and comfortably.

As we've indicated since the start of this pandemic, we are very willing and looking for opportunities to provide our subject-matter expertise and recommendations regarding how to make the air inside schools, long-term-care homes and other buildings, particularly commercial buildings, safe for reopening. As you know, indoor air quality has never been more important. We want to be clear: Our primary purpose today is about providing our

best technical advice, our recommendations and expertise to help solve pressing and urgent challenges. Our interest, like yours, is to ensure the health and safety of Ontarians, especially our children and youth.

We certainly appreciate the government providing \$50 million to address ventilation systems within Ontario schools. This is a good start and will begin to tackle the backlog. HRAI is ready to provide advice and guidance to ensure that licensed, registered and qualified HVAC contractors are utilized in as timely a manner as possible. Time, we know, is of the essence, and again, we are ready to help.

With respect, particularly, to the economic impacts of COVID-19 within our sector, despite being identified as an essential service, the HVACR sector was hit harder in Ontario than in any other province or territory. Mainly, this was the result of the decline in demand for anything but emergency repairs.

Today, our members in the residential sector report that their businesses have largely roared back to life in response to the hot summer temperatures. However, with continued uncertainty regarding COVID-19 and a potential second wave, there's no guarantee that this will continue into the fall and into 2021.

In the commercial sector, however, the story is much different. Across Ontario, members continue to report a significant slowdown in regular business activities. The impact is being felt by existing employees and employers and also significantly impacting youth, as the hiring of apprentices and new staff has dramatically slowed. As an example, one commercial contractor shared that where they would normally hire approximately 100 apprentices, this year they have hired only three.

This slowdown is, of course, largely the result of the concern and reluctance of many to return to the office towers and other commercial and industrial buildings, given the significant concerns and questions people have regarding if and how the virus can be transmitted via a building's mechanical heating and cooling systems. To reopen successfully, we believe clear guidance, standards and guidelines are needed.

To address this, HRAI is organizing a task force of experts and thought leaders from across various sectors to find answers. This task force will include representatives from the Building Owners and Managers Association—BOMA—and experts in facilities management for schools, long-term-care homes and other sectors. One ask that we do have of the government is that relevant ministers, policy advisers and ministry staff also participate on this task force to ensure that we are sharing the most relevant and timely information our sector can provide.

Turning to the question of how to support small and medium-sized business recovery, again, it is the commercial HVACR sector where the support is needed most and where there are significant opportunities. As we know, everyone—literally everyone—is concerned about ensuring that we have healthy and safe indoor air environments in buildings across Ontario. There is also a need to address the cost of energy, the capacity of the energy grid, our

carbon emissions and the need to get people across the province back to work, particularly in the commercial sector. We are positioned to address all of these issues. Specifically, HRAI is requesting an investment by the provincial and federal governments in a home and building retrofit program focused on improvements to indoor air quality and on reducing energy costs.

1110

A home and building retrofit program would deliver a number of important benefits for small, medium and large businesses, as well as for citizens. It will ensure safe and healthy indoor air environments and improvements in ventilation. It will spur investment in small and medium-sized businesses. It will create thousands of well-paid trade jobs in communities across the province—jobs and careers that cannot be outsourced or automated. It would reduce the demand on the energy grid system. It will improve building envelopes and mechanical systems and significantly reduce energy costs for business owners and home owners, leaving more money in their pockets.

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

Ms. Dorothy McCabe: Our full submission to the committee includes more details regarding key regulatory changes that HRAI is requesting and challenges regarding the ongoing shortages of skilled tradespeople, the need to address governance and training issues and other opportunities to drive job creation and growth.

In summary, HRAI and its members are indoor air quality and ventilation experts. Please use us a resource. An investment in a home and building retrofit program will spur job creation, particularly in the commercial HVACR sector. We urge the government to make this investment. We are committed to working with you to bring the economy back to full health in a safe, responsible fashion, and we thank you all for the leadership you've provided the citizens of Ontario.

We look forward to your questions. Thank you.

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

Our next presenter is the Ontario Pharmacists Association. Please state your name for the record, and you can get right into your presentation.

Mr. Justin Bates: Good morning, Mr. Sandhu and members of the committee. I am Justin Bates, the CEO for the Ontario Pharmacists Association. Thank you for providing the opportunity for our remarks to examine the economic and financial impacts of COVID-19, with my particular focus on the pharmacy sector.

I would like to begin by thanking the Ontario government for its swift and remarkable response to the COVID-19 pandemic. Over the last few months, we've seen this government and every MPP work hard to protect their communities. On March 23, when Premier Ford declared pharmacy an essential service, it was a call to the pharmacy profession to demonstrate and emphasize their training and expertise at a time when their patients needed them more than ever.

Pharmacy professionals across the province in every community kept their doors open, donning personal pro-

TECTIVE equipment, despite the scarcity of supply; procuring makeshift Plexiglas barriers to protect their patients, staff and themselves; increasing home delivery services; adding curbside pickup; and even small gestures to help comfort their patients in these troubling times. Throughout the pandemic, pharmacists found themselves providing additional counsel to their patients, dispelling theories on hydroxychloroquine and explaining the importance of dispensing limits to protect the drug supply.

As the CEO of the association representing pharmacy professionals and pharmacies, I am humbled by the commitment and dedication that these professionals have demonstrated to their patients, their profession and the province. Now they're ready for what's next.

As Ontario's economy opens up and addresses the impact of the pandemic, now is the time to leverage the health care professionals to practise to their fullest capacity, to ensure that Ontarians can be kept safe and that the economy can continue to thrive. It's nearly the fall season, and pharmacy professionals are preparing for a busy flu season that may possibly coincide with a second wave of COVID-19. They are planning and strategizing about how they will safely administer much more than last season's 1.3 million flu shots, now amidst the pandemic. They are securing PPE and investing in tools and labour to help them manage and protect the influx of patients coming to pharmacies this fall.

But these preparations are not without costs. In the spring, we estimated that the additional aggregate cost to Ontario pharmacies over a 10-week period between March and May exceeded \$300 million, and we estimated that pharmacies lost more than \$98 million in revenue during that same time period. Let's unpack that a little bit.

For each week, we estimated that pharmacies increased their delivery costs by more than \$8 million. We spent more than \$5 million on PPE and additional cleaning supplies. We saw an increase in labour-related costs of nearly \$15 million and paid more than \$1.3 million for additional staff training. These costs have placed an undue strain on pharmacy professionals at a time when we should be removing as many barriers as possible to ensure that they and others can meet the needs and demands of all Ontarians.

To help offset some of these costs, we are requesting an additional \$3 per flu shot to support pharmacies during what is expected to be an exceptionally demanding flu season. Since 2012, funding for the pharmacist-administered flu shots has remained unchanged at \$7.50 per shot—significantly less than what OHIP pays physicians for the very same service. The \$3-per-shot increase we seek would stay within the cost-neutral goal of the government and would help offset pharmacies' costs for additional labour, access to PPE and supplies for disinfection. It will help to ensure they are appropriately protected during this particular flu season, and we will also prepare them to assist in the administration of a COVID-19 vaccine, if and when one becomes available. We also encourage the government to include the high-dose flu vaccine in pharmacies to close the gap in access for high-risk seniors.

This fall, Ontario pharmacists are actively preparing for the government's expansion of their scope of practice to assess and treat minor ailments. This will be particularly important as significant uncertainty remains around the ability of primary care physicians and nurse practitioners to resume regular office hours for such assessments.

An Accenture report, commissioned by OPA and released in 2013, showed that a pharmacy-based minor ailments program in Ontario could yield a net present value of more than \$12.3 million, reflecting a patient shift away from more costly hospital visits and doctors' offices towards a less costly community pharmacy for the assessment of these common, minor conditions. While this report cites projected savings between 2013 and 2017, it stands to reason that, as costs for primary care and strain on our system continue to rise year over year, leveraging Canadian-based pharmacists can only generate more savings than the report suggested.

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

Mr. Justin Bates: The pharmacy regulator has already sanctioned this expansion of pharmacist scope. It's now time for this government to implement a plan that is already in place in eight out of 10 provinces.

With support from the government for implementation of a minor ailments program, Ontario pharmacists will be ready to assess and treat minor ailments, like skin rashes, pink eye and urinary tract infections, in a much more timely manner than ever before. In fact, rapid implementation of scope of practice could not be more crucial than it is right now. The time for discussion is over. Ontario needs timely access to care right now, and a solution is at hand.

We've also had active conversations with government about how pharmacists can ease the strain on the health care system by increasing access to COVID-19 testing, like what has been done in Alberta. Ontarians visit their pharmacy up to 10 times more frequently than their other health care providers, ideally positioning them to support the government's response to COVID-19 and help protect the province during the flu season.

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

Mr. Justin Bates: OPA's 10,000 pharmacy professionals are on the front lines of health care in community pharmacies, hospitals, long-term-care homes and family health teams. There are more than 4,500 pharmacies as points of care in the province. We are health care hubs employing more than 60,000 Ontarians, and we represent over \$6 billion in economic output. Pharmacies stepped up years ago to help expand access to and uptake of the province's flu program, and they've stepped up now during COVID-19 and have gone above and beyond to support vulnerable patients.

Now they're ready for what's next. They're ready to support the government's efforts to move to a more connected and sustainable health care system, centred around the needs of patients, that fulfills the vision of the quadruple aim to improve health care for all Ontarians. We look forward to helping the government achieve these goals.

I thank you again for the opportunity to provide these remarks.

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

Our next presenter is Wesley Clover International. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Leo Lax: My name is Leo Lax, and I am here on behalf of Wesley Clover International. Good morning, Mr. Chairman and committee members. Thank you for giving me the opportunity to share with you the state of the technology SMB start-up community as we emerge from the COVID-19 environment, and I hope I can share with you what we believe the government should be doing in response.

Wesley Clover International is a private global investment management firm and holding company and has active interests in technology companies, as well as some real estate. Wesley Clover has invested in over 100 tech companies over the past 30 years, and many of these are growing and have grown to become international global corporations.

I am the executive managing director of L-Spark, which is a Wesley Clover accelerator that helps early-stage start-up companies in the technology sector become more capable and grow more rapidly through active mentoring. We have over 50 companies in our alumni, and we operate four distinct accelerators right here in Ontario.

1120

What a different world we live in today. I would not be here today if the world of the tech entrepreneur would not have been turned upside down as a result of COVID-19. Pre-COVID-19, a tech entrepreneur would identify a need, would dream some big dreams, would build a product over several years to meet that need, and then start getting some revenue. During this phase, the company would be sustained by individual investors, called angel investors, and institutional investors, who most often are called venture capital fund managers.

As the impact of COVID-19 hit the world, the angel capital initiative dried up. Institutional capital for the start-up community almost vanished, and the individual start-up founders and young company employees had to be laid off. Many of them have reached out, of course, to the federal government programs such as CERB just to keep themselves and their families afloat. The companies themselves received little or no help, because many of them were ineligible because they had no revenue. Yet the future of all of us, now and in a post-COVID-19 environment, has become dependent on the technology initiatives that these start-ups, and many of them in the past, have developed and are developing right now.

We buy and sell online. We communicate right now, as you see, online. We take care of our sick online. Our kids are going to school online. And so on and so on. Yet the companies that are building the tools for this entire infrastructure, for this entire capability are reliant on pre-revenue funding which has dried up, and so more and more of our future is now dependent on making sure that these companies continue to exist somehow.

Ontario has ranked well across North America in the tech sector. Toronto has ranked as the fourth city in digital talent across 50 North American counties and cities. Ottawa has been ranked 14th and been recognized as having the highest proportion of tech jobs in any North American city.

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

Mr. Leo Lax: Ontario is the home of many of the companies that lead the world in e-commerce; fifth-generation network development, which is the foundation of the next generation of the connected world; med tech, which will become the foundation of the future of health care delivery and service; artificial intelligence; autonomous transportation; fintech; and so on. We have led the world, and we risk losing it all, handing over this intellectual capital capability that's underpinning this entire industry, when handing over these young technologies and these tech entrepreneurs, because they will gravitate to where they are being made welcome and they need the bridge to survive during this process.

But I am an optimist, as you can probably believe, or I wouldn't be here. I believe that if we concentrate our focus, we can act decisively as a province and as a country to provide a lifeline for the start-up tech community and bridge them over the impact of COVID-19.

So I ask you to consider placing the support to the start-up community on a higher priority list and provide both direct and indirect support to them. I'm going to give you some examples. Direct support means bridging these companies with direct funds so that they maintain their ability to survive and be able to grow as we all learn to live in the new world. Indirect support would mean funding the incubators and accelerators, such as L-Spark—

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

Mr. Leo Lax: —that every single start-up relies on to get mentorship, guidance and navigate these uncharted waters that none of us encountered in the past. And we need to provide incentives and funds to the angel and venture capital community, so that they can continue supporting their portfolios and fund emerging companies going forward. Therefore, I urge you to act. Thank you.

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

We'll go to the independent members for their first round of questions. MPP Schreiner.

Mr. Mike Schreiner: I want to thank all three presenters for providing excellent contributions. In my limited time, I don't think I'll be able to ask the pharmacists questions, but I just wanted to say how much I really appreciate the recommendations you've brought to committee about ways that pharmacists can both improve access to health care and save money for the health care system. I'll certainly be supporting those recommendations.

I want to direct my first question to HRAI. In previous sector analysis, we've had people come to committee asking for a home renovation tax credit to support energy efficiency improvements, public health measure responses and accessibility, which I certainly support. You talked about the homes and buildings, and I want to focus on

buildings and the importance of providing those kinds of government programs: supports for public institutions, commercial buildings, small businesses etc. Maybe you could talk about how those types of programs can help public institutions and businesses save money, but also prepare for the COVID-19 reality and the role that HVAC systems and the HRAI sector as a whole can play in that regard.

Ms. Dorothy McCabe: Actually, on some of those more technical things, Martin, I'll pass that over to you.

Mr. Martin Luymes: Thanks for the question, Mike. It's appreciated.

I'm going to say that, in terms of economic stimulus and trying to get the economy going in terms of the technical requirements of commercial buildings relative to residential, we've talked a lot about residential programs in the past. We talked about them. We think the opportunities right now in the commercial sector are more pressing, partly because of the fear, the trepidation, that people have about going back to work in buildings that may have unanswered questions about the ventilation system. This is a concern in schools, it's a concern in commercial office buildings, and so on.

Our industry is prepared to engage, and we see this as an opportunity not only to address issues around energy efficiency and improving the energy performance of buildings—a tremendous opportunity facing Canada and Ontario right now, to make improvements in that regard—but also in relation to economic stimulus. There's an additional layer of need and urgency now, related to this concern about ventilation systems and the role of HVAC systems potentially in either mitigating or contributing to the spread of the virus.

Let's just say that there's some uncertainty right now about the role. There's research being done. HRAI is actually convening a committee, as Dorothy mentioned, to study the matter. We want to bring the best state of understanding that exists right now in the academic community and in the engineering community about these matters to the table, so that we can advise government properly on the right kinds of measures.

There is a window of opportunity right now to address some of these pressing concerns. We know that not only are buildings across Ontario poor energy performers right now, and we can make tremendous improvements in saving energy costs and lowering carbon emissions and all the rest that comes with that, but there's also an opportunity right now to improve ventilation systems, air filtration, questions around humidity. There are a whole lot of variables that our members have expertise on that could make these buildings more conducive to occupants and eliminate some of the concerns that have arisen out of this pandemic.

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

Mr. Mike Schreiner: Do you think the best way to make that happen from a public policy standpoint is tax incentives, grants or credits? What do you think is the best way to roll out a program to really make it happen in both commercial and public institutional buildings?

1130

Mr. Martin Luymes: That's a difficult question to answer. One of the things our industry always counsels government is not to rush to—especially programs that involve significant investments of money. There's a right way and a wrong way to incentivize the market and our industry. One bit of advice is always to take some care, take some time in developing these programs. So to develop a rebate program of some sort or some type of incentive might be difficult to navigate in the period of time we have. But at the very least, we believe that there should be good information going to decision-makers, building owners, school boards and the rest about how to improve their systems.

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

Mr. Martin Luymes: And that could be aided by investments, as the government has already done. We think that, as Dorothy said, the \$50 million for schools to improve ventilation systems is a good start, and that's very targeted. That kind makes sense. There are going to be other needs, and I'm willing to bet that the commercial building sector is going to be looking for some kind of assistance on this, too. As I said earlier, our industry is ready and prepared to help in that regard, to develop and implement those solutions.

Mr. Mike Schreiner: I appreciate that. On the school side of things, how long do you think it's going to take to take the \$50 million and actually start working in schools, given the fact that—my gosh—school is going to start in a couple of weeks here? It seems to be asking a lot of your sector to be able to deliver so quickly.

Mr. Martin Luymes: Certainly, it's going to be a challenge. We've made the offer to Minister Lecce that our industry will engage—

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

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

Mr. Kaleed Rasheed: Thank you to all the presenters this morning. I really appreciate that.

Actually, just this morning I was visiting some of the small businesses in my riding of Mississauga East—Cooksville, and we had some really great conversations about businesses, especially small and medium businesses, during this COVID-19 period and how these businesses are coping, but also some of the positive and really good stories that I've heard this morning—I visited two businesses, and this evening I'm going to be going again as part of my round of meetings with small businesses.

My question is to Dorothy. When I visited one of the small businesses this morning, we talked about red tape, and in quite a bit of detail. I know your industry, to my knowledge—I have a few good friends who are in this industry, who have spoken about some of the red tape issues that they have faced with the previous government. They appreciate all that we are doing to remove these extra burdens on small businesses, and especially in your industry. Would you talk about some of the red tape that you have faced and what our government has done so far? How is that helping your business?

Ms. Dorothy McCabe: Thanks for the question.

I would say, just as a preamble, that certainly our sector is heavily regulated; although, I would say that to a large degree, we find that generally the regulatory systems that are in place are working well. We're an industry where if things aren't regulated and regulated properly—safety checks, licensing and things like that in place—there can be real problems.

I just wanted to make that clear: We feel that the regulatory system is working generally very well. Sure, yes, there are some things where we see there can be some improvements, and certainly your government has made some improvements, particularly regarding things like changing the apprenticeship ratios. We were really grateful for that, although, of course, with changing those ratios, there are other follow-up details that we are looking for from the Ministry of Labour, Training and Skills Development, as well as colleges and universities, around additional spaces in schools to accommodate the hopefully increased amount of youth going into the trades, because, as we've said, there is a skilled trades shortage.

What we'll put in our submission, a couple of things particularly that we're looking for in terms of regulatory changes—alignment of Ontario's building code with the national building code via the regulatory co-operation table would be really beneficial for our sector, and certainly for others. Issues like municipal licensing: Right now in municipal affairs, they instruct HVAC companies to get permits. We're interested in understanding why that's necessary, because we see that as something that's just not necessary. And certainly energy efficiency standards; alignment of the federal and provincial energy efficiency requirements would really reduce regulatory industry burden and consumer costs. Those are a couple of things that we're going to have in our full submission that we would be happy to talk further about.

The Chair (Mr. Amarjot Sandhu): Two minutes. Further questions?

Ms. Dorothy McCabe: I don't know; maybe Martin wants to add more to what I've said, if there's not another question.

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

Mr. Kaleed Rasheed: I just want to continue on the fact that you just spoke about, the energy costs. During my visit to one of the businesses this morning, we talked about how our government has worked on the energy costs during this COVID-19 crisis—providing big relief to all Ontarians by reducing the energy costs. What are you hearing out there in terms of these reductions in prices for energy?

Ms. Dorothy McCabe: I would say—and Martin can jump in too, if he'd like—that our members appreciate these kinds of efforts that the government has made—

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

Ms. Dorothy McCabe:—really recognizing the challenges that small and medium-sized businesses are experiencing at this time. Certainly, anything like that that can help the bottom line—we're grateful and we appreciate that.

I would go back to how opportunities within our sector in terms of improving energy efficiency will really help drive down energy costs for businesses large, small and medium, and citizens across this country. That's where we see a program like a home and building retrofit program, where there's alignment of energy efficiency standards, but also the opportunity for the expertise of our sector to come in and really help businesses and citizens understand where they can make improvements to their systems to really drive down energy costs, as well as carbon emissions at the same time.

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

We'll go to the opposition now. MPP Fife.

Ms. Catherine Fife: Thanks, Dorothy and Martin, for your presentation, as well as Justin and Leo. This committee is tasked with making recommendations on a go-forward basis to help this province recover from an unprecedented pandemic, so I just want to start by saying that the investment that was announced around the \$50 million for schools—I share your view that there are opportunities in the province to modernize the infrastructure particularly in our education system, but also, obviously, long-term care. The capital repair deficit in our schools as of 2017 was \$15.9 billion, so the opportunity to actually create healthier, more energy-efficient learning environments is right there in front of us.

As you rightly point out, apprenticeship and the trades need a significant investment and clear guidelines on a go-forward basis, so I appreciate the fact that you raised the apprenticeship program. It has come up through the construction sector, and building and home builders, and I think it's something that this committee needs to be very clear about, on the future direction on that.

1140

Just a quick question around the home and building retrofit program: We do traditionally favour tax credits to incentivize this kind of local economic value. We think tax credits are more accountable, they address the underground economy, and there's a consumer protection perspective here, which I think Dorothy touched on, from a regulatory basis. Is this something that you would like to see this committee put in our report to the government, specifically around the commercial and education sector? Martin or Dorothy.

Mr. Martin Luymes: If we were to poll our members, being entrepreneurs and small business owners, they would probably agree with your statement about tax credits being preferable to rebates and other forms of support, just generally speaking. We haven't done economic analyses on the impacts of these different types of programs, on what tends to work better in the long term. HRAI was participant in a program that ran for 13 years called the heating and cooling incentive program. It was a program of rebates, and I'm going to say it did work very effectively. It transformed the market to some extent towards higher-efficiency air conditioning systems.

So those kinds of programs can work if they're designed well, but tax credits are probably the preferred tool for our industry. I would emphasize that one benefit that

you stated, which is, it separates out the non-compliant contractors, of which there are many in our industry. Dorothy mentioned regulations for our sector. There are lots of regulations. HRAI members are required to meet all of the ones that the industry has determined are the relevant regulations to comply with. There are a lot of people out there, a lot of companies out there, that don't, so that is one way of segregating and to make sure that homeowners and building owners in the province are dealing with legitimate, licensed contractors. It may not even be enough, though. There may be other ways that you might want to make sure to protect consumers and building owners and others, that you ensure that properly qualified contractors are doing the work.

I think tax credits can be a very effective tool. That position would be supported by our members.

Ms. Catherine Fife: Over to you, Dorothy: The idea of having a task force to address—we are in uncharted territory to some degree. There is a need for some knowledge transfer and for everybody to be at the same table. The task force that you've described around health and safety going forward: What contact have you had with the government to date? Have you reached out to the various ministries, is there interest on their part, and do you think that this is something that we should be recommending?

Ms. Dorothy McCabe: Well, thanks for your question, Catherine.

Yes, we think you should be recommending this because it's one of our recommendations. It will be in our full submission. As I said in my remarks, since the beginning when this hit, we've been in regular contact with various ministries, and looking to offer our advice and our members' subject-matter expertise—

Ms. Catherine Fife: I'm just asking about the uptake. Have you received responses from those offers, and have they agreed to be on the task force?

Ms. Dorothy McCabe: The task force is actually just being put together right now, so that will be one of our requests coming out of this. The invitations haven't formally been extended. We certainly hope that they will be accepted. Actually, Martin—

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

Ms. Dorothy McCabe: That's part of the work he's doing right now, putting that together. I think we've generally been pretty happy with the conversations that we've had with various ministers' offices and some of their key policy staff. But, yes, those invitations will be forthcoming, and then we'll be able to answer that question more fully.

Ms. Catherine Fife: I look forward to reading your full submission when we receive it.

I know that putting an HVAC system in a 100-year-old school is not a simple task. I know that there's some apprehension on a go-forward basis as to how this is actually going to happen, but if we can streamline that process, create local jobs and also support the apprenticeship programs, I see it as a win-win-win, from an energy efficiency perspective as well.

Thank you so much for your presentation today.

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

Mr. Jeremy Roberts: I know Dorothy and Martin have gotten a lot of questions, so I'll just quickly say that I'm very excited to see the results of this blue ribbon task force report. I think a major thing that we're finding across economic sectors is that the people want to make sure that they're getting the right information, that they're getting information about safety procedures, whether it's at their schools, their workplaces, their small businesses. I have no doubt that everyone here will be eagerly awaiting the results of that study. I look forward to that.

I'm going to pivot to Wesley Clover. Leo, thank you very much for your presentation. Obviously, Wesley Clover has a very large presence in Ottawa with our high-tech sector there. You spoke a bit about some of the challenges facing the tech sector. From my perspective, I think the tech sector has been one of the most resilient throughout this crisis because many of the tech companies were able to retool and shift to virtual workplaces, perhaps a lot faster than some others.

You mentioned capital. I'm wondering what other challenges you foresee in the future in terms of the tech sector recovering and emerging out of this as strong as they can be. Is attracting talent one of those big challenges, and what might be some of the others?

Mr. Leo Lax: Thank you very much for the question. I think it's really a great question, and it is the underpinning of a lot of the issues that our tech sector is hitting right now, particularly as the COVID-19 world is shifting into a post-COVID-19 environment.

Talent is the key element that drives the entire tech sector. The underpinning capital, the drivers for technology, are in the minds of the entrepreneurs and the technologists who are taking what they are thinking of and creating the tools and capabilities that all of us are now using and will have to use in the future more and more as we end up in a much more connected environment and in a much more socially distant environment, potentially, in the future.

The retention of talent is a complex question because it involves the full supply chain, if you will, of how talent is evolved, all the way from the elementary schools to the STEM curriculums required to get people excited about what is technology and how it can be used and what can be done, all the way to the post-secondary institutions and then the entrepreneurship challenges of getting those entrepreneurs and those technologies into the workforce.

We need to create in Ontario an environment where the talent is being welcomed, so that we know that we can attract not only the best minds in the world to come and be here and work with us and participate in growing our companies—and then the companies themselves will already be able to accept these things. We have a significant shortfall on talent, and COVID-19 has just made that talent even more difficult to attract.

What's good about the process in the technology sector, if I can say that, is that most of the technology activity is already familiar with the tools that we are now required to

use to continue living day-to-day in this currently new world, and therefore the transition is not as drastic. However, the underlying support to allow these companies to continue to grow, to allow the post-secondary institutions, the high schools and the grade schools to become familiar and be able to actually represent the opportunity is part of what we need to support.

I would say that supply chain process is something that has broken somewhat during COVID-19, for all the reasons that we probably would understand. Fixing it will require a couple of things. One of them is increasing the priority to look at these issues and be able to solve them, pulling together interested parties to actually provide advice and support to the government on how to address these issues, and then engaging with our large global corporations in Ontario to put their minds and their capital to work to ensure that the talent stays here.

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

Mr. Leo Lax: They should be encouraged to do that by their own requirements, and many of them are. But we would also want to make sure that they feel welcome by knowing that the government is behind their activities.

1150

Mr. Jeremy Roberts: For sure.

Generally speaking, I would take it you're pleased to see our move to introduce coding into the curriculum for our younger students. Things like that, I'm sure, are a good step forward.

Chair, how much longer do I have?

The Chair (Mr. Amarjot Sandhu): About one minute.

Mr. Jeremy Roberts: Perfect. Thank you very much, Leo.

I'm just going to pivot to Justin for a quick question. Justin, my riding has one of the largest seniors populations in Ontario, so one of the number one calls I got throughout the pandemic was seniors concerned about access to prescriptions and trying to figure out how they could safely do that. Were there any lessons learned by some of your members on how this could be done best, going forward, if we do end up in the event of a second wave? I'm just wondering if there are any best practices that have emerged to make sure our seniors get access to their prescriptions.

Mr. Justin Bates: That's a great question, and what you've referenced is that a policy was put in place to protect the supply chain because of some of the global challenges with supply; drug shortages and also, early on in the pandemic, there was some stockpiling of medications by various patients. I think the lesson learned here is that we need to look at our supply chain at large across the country and globally—

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

We'll go to the opposition now. MPP Gélinas.

M^{me} France Gélinas: Mr. Bates, if you want to finish your thought, go ahead.

Mr. Justin Bates: I appreciate that. Thank you.

I think the lesson learned here is that we need to stagger implementation and transition so that not everybody is

renewing and refilling at the same time, to manage some of the influx of patients to a pharmacy, and also to examine our supply chain and drug shortages. We need to have those conversations both provincially and federally to ensure that patients continue to have the access to medicines that they need and that we're not in a situation where we have critical shortages of important drugs.

M^{me} France Gélinas: During your presentation, you mentioned that you would like to see a small increase to how much pharmacists get reimbursed when they deliver the flu shot, going from \$7.50 to \$10.50. I'm kind of strong in math: You deliver about 1.3 million flu shots, so this a \$4-million ask. Four million dollars is a lot of money; when you talk about health care, not so much. Do you see a huge increase? Are we really talking way more than \$4 million? How much of an increase do you see in the demand for flu shots from pharmacists versus how much other providers get paid for the exact same service?

Mr. Justin Bates: There are going to be a couple of challenges in managing capacity this flu season, and those challenges exist across all health care providers, whether it's clinics, nurse practitioners, physicians, in that we have to maintain social distancing and many of the measures that are in place today to keep patients and pharmacy personnel safe. The type of capacity that we had in previous years will be challenged because of those measures put in place.

In addition to that, there are a number of costs that are going to be incurred to ensure that we're disinfecting and sanitizing after every patient. The procurement of PPE is very important, since we're carrying it privately—so it's really in recognition of those things. I think the demand is going to be there, when we look at some of the polling that the Canadian Pharmacists Association has done. We know that there are going to be more and more patients coming in looking for a flu vaccine, and they tend to choose pharmacies as a convenient and accessible health care provider. We want to make sure that we're ready and we're prepared for that flu season that's upcoming.

M^{me} France Gélinas: When the pandemic started and everybody shut down—you described it very well—your members rose to the challenge. You were the health care providers that were available, that were open, that people could talk to, and you helped hundreds of thousands of people throughout the pandemic who basically had nowhere else to turn to because their physicians—whatever. But you were there, so you will continue to have a lot of people going to you regarding minor ailments. Last time we talked, I thought that you were making headway, in that the scope of practice allowed you to treat minor ailments—it's because you haven't figured out a way to be paid for that work. Are we still at ground zero with that?

Mr. Justin Bates: Great question.

We're not at ground zero, but certainly we do require the regulatory impact assessment that was completed by the regulatory college. The Ontario College of Pharmacists has put forward the recommendations to the government, and now we're waiting for the regulatory posting so that it can go through the public consultations and then be enabled from there. There's still a regulatory piece that

needs to be completed, but we're certainly making progress, and we are engaged in ongoing discussions with the health minister's office as well as the Ministry of Health.

The funding component, as you've mentioned, is also a part of those discussions. Looking at the other provinces that have implemented a similar program, we're looking for \$20 per assessment that would be attached to the service that's being provided. That's all part of our integrated proposal that has been put forward.

M^{me} France Gélinas: You mentioned that in Alberta, people can go to their pharmacist to get the COVID-19 test; am I right?

Mr. Justin Bates: That's right. It's an interesting pilot because they started with a small number of pharmacies.

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

Mr. Justin Bates: They're doing throat swabs and they've added to the capacity of the public testing centres. They have now expanded that and, recently, they have announced an initiative to test teachers and parents to help schools reopen. This is all part of an ongoing, I would say, work effort to look at how we can enable pharmacists—to make sure that we safely open the economy and protect public health by enabling pharmacists to do the PCR testing; that's the one that requires the swab through the nose or throat. Then in the future, when we have the rapid test, which we're starting to see be approved by the FDA in the US, we can see a world whereby we may even have every patient come into a pharmacy—like a pregnancy test, and it could be through saliva or another means—whereby we could make sure every Ontarian and every Canadian has a test. I think that's where we want to be. It's all about expanding that distribution model so that we have access.

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

M^{me} France Gélinas: We've talked about pharmacists being able to give the high-dose flu vaccine for seniors. Is this moving ahead, or are we still stuck?

Mr. Justin Bates: Yes, I think we're making progress. Certainly, we're engaged in constructive and collaborative discussions with the ministry and public health around a number of elements to improve the flu program for this upcoming season. High-dose flu has always been a gap in terms of not being included in pharmacy, so what we don't want with a potential second wave of COVID-19 in the fall is to have seniors come into a pharmacy and then find out they can't get the high-dose flu and then have to go to another part of the system, which may not even be open. This year in particular, we need to make sure that access to vaccinations, particularly the high-dose flu and the flu vaccine, is as open for all health care providers as possible. We do anticipate even for a COVID-19 vaccine—

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

We'll move to the independent members now for their final round. MPP Coteau.

Mr. Michael Coteau: My question is in regard to the pharmacies. When those changes were made to provide some services to pharmacists to distribute in Ontario, it was really about accessibility and also about saving

money. There was one comment that was made about changing the fee schedule for pharmacists, because the distribution, I think, for flu shots hasn't been changed since 2012. Is the idea to bring it up a bit, or to bring it to the same level as what a doctor's office would be paid?

Mr. Justin Bates: This would bring it up to the same level, at \$10.50, that a physician or a nurse practitioner would receive to administer a flu vaccine. The reason that it would be through the pandemic is because of the increase and the complexity of delivering the service in a pharmacy during a pandemic, as well as the procurement of the PPE, disinfectant, supplies and things of that nature. Quebec has followed a similar model. They have actually increased their fee by \$5, and other provinces are contemplating it in recognition of the efforts that would be under way.

Mr. Michael Coteau: I agree. I have always supported the local pharmacies here in the sector in Ontario. I think we should be moving a lot of services over to the pharmacists and nurses to provide some more access for citizens. But if the whole argument was to be more cost-effective by using that model, that argument is no longer valid; correct?

Mr. Justin Bates: What we're proposing is a temporary fee because of the costs related to the pandemic. In the long term, that's not going to impact the return on investment. But you also want to look at the investment in terms of how that convenience and accessibility raises the immunization rate across the province, which ultimately saves hospitalizations due to the flu, other factors and so forth. There is a savings that is integrated as part of that, irrespective of the fee, and the fee itself would also deliver those savings in the long term.

Mr. Michael Coteau: Has there been a cost analysis of the actual cost comparator to the distribution of a flu shot through a doctor's office versus the pharmacy? Is the cost comparable?

Mr. Justin Bates: Yes. We have done a cost-benefit analysis, and we can follow up with that to the committee. We've done some comparisons both for a minor ailments program as well as the flu vaccine, depending on the different vaccination rates year over year, so it's something we could definitely follow up with.

Mr. Michael Coteau: Again, for the record, I just want you to know I'm very big supporter of our pharmacies being enhanced to distribute medicine, prescribe medicines for some challenges people go through. I think you mentioned skin rashes and minor issues. I'm very supportive of that, and I do believe there's more our local pharmacies can do to help ensure our safety, especially during these unknown times. Thank you so much.

The Chair (Mr. Amarjot Sandhu): That concludes our time. Thank you to all three presenters for appearing before the committee and for your presentations.

This committee stands in recess until 1 p.m.

The committee recessed from 1203 to 1301.

The Chair (Mr. Amarjot Sandhu): Good afternoon, everyone, and welcome back. 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.

Before we move on to our next presenters, I would like to do an attendance check.

MPP Bailey, can you please confirm your attendance?

Mr. Robert Bailey: Yes, I'm here.

The Chair (Mr. Amarjot Sandhu): In Ontario?

Mr. Robert Bailey: In Ontario, yes—Petrolia.

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

Ms. Sara Singh: I'm here and I am in beautiful Brampton, Ontario.

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

ANISHNAWBE BUSINESS
PROFESSIONAL ASSOCIATION
CRISTINA'S TORTINA SHOP INC.

WELLMASTER PIPE AND SUPPLY INC.

The Chair (Mr. Amarjot Sandhu): Our first presenter this afternoon is Anishnawbe Business Professional Association. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Jason Rasevych: Good afternoon. My name is Jason Rasevych, and I'm from the Anishnawbe Business Professional Association.

The Anishnawbe Business Professional Association is located in Thunder Bay, Ontario, and our main purpose is to bridge the gap between non-Indigenous and Indigenous businesses in northern Ontario. We do that through tools and networking and programming, and we help grow the Indigenous economy, which also benefits the province and the Canadian economy as a whole. We'd like to get to the point where First Nations communities are not just tick boxes on a consultation list, but active players in a project, and that they are able to benefit economically, preferably with equity positions.

When we talk about overall, nationally, there are over 50,000 First Nations businesses in Canada that exist across all sectors: forestry, mining, oil, gas, fashion, design and IT. According to research, the Indigenous economy contributes \$31 billion to Canada's GDP. Through procurement, investment and other support, we could contribute over \$100 billion.

With COVID-19, we have seen coronavirus cases in some First Nations communities and we hope that strict quarantine measures can contain them. Many Indigenous communities are far from urban centres in northern Ontario, and because of their remoteness, lack of clean water, housing shortages and an already inadequate health care system, the virus could take a major toll. We know that older people are at a higher risk, so it's imperative that we remain vigilant, especially in First Nations communities where our elders and knowledge keepers are critical in passing down stories and languages and reviving culture.

In regard to small and medium enterprises in business, we have a study that was produced by StatsCan where

participants were asked whether they experienced temporary or permanent job loss or reduced hours since the COVID-19 pandemic. Among the participants who were employed prior to the pandemic, 37% of Indigenous participants experienced job loss or reduced work hours, compared with 35% of the non-Indigenous participants. In addition, 36% of Indigenous participants reported that the COVID-19 pandemic had a strong or moderate impact on their ability to meet their financial obligations or essential needs, compared with 25% of non-Indigenous participants.

Among the participants who reported a strong or moderate financial impact of COVID-19, 44% of the Indigenous participants applied for federal income support, compared with 50% of non-Indigenous participants. These are very important metrics that we are gauging in order to assess what the levels of need are in our Indigenous communities as far as these survey results and what could be done with provincial and federal support.

Another important survey was recently completed by the CCAB, Canadian Council for Aboriginal Business, where findings were very bleak. Almost four of five respondents said their business revenue had decreased by 30% or more, and over half, 53%, said their business revenue decreased by 75% or more. Over a third are no longer generating sales.

The recent downturn in the oil and gas prices is disproportionately impacting our economies and prolongs the downturn that could be detrimental to a great number of First Nation businesses that directly participate in northern Ontario's mining and forestry sectors. We have already seen First Nation companies that have laid off half of their staff due to COVID-19.

While there is considerable federal funding to help keep businesses afloat, we know that only a small percentage of First Nation businesses access financing from traditional financial institutions, so First Nation businesses need another source of specific funding for their needs. We've been advocating on behalf of the Anishnawbe Business Professional Association and others within the Ontario Chamber of Commerce and within the federal government communication channels in order to ensure that the funding is there for Indigenous businesses in northern Ontario. Even though there was an announcement in March of \$306 million in funding for Indigenous business that would flow to NACCA and the Aboriginal financial institutions across Canada—

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

Mr. Jason Rasevych: This was a significant first step, but we know that this funding will only support 6,000 Indigenous businesses, so additional measures will be necessary.

At the Anishnawbe Business Professional Association, our number one priority is to get information from our members so we can voice their concerns for Indigenous business in northern Ontario and ensure that government understands and can meet their needs. We also want to ensure that Indigenous businesses have all the information that they need to get through the pandemic and keep their business intact.

Right now, we are calling on both the federal and the provincial government to help with medical supplies and personal protective equipment. We are working hard to make sure that First Nation businesses have the capability to retool their operations and can join these medical supply chains. We have already seen companies that are within certified Indigenous businesses offering office supplies to Indigenous communities—

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

Mr. Jason Rasevych:—and other support related to hand sanitizer and other needs that are there for Indigenous communities.

Reconciliation starts with learning and understanding the real issues of the Indigenous communities, and there's also an opportunity to learn about supporting that relationship as we deal with this pandemic. We'd like the Ontario government to consider these granting or future funding programs as investment decisions to support Indigenous communities as we seek a path of reconciliation. Our goal is to increase Indigenous participation in employment and procurement opportunities, and create more wealth, autonomy and empowerment for First Nations businesses.

Thank you very much for your time today.

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

Our next presenter is Cristina's Tortina Shop Inc. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Mary Iusso: Good afternoon. Thank you, everybody. My name is Mary, and I'm from Cristina's Tortina Shop. It's nice to see a couple of familiar faces. Hi, Sara. My question is—actually, there are a few questions.

I want to first say that the rent relief was a huge benefit for a business like mine. I am a social enterprise. I hire people with Down's syndrome to work in our shop. It's an equal employment opportunity. We look forward to having everyone back at work soon. But just like the rent relief, I think a few things have been overlooked with small business, and that is our insurance. The insurance has not given us any kind of break. In fact, they would only give us a break, I believe, if I was in a 100-plus sales. Even then, it wasn't that much relief. We were allowed to take one of our cars off the street and not be charged, but when it came to the business, they didn't see any value in giving us a break in that. So the insurance was definitely one of them.

1310

The other thing I found is with credit cards. We did have a few sales throughout this COVID-19, and unfortunately I was charged, for instance, in July—this is our debit and credit card terminal—\$48.22 by the First Data company, and then I was charged another \$64 by the credit card company, as if my sales were their commission. So credit card companies have to step up to the plate, as much as we expect our landlords to. That was something.

The other thing I wanted to bring to your attention is that, during COVID-19, the city of Brampton raised the food permit licence from \$152 to \$204. I see no reason why they would do that, especially during a pandemic. It just seems like our landlords have been the ones to step up,

yet there are these huge financial institutions that are not doing their part. Why is it that the onus is on our landlords and small businesses, yet these other huge, big financial institutions don't have to carry the burden like we do?

The other thing I want to say is in terms of people with exceptionalities. I find that the government is not doing enough to support them at work. For a lot of them, their health is compromised, so I have to do my part in keeping them safe, first and foremost. I just don't see monies allocated to specific groups of people who are always the ones looked over, and that is the Down's syndrome community. We need to make sure that their health and safety comes first.

We would be requesting for monies in terms of—PPE is one thing, and as a business owner, I will take full responsibility for that, but we need more in how we are now going to fit our shop to protect them. I don't know if you looked at the price of Plexiglas. It's atrocious. We need monies allocated just specifically for staff and to keep them healthy and safe.

I think I've covered it all.

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

Ms. Mary Iusso: Thank you.

The Chair (Mr. Amarjot Sandhu): We'll go to our next presenter, Wellmaster Pipe and Supply Inc. Please state your name for the record, and you can get right into your presentation.

Mr. James White: Good afternoon. My name is James White. I'm second-generation ownership and management at Wellmaster Pipe and Supply. I'm also a member of the CME Ontario advisory board and CME's national policy council.

Wellmaster is a 60,000-square-foot facility located in Tillsonburg, Ontario. We're a diversified producer of value- and service-differentiated products for the North American oil and gas, groundwater, and nursery and greenhouse sectors. Today I hope to share some of my team's experience during the COVID-19 crisis and make a recommendation for this committee's consideration.

I'd like to begin by expressing some of my thanks to some individuals who have supported us through the pandemic thus far. In particular, I'd like to recognize Associate Minister Prabmeet Sarkaria for convening the small business ministerial advisory council. In addition to getting an appreciation for Minister Sarkaria's deep commitment to his portfolio, it was great to hear the experience of small businesses in other sectors and regions of the province.

I'd like to thank the Canadian Manufacturers and Exporters for the guidance material they've provided throughout the pandemic. They've provided some exemplary guidelines for us, to make sure that we can ensure the safety of our workforce.

I'd like to thank Jason Bates and the Excellence in Manufacturing Consortium for their assistance in linking us to some of the suppliers of PPE and other materials we've required.

I'd like to thank the Ivey Business School and the Ivey Academy. I had the good fortune of completing an Ivey executive MBA in the year before the pandemic began and credit those skill sets to Ivey, for setting me up for that.

For us, a key moment for Wellmaster in the response to the pandemic was the province's declaration that manufacturing was going to be essential. This was key, not just in the declaration itself, but in the broad definition that encapsulated that they understood the interconnectedness of supply chains in the fight against the pandemic.

For our team, that declaration and understanding that we were essential was a call to action. Our doors were open because we had a purpose to serve in the COVID-19 fight.

First, we understood that we needed to be safe in our workplace practices in order to serve that purpose. Thanks to some of the materials provided by CME, we were able to do that very quickly.

Second, we worked with our customers and suppliers to ensure they received the support that they needed. This meant a number of different things. For example, families who were self-isolating at home continued to get safe drinking water when pump installers and drillers in our region were able to continue their projects. In addition, nurseries and greenhouses in the area were able to get their products to market.

We also immediately began to look to what we could do in the community. We've worked with our supply chains to source PPE to address some of the PPE shortages in our area and supplied hundreds of N95 masks and hand sanitizer to first responders and front-line health care in our region.

We worked with other manufacturers in the area to supply 100 face shields to first responders in our area and partnered with other organizations like Jim Norman and the Delhi and District Chamber of Commerce to do projects like the Help Norfarms project, which provided pop-up grocery distribution to make it safer for farmers to access groceries for their migrant farm workers.

We also got to work designing solutions for other companies that will be entering the other stages of the reopening, including curbside pickup solutions through our cart and rack product lines and a hand sanitizer pump station that's purpose-built for industrial settings and outdoor settings. That's currently being used in area gyms and other locations.

Our company's mission statement is "Make a Difference." It's a call to action for our team, and it's a recognition that the success of our company isn't measured by our units of output, but rather by our ability to serve as a catalyst in encouraging our customers, suppliers and community to reach their goals.

We're fulfilling this role in large part thanks to the province's foresight and forethought by providing that early clarity on the essential nature of manufacturing in Ontario's domestic manufacturing capability.

It's my understanding that a key purpose of this committee and others like it is to understand and to learn about the lessons that we've learned thus far in the pandemic so

that they could guide future decision-making. One of the first lessons we've learned is that Ontario's manufacturing capability is essential for Ontario's ability to respond to this crisis and future crises. If we need it, we need to have the capability of making it here. A key part of that—and the key recommendation going forward—is for the Ontario government to declare a need for and a commitment to an Ontario manufacturing strategy.

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

Mr. James White: Now is a key time to understand that manufacturing capability is key to our ability to be flexible and to respond to any number of challenges that we face today and in the future. A key part of that is understanding that the next crisis may not be related to critical health and inputs, but may be related to other products and services that are key inputs to water, food and energy security, all of which inevitably lead to inputs from a variety of manufacturing companies throughout Ontario.

I look forward to your questions. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll start the first set of questions with the opposition. MPP Mamakwa.

1320

Mr. Sol Mamakwa: Thank you for the presentations, Jason, Mary and James. Certainly, it's always good to hear some of the perspectives from all across Ontario.

I'm going to direct my questions to Mr. Rasevych from the Anishnawbe Business Professional Association. I know this is not the first time over the last several months that we've heard you, but I think it's always good to hear from First Nations, Indigenous and Anishinaabe people regarding how they want to be involved in economic development. When you talk about grants being investments—I know as First Nations people, Indigenous people, sometimes we take the back seat on the systems that are set up, and I think we can certainly say that when we talk about economic development.

I'm wondering if you can enlighten the committee with what engagement looks like for you as an organization?

Mr. Jason Rasevych: Those are very good comments related to the back seat that we are now experiencing. For the Anishnawbe Business Professional Association, we cover a wide range of Indigenous- and First Nation-owned businesses that are taking that back seat. When we talk about treaty areas—we cover Treaty 3, Treaty 5, Treaty 9, Robinson-Huron, Robinson-Superior Treaty, and we work with those First Nation communities that own community-owned businesses, and their own private sector within these communities that have owner-operators.

We see that, for the funding programs that have been put out to date from the federal government, there has been a long delay in those dollars reaching the end-users that need those types of loans. We've seen the criteria that has made a lot of these Indigenous businesses ineligible, like when we talk about community limited partnerships—First Nations are required to go through that structure for accounting purposes, for tax purposes and for legality purposes. When they create those types of structures and they're ineligible for COVID-19 relief funds, it makes it

very difficult to understand how other businesses in this country and this province are being supported with these mechanisms. When I was on the call last time related to tourism—and I've been providing advocacy efforts in regard to Indigenous businesses in northern Ontario—we had seen that, early on, as what could be a concern or an issue. It was reported that, after a 30-day period where there was significant impact to revenues, a lot of business owners, whether they're Indigenous or not, do not make it out of a pandemic when it's longer than 60 to 90 days. Here we are going into September, and some of our Indigenous businesses have yet to receive some support dollars. When we look at the rental assistance program as well, that makes it very challenging for First Nation community businesses that do not have that privilege of going out and having subsidized rent for their business. Whether they're urban, off-reserve or whether they're situated in the community, it has posed challenges.

So while there are efforts in place by NACCA and AFIs like NADF in northern Ontario, they're under a lot of pressure to respond quickly and deliver programs and services to these Indigenous businesses, at times dealing with criteria that is set up to not meet the uniqueness and the remoteness of where First Nations businesses are.

I appreciate the opportunity to provide that perspective, and I look forward to continuing on with the discussion to create programming that is suitable and that meets the needs of all Indigenous business in northern Ontario.

Mr. Sol Mamakwa: I know one of the things we face in the Far North, especially the fly-in communities, is that jurisdictional ambiguity that exists when we start talking about programs, services, access to services, whether provincially or federally. As an example, Neskantaga has had 26 years of boil-water advisory, and this is in Ontario. I'm sure that [*inaudible*] systems that somehow fell through the cracks, whether it's federally, whether it's provincially. I know even the PPE [*inaudible*]. How are you finding it with the communities that you work with? Are they getting enough medical supplies, PPE, as an example?

Mr. Jason Rasevych: There's a huge demand for PPE and medical supplies, and we've had some companies, both Indigenous and non-Indigenous, that have stepped up to the plate and that have retooled their businesses to provide support services there.

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

Mr. Jason Rasevych: Some of them have done it through their own processes, to be able to support those types of funding, to get those types of investments to support some of those communities, but there still is a lack of supply.

When you talk about the higher systemic issues of clean drinking water, housing and telecommunications such as broadband services, our Indigenous businesses are still at a disadvantage with urban areas and the rest of Ontario when it comes to even developing a private sector and economy within their own communities. So these higher-level systemic issues do not assist and support Indigenous business even as it is today, so it puts a lot of these First

Nations companies behind the eight ball when it comes to planning, and it further exacerbates the challenge.

The Chair (Mr. Amarjot Sandhu): We'll move to the independent members now for their time of questioning. MPP Coteau.

Mr. Michael Coteau: I want to thank everyone for being on the call today. It's really interesting to hear these different perspectives.

Mary, I just want to say thank you for the work you're doing with folks who traditionally have trouble getting into the workforce. I think it's a very valuable business, the social enterprise service you're running, and I love the fact that it's inclusive.

My question is to Jason. Over the last two years, we've seen some pretty serious cuts in the Ministry of Indigenous Affairs. One of the major cuts—I think it was the largest—was the cut to the economic development and negotiation funding. Indigenous communities here in Ontario could access that economic development fund and really pull in revenue to negotiate on many different fronts when it comes to further economic development through relationships. So we've seen a history in the last two years of a government that has not prioritized the Indigenous community when it comes to the potential of economic development through, I would say, the cuts that they've made into that specific department.

I just wanted to get some comments from you in regard to the effects of those cuts long-term in the community and how it's really affected COVID-19, because of the loss of economic development funding.

The second part: Has there been anyone from the ministry or from the government that has reached out during COVID-19 to work with the Indigenous community and, specifically, your organization? And has there been a specific program that has been developed that has specifically been tailored to address the concerns in Indigenous communities? The funds that you are talking about were federal funds, and so far, the federal government has put in \$230 billion to address COVID-19-related issues.

So I'd like to turn it back over to you, Jason. Thank you for being here to enlighten us on the current situation and the impacts that COVID-19 is having on businesses in relation to Indigenous communities.

Mr. Jason Rasevych: Thank you for your questions and concerns.

Definitely, we've seen a challenge related to the economic development program funding that was cut back, which was formerly, I believe, under the Indigenous Economic Development Fund. While that funding was supported for a number of years previously, organizations like NADF were doing great work in regard to community readiness, in regard to business, and having community companies and individuals within the communities be more positioned to participate in the local and regional and some international markets. With the cutbacks related to that, that has provided one other challenge in getting individuals and communities ready to do business in this province.

1330

We've seen the "open for business" mantra being proposed in the past, and while our communities are not anti-development, our communities need to also play a role in the economy, have equity in the business and be a major player. When we see the province being open for business, our communities need to be in that same dialogue and they need to be ready for business. That was where a lot of the funding in the past was—supporting community initiatives related to that readiness. Those cutbacks have decreased their participation in the local and regional economy, as well as kind of deflated the momentum that was built up there.

The other issue related to that decrease in economic development funding has been in regard to some of the measures related to certain industries with consultation efforts. In the past, there was programming that was put in place to allow communities to participate in certain consultation processes and level some of the playing field, to develop technical and legal support, and to be able to negotiate long-term relationship agreements, whether it be with mining proponents, energy proponents or forestry proponents. With the cutbacks related to the economic development funding there, it has created a major weakness on the First Nations side of engaging in dialogue and being on the other side of the table and having the capacity to engage in business-to-business agreements.

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

Mr. Jason Rasevych: That has challenged the consent process for First Nations—providing free, prior and informed consent for projects that are happening within their traditional lands—because it has limited their participation, and at some times provided no levels of participation, where a community may go from potentially being supportive of a project, to completely opposing a project. So I'll make those comments in regard to the cutbacks in the funding.

In regard to the question regarding whether or not there was a program designed or if we were approached at the ABPA, we know that there are a lot of other groups there that are lobbying on a federal level and on a provincial level. But I have not yet received an invite for a meeting from an MPP in the area or from a government funding agency that has had a commitment or a will to have—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off.

We'll have to go to the government side now. MPP Hogarth.

Ms. Christine Hogarth: Thank you, everyone, for being here today and sharing your stories, and for creating jobs in your communities. It's so important. Small business is so important to the lifeblood of all our communities.

I wanted to first start with Mary from Cristina's shop. We have invested, as a government, \$10 billion in support of small businesses, including deferred tax and health premiums. But we need to have businesses survive, post-COVID-19. Do you have any shared experiences or some advice for the government that we can share with the

Minister of Finance on something the government can do, including non-financial supports, to make life a little easier for you, post-COVID-19?

Ms. Mary Iusso: It's a laundry list of things. Health and safety is first and foremost.

In terms of getting some kind of funding from the government, we don't have time for that. We don't have time to sit and fill out forms and apply for things and wait, because in the interim, we're trying to stay above water.

Can I get back to you with my list of things? How about this: How about they just make immediate funding available? I know people who got CERB within three days, no questions asked. So why is it that, for a small business, we have to go through all of this red tape just to get something to stay afloat? How about instant cash?

Ms. Christine Hogarth: Do you have some other ideas on getting rid of regulations or red tape?

Ms. Mary Iusso: I can't hear you.

Ms. Christine Hogarth: Sorry. Do you have some other ideas about getting rid of regulatory burdens or red tape? Are there other things, besides the forms you have to fill out?

The Chair (Mr. Amarjot Sandhu): Are you able to hear her?

Ms. Christine Hogarth: Mary, can you hear us?

Ms. Mary Iusso: I didn't hear anything.

Ms. Christine Hogarth: Mary, can you hear us now? Maybe I can come back.

I had another question, actually. This one is over to James White. Thank you very much for being here. I know the full impact of COVID-19 on supply chains is really still unknown. We have businesses that are facing supply chain challenges. It could be a rising cost of raw materials, or logistical constraints. I'm just wondering if there are things the government has done or can do better to help small and medium businesses respond to these challenges.

Mr. James White: I think the disruption to supply chains really brought into focus the idea that we need a flexible and resilient manufacturing sector, because that will often supply the upstream or the downstream products that make the products that can be assembled or sold in our local shops or provided by local service providers. But I think a lot of it has to do with our ability to transfer raw materials that are available through the different stages of the supply chain to make sure that we can produce what we essentially need in the end product.

A couple of my co-presenters have talked about PPE; you've talked about acrylic. All of those begin with raw materials, many of which—we are a resource-rich country—can be sourced here and produced here. If we can develop the kind of manufacturing capacity within our country—Ontario being a leader in manufacturing in Canada—that can solve a lot of those upstream challenges. That won't be a quick solution, but I think that declaring and understanding the role that manufacturing plays in being that solution is an initial step, and providing that certainty to manufacturers.

Something as simple as declaring a manufacturing strategy with set targets in and of itself doesn't require any

additional funding, but would provide manufacturers with the confidence that Ontario will have a vision for manufacturing output in the future that they can be part of and will start looking to invest in their own companies—similarly to how we've invested in our own company, in different manufacturing processes and equipment and skill sets of our employees, with an understanding that the future is going to have a very pro-manufacturing environment in Ontario, and in the country of Canada as well.

Ms. Christine Hogarth: That's wonderful.

How much time do I have, Mr. Chair?

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

Ms. Christine Hogarth: I have a quick question for Mr. Rasevych. You mentioned that you did a survey of your group of business partners, and I'm just wondering if in that survey you discussed consumer confidence and how we can get consumers back into shopping and confident in going back out in society. Did you have the opportunity to discuss that with your professionals?

Mr. Jason Rasevych: The survey was distributed to Indigenous businesses and it was related to how COVID-19 had impacted them, related to consumer confidence or finding consumer markets. We did have a lot of feedback related to the need, especially in the tourism sector in northern Ontario, as it has been challenged with the closure of the US border—as well as the lodge business being a major driver for tourism in northern Ontario. A lot of the businesses that commented back on consumer confidence and identifying new markets still would rely on their—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. We'll come back to that in the second round.

I'll go to the independent members again for their second round. MPP Coteau.

1340

Mr. Michael Coteau: I want to go back to the conversation around the work the government is doing to support Indigenous communities here in Ontario during these challenging times.

Jason, you're saying that there has not been any government initiative or someone directly reaching out to your organization to see how you could work with the community—and especially considering that last year, with the economic development funds being cut, just like public health was cut prior to COVID-19. Then we saw the impact, even a larger impact, into the health care crisis here in Ontario because we didn't have people on the ground to accomplish what we needed to do.

But you would think that, considering those cuts and the impact on the community—and we're not talking about just a business in downtown Toronto; we're talking about some of the businesses that are trying to flourish in some of the most economically disadvantaged areas in our province. To me, these companies that are stepping up and trying to build economic development are real community positive-impact folks. I just want to say thank you for the work that you're doing.

You're telling me that not one person from the Ontario government has reached out to your organization or to organizations you know over the last few months to talk about the current situation in the community? Is that correct?

Mr. Jason Rasevych: Speaking from the Anishnawbe Business Professional Association and our role with advocacy—our tagline is “Advocacy, Inclusion, Opportunity, Growth” in working with Indigenous and non-Indigenous businesses. We have not received one call or message, other than a few social media comments on Twitter from the last time I was in front of the standing committee providing some feedback on the impacts to the tourism sector and some recommendations there.

But I cannot say that there hasn't been communication or dialogue with other organizations. When I mentioned NADF—they've been the focal point, and they are much needed in northern Ontario as an Aboriginal financial institution that provides support, loans and other financing to Indigenous business. There have been some discussions between NADF and others. I'm just not privy to those discussions; their staff would be. So I cannot speak for them, but for the ABPA, we haven't received any invitation for discussion or any other requests for meetings.

Mr. Michael Coteau: I know that, through my work in the last several years in the Legislature, often the voices of Indigenous communities are lost in this building and this government—and it's not just this government; it's governments right across this country.

If you can take the last minute or two to say the top three things we can do, as MPPs, to work with the community—just give us the top three things that we should be fighting for and that we should be advocating for in order to support the community even more.

Mr. Jason Rasevych: Definitely, the first priority is to have a better understanding of the complexity and uniqueness of northern Ontario First Nation businesses. That complexity includes geographic location, extremely difficult and expensive supply chains of moving goods and materials to remote communities and the businesses that survive and thrive off of these supply chains.

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

Mr. Jason Rasevych: The other point to that would be the cost of doing business in the north, of that being different from southern Ontario and other urban and even rural areas. That cost of business plagues on some of the systemic issues that MPP Mamakwa had also mentioned about housing, clean drinking water; and then the other, telecommunications. So that understanding is important.

The second is the information-sharing and open dialogue of two-way communication, having an opportunity to hear the concerns directly from some of the Indigenous businesses and communities, and then developing programming that truly meets their needs.

The third would be not consolidating all of the funding just through one channel and one mechanism. While I say that NADF and the NACCA group are great when it comes to providing support for Indigenous business, there are still Indigenous people who are artisans, who are land users,

who are on the traditional economy, who are involved in transactions, but they may not be eligible under certain business programs that do require some support.

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

Mr. Jason Rasevych: Those are the three recommendations that I would make to respond to that comment.

Mr. Michael Coteau: Again, I just want to thank you for your expertise and bringing this information to us today. If I could help in any way—or, I'm sure, any MPP who's on this call today—please, I encourage you to reach out to folks.

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

Mr. Stephen Crawford: I want to thank all three presenters. I hope to get through questions to all three of you, but we have limited time.

I'll start with Jason. Before I give a question, I'll also give a comment related to what MPP Coteau was talking about. Jason, you may be familiar—I'm not sure if MPP Coteau is aware—that on June 19, Minister Rickford made an announcement of \$10 million in support for Indigenous small and medium-sized businesses. Some of that is in the form of loans, and some of that is in the form of grants. So our commitment to Indigenous businesses is a top priority—especially those affected by COVID-19, because we know that COVID-19 has been a magnifier for certain communities.

With that, Jason, you did touch very briefly on broadband, and I wanted to expand on that. Broadband is something I personally feel very strongly about—throughout parts of Ontario that don't have proper access. I'm wondering if you could just give a sense as to the business people who are part of your organization, the Indigenous business people, and how they're not able to compete in the modern world with the lack of broadband. Maybe you could just expand on that point a bit more.

Mr. Jason Rasevych: Sure. And the former comment regarding the funding—that funding that was committed from Rickford was a boost to NADF and to the financial institutions, so that supports the current mechanism. But the status quo, as I commented earlier, is not meeting the needs of the Indigenous communities, and there have been some delays there with cash flow and moving it to the Aboriginal financial institutions from government. We're getting into September. There have been dollars committed—but every day that goes by for an Indigenous business, there's a higher risk that they're not going to be in business in the future.

To your comment in regard to telecommunications: I've worked personally and professionally on some of the former broadband expansion projects in northern Ontario, most recently looking at connecting the five remote Matawa communities with fibre optics, which experienced challenges throughout the last few years related to funding approvals and commitments.

But we need to also look at the community infrastructure at the last mile. While some call it “the last mile,” we call it our “first mile,” because that is our first mile in

the communities of getting access to a digital world. Being competitive now in business requires First Nations communities to be able to understand and maintain their own infrastructure systems at the community level. When we'd seen copper coax systems and these archaic colonial systems being promoted in some of our First Nations communities in the past, we weren't willing to support that. We wanted to see fibre to the home. We've seen that as the wave of the future. We've seen that as opportunities in other wealthy municipalities, and non-Indigenous areas were getting fibre to the home, so that was something that we pushed for a lot in the design and engineering of the project for the five Matawa remote communities.

Now, for some of the road-access communities that I'm familiar with, they still have challenges with their broadband infrastructure at the community level, and we see them adjacent to some municipalities—I'll say Greenstone, for example. Long Lake #58 and Ginoogaming First Nation still have challenges with their telecommunications systems being inferior to Longlac and Geraldton, which are directly adjacent to their First Nation community. It has the communities very frustrated. It has the communities thinking, "I could go a five-minute drive into the local town and their broadband telecommunications services are 10 times better than what we have." That has created challenges for business.

1350

When we talk about community members who want to be involved as artisans, who want to be involved in tourism, who want to promote what's there at the community level, who want to be in an exchange where there are credit card and debit card machines that are required to have high-speed digital bandwidth to be able to communicate to the outside world—these are all factors that come in and create all of these challenges for an Indigenous entrepreneur, for a First Nations business to be competitive, that would open them to an economy that is more than just their local community, that is regional and perhaps worldwide. So eliminating that digital divide is very important, and there should be some more broadband infrastructure commitments to not just look at, I guess, remote areas where there needs to be fibre placed into the ground, but also look at the first mile of a community connecting to a broader interconnect to provide better bandwidth to the community at the local level.

Mr. Stephen Crawford: We're completing our ICON program tomorrow, which is expanding out from just rural areas. That's a program that we've had some Indigenous communities—

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

Mr. Stephen Crawford:—express some interest in, as well.

I'd like to go over to James White. You talked a little bit about domestic manufacturing here in Ontario. That's something we support fully. We know there were a lot of manufacturing jobs that left Ontario over the last decade. What are a few key points in terms of non-financial measures that you think can help attract people back so we can get the post-COVID-19 economy strong?

Mr. James White: I think that the first step is getting companies to have the confidence to invest capital in their companies, and part of that is going to be a commitment from the provincial government around a long-term manufacturing strategy, like what's been proposed by CME and other organizations that say that this is where we want to have flexible and resilient manufacturing and where the government will work to reduce red tape and other encumbrances, including some of the red tape at a municipal level, to encourage business investment and give us the confidence that we can go after those new markets and those new opportunities for onshore production here—to use more and build a lot more of our products right here, to provide that resiliency.

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

Ms. Sara Singh: Thank you so much to all the presenters, Mary, James and Jason. I really appreciate all the perspectives you've provided.

Mary, it's great to see you. Thank you for your presentation. My questions are going to be directed first to you, Mary—if you can pick up on some of the previous thoughts you were sharing around the additional expenses that businesses incur. Coming from a small business family, I understand it's not just rent that is due at the end of the month. We have so many other expenses that are piling up, and there wasn't really much support for businesses in terms of covering those expenses. While there were deferrals in place, those expenses will still be due.

I would be curious to hear from you, as a small business owner, what types of supports you need. I know the cash infusion is absolutely necessary. Are there other programs that would be helpful that you don't necessarily need to apply for—because I understand that takes time and small business owners don't have that time sometimes. I would love for you to expand on that, and then I do have a follow-up question around workplace safety, as you had spoken about that as well.

Ms. Mary Iusso: It would be nice if the government steps up on our behalf—so you going to the big banks and you doing that legwork for us. That's huge. To look at a bank statement and \$300 right off the top is gone—and it's all charges. The onus is always on us, and it would be great to see the government just taking that off our plates. I don't know if that answers your question. But it would just take the onus off of us all the time.

Ms. Sara Singh: That absolutely answers the question. I know, as I've been chatting with small business owners in our community and across the province, all of the additional steps in applying, whether that was for rent relief or for other programs that they were seeking—it took time. They were looking for real measures like perhaps freezing of the insurance costs or regulations being put in place, as you said, on their behalf so that they don't have to constantly advocate or spend time while managing their business day-to-day—then going and spending time accessing those programs.

I would be curious to hear more from you in terms of the folks you're supporting through the amazing work that you're doing at Cristina's Tortina Shop and supports that

you'd like to see from the government to ensure that workers with exceptionalities are being given a fair chance to return to work as we reopen the economy, as well. I know you spoke about some of the costs related to Plexiglas in securing your workplace. What are some of the other challenges that you're facing? And what do you think the government needs to do in order to step up to the plate to help small businesses, particularly those very small businesses that are earning under \$100,000 a year, like you said?

Ms. Mary Iusso: We sell an experience here. Now that we're not allowed to have people come in—we have a beautiful shop. We just moved here under a year ago to expand and offer more opportunities for people with exceptionalities. What I'd like for the government to do is—we're doing our best to have an in-shop experience because that's what it's all about: You come in, you pick your cupcake, you interact with our staff. They are phenomenal people. But I'm scared because there are people coming in and they don't want to wear a mask. That is their choice, but I have to protect everybody. So now we're back to doing everything from the window, and we don't have people coming into the shop. Give us something.

I'm actually paying a lot of attention to how they are fitting the schools. I'm looking at that model to do this model, because we need people to come in the store and experience everything here. So I'll take any suggestion that's going to keep our staff safe and healthy.

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

Ms. Sara Singh: I really appreciate that. I think what we're hearing is that you need direct support, whether that's for capital infrastructure and enhancements in the business to ensure that you can continue to operate, or whether that's direct funding support to alleviate some of the pressures that you're facing. Thank you so much for sharing that.

Since I've got some time on the clock here, I would love to pick up on a thought, and my question would be directed to Jason. Jason, you mentioned that in many First Nations communities—we've heard the challenges in terms of even getting access to capital infrastructure, funding and supports needed to start businesses. You also mentioned housing. I'd love to hear a little bit more, if you could elaborate, on how important it is to build housing in northern, remote communities to ensure that you can actually attract business.

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

Mr. Jason Rasevych: Well, that definitely is something that has been a challenge for communities to be able to participate in the local economy. When we talk about mental health and we talk about well-being of communities, that is very much an important part of community economic development and is a part of their entire strategic plan. So when we see overcrowding in communities because of lack of housing investment and housing development, and when we see housing that is developed where there isn't an intention of ensuring that that investment goes for the long term, that has plagued some

of the economic development opportunities in the communities, because it becomes a necessity for basic human rights, where community members are looking to establish their own household environment. It's very tough to do that when we see two- or three-bedroom houses where there's overcrowding of two or three families per house—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. That concludes our time.

Thank you to all three presenters. We appreciate your presentations.

STRATFORD FESTIVAL
TRUE NORTH GAMING
ONTARIO FEDERATION
OF AGRICULTURE

The Chair (Mr. Amarjot Sandhu): Moving along to our next group of presenters: I will first call upon the Stratford Festival. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Anita Gaffney: My name is Anita Gaffney, and I'm the executive director at the Stratford Festival. Thank you to the committee for having me here today. I have had the privilege of appearing before this committee a couple of times in recent months, once on the topic of cultural industries and another time on the topic of tourism industries, and today I'm here to talk about small and medium-sized enterprises, as it relates to the Stratford Festival.

1400

The festival is at the centre of an economic ecosystem which supports small businesses such as restaurants, inns and retail establishments. Those are the obvious things when you think of the Stratford Festival. The presence of the festival generates \$135 million in economic activity in our area, and over 2,000 jobs, with small businesses being the chief beneficiary of most of this economic activity.

The current pandemic has forced the festival to reduce our operating budget in half, to approximately \$32 million. Thanks in part to the Canada Emergency Wage Subsidy program, we've been able to retain 350 staff members through the summer months. Unfortunately, we've had about 650 people who we have not been able to employ this year.

The festival does not operate in isolation; it acts as a catalyst for a number of other industries, from tourism to construction, to digital media and other cultural industries. Those related businesses have suffered in turn, as a direct result of the pandemic's devastating impact on the festival.

Before COVID-19, our performance season would run for seven months, between April and October. We'd be in the middle of it right now, and we'd attract half a million visitors. Those visitors would spend \$135 million in the regional economy on overnight accommodations, restaurant meals, shopping and transportation, with at least 25% of that spending originating from outside of Canada. With the postponement of our 2020 season, the regional tourism economy has lost that annual infusion of \$135 million,

while our three levels of government have lost an accompanying \$55 million in tax revenue.

The economic activity generated by the festival and the tourism industry it has spawned also galvanizes the construction industry. All of those restaurants, shops and other businesses that depend on us are ongoing clients of that industry, as is the festival itself. Besides the regular maintenance and renovation of our infrastructure, our continued growth has engendered several major construction projects during my time alone.

We're currently putting the finishing touches on a brand new theatre, the new Tom Patterson Theatre. It's a \$70-million venue that was to have opened this year. Its construction created 550 jobs for the industry over a period of two years. Over the past few years, Stratford has seen numerous construction projects related to tourism, including the building of a luxury boutique hotel and the renovation of historic downtown properties into inns, shops and restaurants.

Other industries to which the festival is a significant contributor include the region's digital media hub. Six years ago, we set out to film the entire Shakespeare canon. To date, we've created 15 feature-length films shot on our stages. These films have been broadcast on cinema screens, on televisions and online, garnering millions of views, enthusiastic reviews and a number of awards. The \$10 million that we've invested in their creation has supported the equivalent of 270 full-time jobs. With our stages remaining dark through 2020, we have been able to make great use of this catalogue of films. Over the past few months, we've presented an online film festival that garnered 1.2 million views, half of which originated from outside of North America.

The festival also contributes to Ontario's education system. Pre-COVID-19, we hosted 50,000 students each year and invested \$1 million in programming for teachers and students. With the suspension of our season, we have no longer been able to offer such potentially life-changing experiences to young people.

All businesses exist within an ecosystem. The Stratford Festival is one of the main foundations upon which the ecosystem of southwestern Ontario has been built and on which it thrives. The current public health crisis has not only devastated the festival, but also threatens to destroy that larger ecosystem's delicate balance. We need help to stabilize it. Across Canada, the economy is restarting and people are craving opportunities to connect. The festival can play a leading role in reactivating the economy of this region and this province, but to do that we need to survive.

As mentioned to this group in the past, we anticipate a shortfall this year of \$20 million. We have committed to raising \$12 million from the private sector, and we are working very hard to do that—speaking to our donors, to our constituents about helping the festival survive this period so we can come back next year. We are turning to government for a request of \$8 million to help us through this season.

We seek another kind of support too: a reopening plan for theatres that protects the health of our artists, our staff

and our audience, while at the same time being economically feasible. In Stratford on any given day, we could host 7,000 people in our theatres, but if each of our afternoon and evening performances can only be attended by 50 people, that reduces our daily capacity to 400, which simply just does not make the economics work. We are deeply committed to the health and safety of our artists, our staff and our audience members. It is for this reason that we postponed our entire 2020 season.

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

Ms. Anita Gaffney: We are taking every provision to make the reopening of the festival in 2021 safe and secure. We know that audiences crave a return to communing around a cultural experience, and we're watching closely the reopening plans around the world so we can implement the very best practices in Stratford. We beseech you, therefore, to allow us a voice in the development of such reopening plans. Lives depend on getting it right; so do livelihoods. At stake is the future not only of the Stratford Festival, but also of the many others for which we serve as a catalyst and a major contributor. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is True North Gaming. Please state your name for the record, and you can get right into your presentation.

Mr. Ron Steiner: Chair and members of the committee, thank you for giving True North Gaming the time today to present to the committee on its ongoing study of the recommendations related to the Economic and Fiscal Update Act, 2020, and the impacts of COVID-19. I'm Ron Steiner, of the Steiner Group. I have decades of operational experience in the Ontario gaming market.

For over 21 years, the Steiner Group, in partnership with Casinos Austria, developed, built and operated the highly successful Great Blue Heron Casino, employing over 1,100 staff, generating hundreds of millions of dollars for the government of Ontario and the Mississauga of Scugog Island First Nation.

I'm pleased to be joined by one of my partners, Pam Hemmen of J&J Ventures, a respected licensed terminal operator in Illinois and Pennsylvania that supplies video gaming terminals to over 1,600 licensed establishments. J&J is the second-largest operator in Illinois, with over 8,200 machines. J&J Ventures's history as trusted operators, coupled with their commitment to responsible gaming and dependable service, made them an attractive partner for this proposal. Together, we formed True North Gaming.

We are here today to talk specifically about the role that the gaming sector can play in Ontario's economic recovery and renewal, and in particular how a simple act of modernizing some of Ontario's more outdated gaming regulations so they align with those that we see in other provinces can provide meaningful revenue, not just to the government, but to bars, restaurants and Legions that, without this support, will struggle to stay open.

We know the hospitality industry, in particular, is facing a near-existential crisis. Licensed bars, restaurants and service clubs had to shut down, like virtually every

other business. Too many small businesses are confronting a stark reality. Without change, they will have to close their doors, throwing thousands of hard-working women and men in the service sector out of a job. Restaurants Canada now estimates that 50% of Canada's independent restaurants may not reopen at all. Royal Canadian Legions, the backbones of so many smaller communities in our province, have put out emergency pleas for donations. Even still, many are expected to close.

All levels of government have done heroic work trying to help businesses bridge this gap, but the stark reality is, you could either allow more small businesses to fail, you could instead prop them up indefinitely with public funds and continued cost from the treasury, or you could explore ways to help these businesses adapt and stay afloat by cutting red tape and identifying new revenue sources. The third option is what brings us here today.

We present to the committee today not to highlight understood problems, to ask for a handout or to ask the government to pick favourites. Instead, True North Gaming is here today to offer a solution that will not only help licensed establishments and service clubs get back on their feet, but a solution that will contribute significantly to the government's bottom line.

1410

In particular, we want to talk about Ontario's place as an outlier by not having considered the use of video gaming terminals—often referred to as video lottery terminals—in restaurants, bars and service clubs as a revenue source. These low-stake machines are a recreational mainstay for adult patrons and customers in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, PEI and Newfoundland. With the entire hospitality sector struggling to stay afloat, this has become a province-wide issue. Video gaming terminals, in short, provide customers with recreation options and small business with a revenue lifeline.

The provincial treasury also stands to benefit to the tune of hundreds of millions of dollars in new, non-tax revenue every year. Host municipalities and First Nations also stand to benefit from millions of dollars' worth of stimulus for local communities on a per annum basis. These machines are recreational in nature, tightly regulated and required to adhere to low-stakes, low-speed specifications at a threshold below what you would find in slot machines at an OLG casino.

Recognizing that no serious change is without implementation hurdles, our proposal is to start carefully, with a partnership with the government of Ontario on a video gaming terminal pilot project within the province. It is a proposal backed by rigorous study and thought.

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

Mr. Ron Steiner: Okay.

Specifically, True North Gaming contracted Union Gaming Analytics to assess this opportunity. The opportunity they saw is eye-popping. Union Gaming calculated that the potential tax revenue, at full capacity, based on an even revenue-sharing arrangement between the government, venue and operator, would bring annual tax

revenues to the province of between \$668 million and \$881 million—that is per year. It is also estimated the proposal would create 3,000 to 5,000 jobs.

Union Gaming further noted that Ontario would experience a total economic benefit of \$2.2 billion annually upon the full rollout of the video gaming terminals, and they projected \$1.1 billion of GDP will come directly from the incremental gaming revenues generated.

The reality is, Ontario as a gaming market is underserved, outdated and protectionist when compared to neighbouring jurisdictions. Video gaming terminals which have been successful in other provinces can fill that void.

The best part of this proposal is that it costs the government absolutely nothing. We are not looking for Ontario to invest in us; instead, we are looking to invest in Ontario. True North Gaming is of the belief that this proposal can be accommodated with a simple regulatory amendment to the Gaming Control Act.

Further, we propose a streamlined regulatory model—

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

Mr. Ron Steiner:—where the operator assumes most of the costs and maintenance.

I know you might be thinking, “The Ontario gaming market, is it really underserved?” The fact is that there are grey- and black-market devices out in the marketplace, with consumers using these options and not knowing they're illegal. There's no protection, they provide no revenue to the government, and they fund operations of organized crime—

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

Now we'll move to our next presenter, the Ontario Federation of Agriculture. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Keith Currie: My name is Keith Currie, and I am the president of the Ontario Federation of Agriculture. Along with me today is my general manager and colleague, Cathy Lennon.

OFA is Canada's largest voluntary general farm organization, representing more than 38,000 farm family businesses across Ontario. These farm businesses form the backbone of our robust food system and rural communities, with the potential to drive economic recovery in Ontario.

The impacts of COVID-19 have made 2020 an incredibly difficult year for everyone in society and have presented a number of unique challenges—but also opportunities—for the Ontario agri-food sector. The Ontario agri-food sector is the largest industry in Ontario, employing over 860,000 people and generating \$47.3 billion in GDP annually. The government has taken some decisive actions in the wake of COVID-19 that are of great importance to Ontario farmers and agribusinesses, but there is still a lot of work to be done to ensure that the agri-food sector is the driving force behind economic recovery and growth in Ontario.

OFA appreciated the decision made in early April, during the height of the pandemic in Canada, to allow

farm-building and food-processing-building construction to continue during the emergency shutdown order. The disruptions caused by COVID-19 have put tremendous strain on agricultural supply chains.

Allowing on-farm and food processing construction projects to move forward has allowed Ontario to continue expanding its capacity to produce, process, store and distribute food, and ensure strong and stable food security for the people of Ontario. But we can do more. Farmers are looking to invest in new barn buildings, new and innovative equipment, and new products and services. The Ontario government can develop an enhanced program to provide funding for agri-food infrastructure and equipment.

Encouraging farmers to engage in value-added activities such as on-farm processing and retailing helps farmers diversify their incomes and stimulates economic activity. As we saw in the Senate report, *Made in Canada: Growing Canada's Value-Added Food Sector*, agri-food processing will increase the value of our products and drive economic growth for our province.

Reducing the property taxes for value-added agriculture is another way to encourage growth and diversification of Ontario's agri-food products. If there's one thing that COVID-19 has highlighted, it's the importance of a strong domestic supply chain for the agri-food industry. We urge the government to keep this issue as a top priority even after the pandemic is over.

One of OFA's top priorities in the last several years has been advocating for access to reliable broadband Internet service in rural Ontario, and especially in farm communities. Ontario farmers compete in a global marketplace. In 2020, it's impossible to compete in business without access to reliable broadband Internet service, let alone during a pandemic.

The government has committed to helping connect farmers, homes and businesses to broadband service in rural communities across Ontario. The June announcement of \$150 million in government funding under the new Improving Connectivity for Ontario program is a significant step forward toward the goal of connecting all farms, homes and businesses across rural Ontario, but there is still more to do. We urge the Ontario government to continue to prioritize rural economic development by connecting all farms and rural businesses to broadband services.

E-commerce has proven to be an essential sales platform in the wake of the global pandemic, and agri-food businesses were lagging behind most industries in online and e-commerce platforms. The Agri-Food Open for E-Business program under the Canadian Agricultural Partnership fund was a welcome program to assist farms and agri-food businesses in establishing a virtual presence and creating online business opportunities. The program was in such high demand that it was oversubscribed in a matter of weeks. This suggests more work can be done to help farms diversify their income and provide Ontarians with more local food options.

We recommend a second phase of the Agri-Food Open for E-Business program or a rural business e-commerce

program to ensure that agri-food businesses and rural businesses can access a broader market and stimulate economic growth in rural areas.

We need a renewed focus on funding for rural roads and bridges. The stock of infrastructure in rural Ontario is rapidly aging and is in desperate need of repair. Municipalities' only self-sustaining revenue source is property taxes. They do not have the ability to repair and upgrade the essential infrastructure on their own. This is especially true after the impacts of COVID-19 have left a giant hole in many municipal budgets.

In fact, investing in rural roads and bridges represents a great investment that pays many dividends for the provincial economy. A recent report by the Broadbent Institute indicates that for every dollar spent, GDP rises by \$1.43, and for every \$1 million spent, nearly nine and a half jobs are created. Investments in rural roads and bridges are an excellent way to ensure that Ontario experiences an economic rebound and rural economic development boosts to drive further growth and prosperity.

Even in good years, many farms struggle to find enough skilled labour to fill job vacancies on the farm, and the impacts of COVID-19 have made it even more difficult for farmers to find workers.

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

Mr. Keith Currie: The problem has been especially acute in the horticultural industry—not to mention the increased costs and requirements to keep workers safe. As a result, many growers were concerned that if a crop were planted, they would not have enough labour to make it through harvest.

Growers received assurance in July when the government of Ontario announced an enhancement to crop insurance for the 2020 program year to allow coverage for growers who experience production losses as a result of farm labour disruptions caused by COVID-19. We thank both the federal and provincial governments for taking this action.

A significant factor in providing a safe work environment in 2020 was also personal protective equipment. We do applaud the provincial government for the work that they've done in helping to reduce barriers to PPE for all of our farm workers, and we wish to enhance that going further.

We appreciate that the government increased the funding cap for the Ontario Risk Management Program from \$100 million to \$150 million for the 2020 program year. Our outbreaks at meat processing plants have put serious constraints on our livestock processing capacity, and that has been felt back on the farm, with Ontario beef producers losing nearly \$2 million a week.

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

Mr. Keith Currie: The decline in the hospitality industry has also meant strenuous times for our mushroom growers and our veal growers.

1420

We do appreciate the fact that the government looked at reducing our hydro rates across the province, and as we go forward we urge the province to continue to explore the

viability of electrical options that will further enhance farms and rural businesses.

In closing, the agri-food sector is uniquely positioned to provide endless economic growth, food security and environmental sustainability, while improving the lives of Ontarians, Canadians, and on a global scale. We appreciate the investments in the agri-food sector during these uncertain times, but we also want to be the solution to rebuilding the economy. We can provide economic stability and growth. We can create jobs and economic opportunity for people in every town, city and rural area in the province. We can provide safe, healthy and high-quality food—some of the best in the world.

We need the Ontario government to invest in us, to commit to supporting the agri-food sector, so we can continue to produce prosperity for all Ontarians and be the solution to economic recovery.

We thank you for your continued support of Ontario agriculture and the opportunity to speak here today. We look forward to answering your questions and being the driving force for economic prosperity in our province. Thank you.

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

Before we start with the questions, I would like to do an attendance check. MPP Andrew, if you can please confirm your attendance.

Ms. Jill Andrew: Yes, I'm here in Toronto. It's me, Jill Andrew.

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

We'll start this round of questions with the government. MPP Wai.

Mrs. Daisy Wai: Thank you very much. It was very, very informative, from the three presenters. I myself ran a small business before I joined as a politician, and I understand how critical it is for small businesses and even medium-sized businesses.

I would also like to thank Keith. It is important for you to provide the food for us—which is why we understand how critical it is, not only for the economy, but for the healthy food that we are all consuming.

I would like to address Keith first. I just want to say thank you for recognizing—it is really encouraging to see that what our government is doing is on the right track. Through your presentation, you were confirming that for us. You are letting us know that we are on the right track with the additional \$50 million for the Ontario Risk Management Program.

How effective do you see the Risk Management Program being, and how has it been supporting the sector at this point? With the additional \$50 million, how would that be more effective for them?

Mr. Keith Currie: Certainly, this is something that we worked very closely with Minister Hardeman on and within the government to secure the funding moving to 2020. Given the uncertainty of COVID-19, virtually every sector of our industry has been affected in some way, shape or form, and that has put serious financial strain on our businesses. Unfortunately, the federal government programs really are not of benefit to the agri-food sector—

in particular, primary producers—which is why having the Risk Management Program as a backstop to help us get through those tough times is very, very important. So we were certainly very happy to see Minister Hardeman work hard to get that money that was promised in 2021 moved into 2020.

We know that some of our farmers are still facing a financial crunch, and those additional funds will help them get through it, because we see agriculture as the prime industry to help with economic recovery post-COVID-19. The more of our businesses that stay viable, the better we're going to be in helping that recovery. These monies will certainly help a lot of our businesses keep their heads above water, and we definitely appreciate it.

Mrs. Daisy Wai: I just want to reiterate that you appreciate the broadband that—even before COVID-19, we had already seen the importance of doing the broadband and opening up the roads, the bridges, the transportation. So we're working, and I'm happy to hear from your presentation that we are going towards the right step.

I still want to touch on one more case, about how we are doing all that we can for the workers. How have we been supporting, or have we supported enough for you, the workers in the agricultural field? Has our government done enough for you?

Mr. Keith Currie: Well, I think we can always do more. We're always in a position to do more because agriculture is very short on labour, to begin with.

It started, in the beginning, when we were working very diligently to make sure we had migrant workers who have access to coming into the country. The province worked very diligently, along with our organization, to make sure that we had almost like a job concierge made available through some CAP funding, and that allowed us to match people who were all of a sudden out of work because of COVID-19 to finding work either on the farm or in the agri-food business. Certainly, processors were seeing a large amount of absenteeism. Some on the retail sector side were seeing absenteeism.

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

Mr. Keith Currie: So that was the beginning of it.

Providing PPE, certainly, was a huge, huge benefit for us, and Minister Hardeman and his team certainly went to bat for us and found the funding and made PPE available. He even made a personal trip to the Holland Marsh to deliver masks for their growers who could not access them through 3M. I made a call to the minister, and he found the masks and delivered them himself. So we really appreciate the efforts of the government, and we look forward to continuing that as we go forward, trying to get through COVID-19.

Ms. Daisy Wai: Do I still have any more time?

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

Mrs. Daisy Wai: Okay. This quick one minute, I would like to address it to Anita. I understand that Minister MacLeod has done a lot. I am from the city of Richmond Hill. We also have our theatre. We try our best to support them. Has the minister done enough, or how can we do more to support you in your sector?

Ms. Anita Gaffney: She has been terrific. She is an amazing spokesperson for the culture and tourism industries. She's been out there in front of it right from the very beginning. She's working closely with her federal counterparts, which is important because we're looking for funding from both levels of government.

From the community of Stratford—the Ontario government has pivoted very quickly to change regulations around liquor consumption on patios. That has just been incredible, quicksilver speed that some things have happened in recent months. We're looking forward to continued co-operation as we think about restarting and opening next year. We want to get Minister MacLeod out to Stratford to see our brand new Tom Patterson Theatre and have her walk around it.

The Chair (Mr. Amarjot Sandhu): We'll move to the opposition now, and I'll start with MPP Andrew.

Ms. Jill Andrew: Good afternoon, everyone. I hope you and your families are staying as safe as possible. Thank you to all presenters.

My question is to Anita. Anita, thank you very, very much for the work that you all do at Stratford. My professor, Ron Singer, many, many moons ago, introduced me to Stratford, and I am all the better for it.

My question is with regard to the \$8 million in government support that you are asking for. Can you explain to us how an investment—not a handout, an investment—into Stratford's COVID-19 recovery will have successful returns in the diversity of your programming and also diversifying your audience?

Ms. Anita Gaffney: Well, as I said, we need to survive. So there's a part of this that we got caught on our back foot, that we didn't get to have a season this year. We spent a whole lot of money on a season and haven't been able to fulfill it. That's part of it.

Part of it is taking this opportunity to imagine what the future could be. We have some really exciting plans for next year, and one thing includes looking at the introduction of a tent. The Stratford Festival was founded in a tent in 1953, so we're going back to our roots for this inspiration and thinking, in this time of COVID-19, in this time of physical distancing, what a great way to experience theatre. In addition to our beautiful venues and everything else we have to offer in Stratford, I think really leaning into the safe environment, the parkland, the pastoral kind of experience and having some quasi-outdoor theatre experience is going to really lift interest in visiting Stratford.

1430

Actually, just this morning I was on a call with a number of donors and patrons from the US, and they're dying to get back here. They want to get back to Canada. This is the time of year they would be here. They want to be here, and I think that having us survive until next year and investing in us doing some innovative approaches to theatre is going to really help the province.

Ms. Jill Andrew: I'm excited to see the work that will unfold. I know you all are very resilient.

My next question is to Anita again. With regard to your staff, with regard to the artists, first of all we know that artists and cultural workers were the first to respond in terms of helping to keep our mental health stable, with the anxiety and the uncertainty of COVID-19. I'm wondering how your staff and your artists are doing with regard to rent, with regard to how CERB has worked for them, and if there's anything else provincially that this government could be doing to help amplify and ease the COVID-19 strain that cultural workers, specifically, are under.

Ms. Anita Gaffney: Thanks for that question.

CERB was a lifeline for our artists, because they don't qualify for employment insurance; they're independent contractors. So for a lot of our actors and designers, this was their lifeline for the last few months. It has been incredible. These people are my neighbours and my friends. I see them in the community, and it has been so important to see them sustained in this way. I think it's important that EI have some easing so that these individuals will have the opportunity for some support beyond October. It's really important, because these people are not getting back to work in the next few days.

I also think an investment in digital—so many theatres and arts institutions are really looking at how digital can be used to connect with patrons to enhance visits. Just as an example, I think we hired about 120 artists over the last three months to work on our digital programming. So that's just an example of what we can offer. We can't offer in-person experiences, but this is a way we can give you some work.

Ms. Jill Andrew: How much time do I have left?

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

Ms. Jill Andrew: Wonderful.

So the next thing I'd like to ask, as well—because I've been hearing from many stakeholders that the government has certainly supported some of the larger arts establishments, but that the small and medium ones haven't received as much attention. Can you talk a bit about what is lost—that very intimate, visceral, up-close-and-personal community experience that is lost with virtual programming?

Ms. Anita Gaffney: Well, just think of this meeting right now. It's wonderful to see everybody on Zoom and to see your faces, but there is a different dynamic when we're all in a room together. We're all experiencing the same production. We're hearing each other laugh, which you can't do on Zoom. You can't sing together. You can't laugh together. You can't cry together.

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

Ms. Anita Gaffney: When you're in a room, you have that communal experience, and it is that communal experience that changes the lives of children. I'm not overstating this. I grew up here in Stratford. I had my first experience in the Stratford Festival—it changed my life. I have a career in the theatre now because I had that experience of being in a room with these people, having my life changed by the stories I was seeing on the stage. I just don't think it's as compelling when you're on a screen. It's an okay proxy, but hopefully it is whetting the appetite to get back in that room again.

Ms. Jill Andrew: We're going to keep fighting provincially for various arts grants, emergency grants to help get us back to a place where we can fill that appetite. Thank you.

The Chair (Mr. Amarjot Sandhu): We'll move to the independent members now. MPP Coteau.

Mr. Michael Coteau: Thank you to the participants joining us today. I really appreciate your insights.

I want to talk a little bit about the culture sector, and specifically to the executive director from Stratford. I know that the culture sector here in Ontario is a huge economic driver, and it's without question one of the key pieces that fuels the tourism sector and the creative sector as well.

I remember back in 2016 when I had the opportunity to develop the culture strategy in Ontario, learning about the economic impact in communities and regions through institutions like yours. I know that, for example, Stratford has an economic recovery plan that they're working on as a municipality. Considering that you're probably the largest anchor cultural organization, not only for that municipality but in many ways for the region, how are you participating in that strategy, and what are some of the challenges and opportunities that an organization like yours will have, participating in a process like that that's municipally led?

Ms. Anita Gaffney: We work very closely with Mayor Dan Mathieson, and Dan has struck a committee that we serve on to talk about economic recovery. Some really magical things have happened this summer. There's this wonderful al fresco dining experience that happens in Stratford, and we're working to think about how performing arts can be incorporated when it's safe to do so. Because we're not able to have crowds of any significant numbers just yet, how can we introduce concerts into this, and small theatre presentations into the al fresco and some of the other things happening within the community?

We're also looking into the winter. We don't traditionally operate theatre performances in the winter, but we're working with the city on a submission around lighting up the city of Stratford and lighting up our brand new Tom Patterson Theatre. Everybody has got to come and see this beautiful theatre. We're participating in lighting it up and having it be an attraction for people to come into the community. We're very much hand in glove with our municipality. It is an ecosystem, as I said in my remarks, and we rely on one another to make this an irresistible destination.

Mr. Michael Coteau: I just want to say thank you to you. I know that the culture sector here is one of those economies that sometimes doesn't get the recognition it deserves as an economic driver, but I know, and I know many people on the call today and many Ontarians know, that it contributes so much. I think that going through this process of COVID-19 and this recovery and so much loss, not only to individuals and their families but also businesses and organizations—I think we're going to have to heavily invest into culture to not only help improve our economy but to help raise our spirit here in the province.

So we'll do everything we can to make sure that that voice is not lost in this recovery effort.

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

Mr. Ian Arthur: I want to direct my questions to Keith. It's nice to see you again, Keith. Welcome back to the committee.

There are a couple of things I want to hit on. You touched on broadband, and we've heard a lot about rural broadband from almost every part of the committee sitting this summer and in previous years as well. What do you think of the ability of the Starlink network, the satellite network, to provide rural broadband? Do you think we've just missed the boat? Do you think there's going to be a private sector solution before we actually manage to get any of this deployed?

Mr. Keith Currie: Thank you for the question, MPP Arthur.

I think that we're open to all ideas. Certainly, what we also have to consider is the cost. Personally, I've looked into satellite broadband in the past for my own personal use, and the cost was quite high. If we can get that cost in line, I'm not opposed to any option for broadband use, as long as it's reliable and cost-efficient. That is very important. As I mentioned in my remarks, we've discovered in agriculture, and in particular primary agriculture—we've had our eyes opened to e-commerce in particular. I think for a lot of small businesses, rural businesses, e-commerce is potentially key, going forward. Any way that we can get that expansion, whether it's 5G, whether it's fibre optic, whether it's satellite, we're willing to look at that.

Mr. Ian Arthur: I think the network is actually supposed to be available in sections of Ontario this fall, and it should come in around \$110 a month—that's what they're saying it's going to cost, which is quite crazy.

1440

Leading from what you said there, we had fought quite hard to have agriculture as its own independent section appearing before this committee, because we thought it was really important. I think the pandemic highlighted the need for greater food security, grown-at-home food security. From that and as you said, your eyes were opened to e-commerce.

This notion of building back better and potentially changing how we approach food grown here in Ontario and making sure that you can employ the people you need to employ; that we value food enough to actually pay the costs needed for the wages that you would like to pay your employees, I know—how do we use the pandemic as an opportunity to rebuild better and to hit a reset on farming in Ontario?

Mr. Keith Currie: I don't know that we need to hit a reset; I think we need to expand on a good thing. I believe that we certainly have all the tools in place; we just need to expand what we already have. Broadband is a key part not only to primary agriculture businesses, but to all the support services that are throughout the province, both rural and urban.

As I listened to Anita and MPP Coteau talk about culture—that's important to small towns as well, the

culture aspect of it, because it brings in business, it brings in employees, it brings in people who buy our products. It allows our members places to go to get relief from the day-to-day business of agriculture. It's all intertwined. Any way that we can enhance things for the agri-food value chain, that's important.

And let's not forget the importance of the value chain in urban Canada as well. There are a lot of jobs that are on the manufacturing side, on the transportation side, on the retail side, throughout urban Ontario. That is just as important to us, because the whole value chain needs to be healthy.

Let's explore ways that we can—especially on the processing side, that seems to be where the hiccups were through COVID-19, because you're looking at a lot of employees in one spot. Processing got slowed down. How do we learn from this, go forward and make sure that we can protect from that kind of slowdown, while also exposing to the general public the opportunities there are?

If you're in financing, there are huge opportunities in agriculture. If you're in research, there are huge opportunities. If you're in technology, we are about as advanced as anybody in technology. There are opportunities that people don't think about in this sector. We just need to expand those opportunities through the various number of programs going forward.

I think that as long as we can get all sides pushing in the same direction, the Ontario agri-food industry is going to really show not only Ontario, but Canada, how to go forward post-COVID-19.

Mr. Ian Arthur: That's cool. So we're talking about seeing a Stratford tent and stage at the next International Plowing Match? Is that what you're going to manage to pull off here?

Okay, on that, you talked about the processing and production side and where those hiccups were due to the concentration of where people were. What opportunities do you see for potentially mid-sized processing facilities? What can this government do to actually—is there an opportunity for dispersal of processing, so they're not so concentrated in one or two places for when things potentially could go wrong?

Mr. Keith Currie: Well, certainly, you do need large facilities, because of the volume of people in Ontario, to produce that product to get in to the urban settings. The majority of people are still going to go to their local grocery store or food outlet to buy.

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

Mr. Keith Currie: But there is a tremendous amount of opportunity throughout rural Ontario where people want to buy local—and we've lost a lot of small abattoirs, for example. Can we do some incentivization to bring those types of facilities back? Can we enhance or promote the value added on-farm? When I grow my apples or livestock or whatever, I can maybe add value to it that people will come to my place and buy, or order online and we can make deliveries. Those kinds of opportunities could be potentially huge in rural Ontario.

To your question: Yes, we can enhance that small- and medium-sized a lot with the right kind of programming.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go back to the independent members for their second round. Any questions? All right, thank you.

We'll go to the government side now for their second round. MPP Martin.

Mrs. Robin Martin: I want to thank all the presenters. It was very informative. I feel like we've run the gamut here, because they're all from different areas. As a former farm girl from Saskatchewan, I was interested in what the farming comments were; as a wannabe actor/theatrical professional, I certainly was interested in what the Stratford representation had; and finally, as someone who knows absolutely nothing, really, about gambling and gaming, I was interested to hear what the True North Gaming people had to say.

Let me just start, first of all, by commenting on the loss of one of our great Canadian actors, Brent Carver, who certainly was a very big part of my Stratford experiences whenever I went. I was just so sad to hear that he passed, and so young. We certainly will miss him.

I really liked some of the things that you were talking about, first of all, informing us—and I didn't really think of it this way—about the way the Stratford Festival is part of an ecosystem and supports all the small and medium enterprises around it. I had seen the articles today from the Stratford Beacon Herald about the alfresco dining. So your comments are very apropos today about that.

One thing I was wondering is whether there weren't some opportunities presented, because we now have to look at things differently. You mentioned the digital hub with 15 feature-length films, the Shakespeare canon, and the attraction that that has for people outside of Canada even, outside North America, and that your patrons are looking to have you back. You also said you didn't do a winter season. You had spent a lot on this season and didn't have this season. I'm wondering if there is not something that can be salvaged from the season you lost. I love the idea of tents. I love the idea of Shakespeare in the park, just from an accessibility point of view for people. So I wanted to ask if there's something that we can gain out of this. Maybe Stratford Festival will go on in the winter, as well, in the future. Maybe it will have a park and not just the stages. I just thought that there were some opportunities that even now we've discussed. What's your response, Anita?

Ms. Anita Gaffney: Yes, I agree.

First of all, in regard to Brent Carver, he was a leading actor at Stratford. He passed away earlier this month. He was an example of somebody who was incredibly talented, made a name for himself here in Canada, but became quite famous on Broadway. It's so wonderful that Ontario and Canadian artists are representing Canada in the US and drawing attention and drawing visitors up to Canada. We want to continue to do that kind of work that Brent did so beautifully.

I've gone from a period of mourning, of taking on this public health crisis and trying to understand how to just survive through it—and there's also this enormous opportunity, as you say. We're a creative industry, we're a

creative learning organization, and I think that we have really taken it on to look at how we can reinvent the Stratford Festival as we come back into post-COVID-19 life—or living with COVID-19, actually. It is things like tents. It is looking at the kind of programming we do. We've had incredible conversations about anti-racism and about inclusivity and about belonging, and it has really given us a moment to say, "Hey, maybe we should be looking at some different artists and different storytellers." So we're thinking about what the programming is going to be.

I think there are opportunities for programming outside of the summer season. I think there's a different way to use some of our facilities. Maybe there's more of a promenade kind of experience rather than sitting in the theatre together, which is wonderful. Maybe we can be using an experience where you walk around the theatres and have a theatre experience in that manner. If you give artists a little spark, they're going to innovate. That's what we're looking for—that investment to allow these imaginations to realize these dreams.

Mrs. Robin Martin: I just want to get to True North Gaming because we haven't even had a single question of you. It's very hard to give government money, as you might have noticed. Nobody seems to be interested in that. But let's say we are interested in that. You seem to have some suggestion that this could be of benefit to the Ontario economy. I think, Mr. Steiner, you did not finish your presentation, so I'm just wondering if you want to finish up, and specifically again remind me what regulation you said needed to be changed, because I don't think I heard that.

1450

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

Mrs. Robin Martin: Oh, just a minute.

Mr. Ron Steiner: You're being real rough on me.

Not to go through all the acts and all those different things—this is a process that can be taken on very easily, very quickly. I am sort of surprised myself that I'm not getting the discussion on it, but that's okay. I've been around the industry for over 40 years myself, and I know that this is a project that would be—in other words, there would be regulatory amendments to the Gaming Control Act, and that's why we've been speaking mainly with the regulator, which is the Alcohol and Gaming Commission of Ontario, to try to make sure that this can be done, and this can be done to the benefit of the province.

The Chair (Mr. Amarjot Sandhu): Thank you. The time has come up.

That concludes our time. Thank you to all three presenters for your time and for your presentations.

RESTAURANTS CANADA

COLE ENGINEERING GROUP LTD.

The Chair (Mr. Amarjot Sandhu): Moving along to our next group of presenters: We only have two presenters for the 3 p.m. time slot.

First, I will call upon Restaurants Canada. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Cindy Simpson: I'm Cindy Simpson. James Rilett from Restaurants Canada is going to make the presentation.

The Chair (Mr. Amarjot Sandhu): You can start your presentation.

Mr. James Rilett: My name is James Rilett. I'm the vice-president, central Canada, for Restaurants Canada. Listening today are Kelly Higginson, executive vice-president, operations, for the CFW Group, and Cindy Simpson, executive vice-president for Imago Restaurants. Both are here in their capacity as operators of independent restaurants in Ontario, as well as directors of the Restaurants Canada board.

Thank you for the opportunity to present to you today. Restaurants Canada is a national not-for-profit association advancing Canada's foodservice industry through member programs, research, advocacy, resources and events.

Before the start of the pandemic, Ontario's foodservice sector was a \$37-billion industry, directly employing more than 480,000 people. We were the number one source of first-time jobs and the fourth-largest employer in the province. Our industry served 9.1 million customers every day.

In April, Ontario's foodservice industry lost 286,000 jobs and at least \$7.7 billion in sales over the second quarter of 2020. Even now, with limited reopening, one third of our restaurant employees are still laid off or receiving no hours. Currently, 60% of businesses that have reopened are still losing money, and a further 22% are only just breaking even. It is estimated that it will take foodservice businesses 12 to 18 months to return to profitability.

No other industry comes close to that level of shortfall. The foodservice industry is in a dire situation. Although Restaurants Canada represents restaurants of all sizes and concepts, today I will speak on behalf of the 11,960 independent restaurants in Ontario. In an April Restaurants Canada poll, half of independent operators felt they would not survive if restrictions lasted beyond three months. It was four months before restaurants started some level of reopening. We have already seen a great many closures in the industry, and we fully expect many more before the fall. I don't want to leave you with the impression that our industry is dying, as the foodservice industry is known for its resilience, but we are an industry in dire need of assistance.

We expect the difficult situation to continue for the foreseeable future. Restaurants Canada and industry experts developed three likely scenarios for the industry to the end of 2020. The industry will likely be down 24% to 48% from pre-COVID-19 forecasts. This could mean a loss of \$15 billion from the Ontario economy. Given the fact that 95% of restaurant spending goes right back into the economy through wages and supplies, this creates a significant hole in the GDP.

We need to remember that for restaurants, this pandemic is nowhere near over. Most large corporations have

announced that they will continue work-at-home protocols well into the new year. In major urban centres, this means that regardless of restaurant restrictions, customers we rely on will simply not be available.

The provincial government has incorporated a number of changes that have been helpful as the industry attempts to transition into the next normal. Restaurants Canada has been working with the government for some time, making the case for allowing delivery of alcohol with food. At that time, the growth of the delivery market made it an issue of importance, but when the delivery system became the sole source of revenue, it was a critical component for the survival of many.

Similarly, the changes to simplify patio expansion and lowering the minimum price for takeout alcohol have allowed many businesses to develop new revenue sources. We thank the provincial government for moving quickly to enact these changes; however, some of these changes are due to expire at the end of the year. We are asking the government to make these programs permanent so that businesses can make long-term plans to grow these avenues of their business model.

The government also brought in a number of initiatives that focused on giving businesses access to much-needed capital during the pandemic by delaying most provincial payments and WSIB premiums. These were appreciated and allowed many to focus the limited cash flow they had available on keeping their businesses afloat. Unfortunately, some of the deferrals are set to expire. We are asking the government to extend the deadline for these programs. When they were originally implemented, the restrictions were anticipated to last six to eight weeks. With the restrictions going into the fifth month, it is essential that these programs are extended commensurately.

By far, the biggest worry for restaurants has been paying rent. Even those who were allowed to forgo their rent payments by landlords are watching their debt load rise. We're asking both the provincial and federal governments to find a way to get more landlords to sign on to the OCECRA program. As well-intentioned as this program was, it has been undersubscribed, as most landlords would not sign on to the program. We would ask the government to consider extending the moratorium on commercial evictions, as it is also due to expire, and it is a tool used to encourage landlord participation.

Similarly, we are seeking an extension to the Canadian Emergency Wage Subsidy into January, or for the duration of the pandemic restrictions. We are aware that the CEWS program is federal, but we know the provincial government is working very closely with their federal colleagues and we ask for their support.

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

Mr. James Rilett: Finally, we would encourage the government to work with Restaurants Canada and other hospitality groups to create a program to attract businesses back to our economy.

In closing, I want to thank all committee members and all MPPs for your support of the industry throughout this pandemic. From your work in the Legislature to your

amplification to the rest of Canada of the Takeout Day initiative and your individual support for businesses in your riding, your efforts have been appreciated. I look forward to working with all members of the Legislature as we move into the recovery phase of this pandemic. Thank you.

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

Our next presenter is Cole Engineering Group. Please state your name for the record, and you can get right into your presentation.

Mr. Mohsen Mortada: Good afternoon. My name is Mohsen Mortada. I'm the CEO of Cole Engineering Group. I first would like to thank you for the opportunity to present, and I'd like to thank Minister Sarkaria as well for the invitation.

Cole Engineering Group is a mid-sized engineering firm based in Ontario. We are about 250 employees, and our annual revenue is about \$36 million a year. The majority of the work we do is in infrastructure space. We do public infrastructure, mainly waste water, transportation and environmental work. We do land development work as well.

We were on track to deliver our annual business plan, and the impact that we had since the pandemic has been about a 12% decline in our annual revenue because of reduced workforce and some non-essential employees that had to go on leave. But overall, the infrastructure business continues to thrive and we get opportunities to bid on public projects, for the most part.

1500

The reason I wanted to present to you today was to talk about the competition we keep getting, mainly from the United States, where we get engineering firms that come here and ship the work outside of the province of Ontario and outside the country, basically, so they either take it to different countries or the United States. Hopefully, we'll be in a position to get some help from the province and maybe the federal government to allow us to get preferential treatment, as part of the "buy local" program, to retain the talent within the province of Ontario so we can execute the work locally here and deliver for the local municipalities and regional governments within the local communities.

That's all I have. I'm not going to take the whole seven minutes. I know you're busy, and that's all I have for today. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll start the questions with independent members. Mr. Schreiner? Any questions from independent members? MPP Coteau, do you have any questions?

Mr. Michael Coteau: Thank you very much, Mr. Chair. Is MPP Schreiner back, or do you know—

The Chair (Mr. Amarjot Sandhu): Yes, he's connecting. He's back.

Mr. Michael Coteau: Okay. Can we just wait a few seconds to see if he can connect and if he wants to use this opportunity?

The Chair (Mr. Amarjot Sandhu): Sure. MPP Schreiner, do you have any questions for them?

Mr. Mike Schreiner: Go ahead, MPP Coteau. I'm just now back from a constituency meeting.

Mr. Michael Coteau: Okay. Thank you very much.

I want to thank the deputants today.

I really wanted to talk a little bit about the restaurant sector. I noticed that the restaurant sector immediately was so hard hit and such a massive employer of people within my community, and in addition to that, serving a lot of the people in the community who rely on those services for, sometimes, a few times a week.

We keep hearing that there are going to be up to 50% of restaurants that will be placed into a situation where they may not be able to survive, may not be able to go forward. We've seen some of the first companies—because the margins are so thin. I know, just right next door to me—literally steps away from me—the local restaurant here, business must have dropped 90%, and this is a person who has worked in the industry for a long time. The margins are so thin. He was scrambling to do everything he possibly could to offset and just survive.

Are you getting an indication of some hard numbers on the amount of closures that have occurred so far, and the anticipation out there if the status quo is maintained?

Mr. James Rilett: We don't have numbers at this time. We had a 50% number in April of people who didn't think they'd survive three months. Immediately, 10% of independent restaurants said they didn't think that they would continue. Our economist is going through some numbers, trying to find out what that will be. We expect it will be a lot higher once patio season ends and people start to look at those numbers.

Perhaps I could turn to Kelly or Cindy to give a little background on what they're experiencing in their restaurants.

Ms. Cindy Simpson: If I could just use my own company as an example, we have seven restaurants in Toronto, from Yonge and Eglinton to the TD Centre. It's quite certain, I think, today, that we will not reopen three. That is almost 50%, and the reason we won't reopen them is because two of the three—really, three of the three are very close to the financial district or inside the financial district, and there are no customers or no possible customers there. Right next door to us is a very, very busy Starbucks, and they told me yesterday that their sales are 10% of what they were before. They're soldiering on, but we decided we are not going to reopen that location. So, interestingly, almost 50% of just our own little company will not be reopening.

Mr. Michael Coteau: Wow. How long have your restaurants been open for?

Ms. Cindy Simpson: Well, our company is 45 years old. We're well-funded. We fortunately went into this whole scenario with little or no debt, and we're really counting on the CEWS continuing. We have been working with our landlords with the CECRA, but it just isn't enough. If we didn't have those subsidies, we would be totally insolvent today.

Mr. Michael Coteau: I'm so sorry to hear that because I can tell that it's a successful business. It's devastating what's happening—

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

Mr. Michael Coteau: —to yourself and the company, but also the employees and the environment that they worked in.

Out of this, there's no question in my mind there's going to be some pretty serious damage to the sector. What we can do as people who are elected by the people of Ontario to serve the community is to make the best possible decisions to offset as much of that damage that's going to be caused, by looking for ways to improve certain programs and introducing others. I think that's an important piece.

Here's the challenging part: If people don't return to work, and there's a second wave, and we stay within this pattern for the next two years, everything's going to change within the restaurant sector. As a company, are you starting to think about what that new world looks like, as well, and how to adapt—

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

Ms. Cindy Simpson: That's all right.

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

We'll go to the government side now. MPP Rasheed.

Mr. Kaled Rasheed: Thank you to the presenters this afternoon. I really appreciate your presentations.

I would love to start with the group from the restaurant industry here. From the bottom of my heart, thank you so much to all your members who have gone above and beyond during this pandemic, COVID-19, to help the community out there. I have, first-hand, seen your members going out, delivering food or whatever they can do to our food banks in various cities. This shows that you are a family under a big tent, and you all are working together. So thank you so much for your contribution during this time.

I know one thing in my house—my kids know that Wednesdays is food takeout day, and they're always looking forward to Wednesday. They have already prepared and picked out a restaurant, and they say, "Papa, tonight we are ordering from here because it's a Wednesday takeout family night." As an individual, and I know a lot of my constituents have, and us MPPs, we are doing everything to support the restaurant industry—even though it's small. We continue to support and continue to promote the industry out there.

1510

My question is, although I've been getting a lot of feedback from restaurant owners themselves, what sort of feedback are you hearing from your members as they begin to reopen? If I had to ask you the top three concerns that you would like us MPPs to bring to both Minister Vic Fedeli and Minister Sarkaria—we'd love to get your input or feedback on that.

Ms. Cindy Simpson: I think James should speak to that, or Kelly.

Ms. Kelly Higginson: Thank you very much for this time.

To answer your question, I think the number one thing that we're hearing—I know in my company, personally, and from other colleagues—is that rent is a terrifying thought. Many of us didn't qualify for the rent program. It was fairly dysfunctional, I think. A lot of people also are having trouble getting their landlords to apply for it, so there are some challenges with that program.

I would say that none of our locations would be open, and that's three locations in Ontario, if we had to start paying rent tomorrow. We're still negotiating with landlords. That's going to be the number one issue, and it will be for the coming year. We are in a massive transitional time in our industry, and we don't know what the next six months to two years are going to look like. So we really need the bridging to help that transitional period in this massive shift in the industry.

I think cash flow is another one that is becoming more and more challenging, especially for independent operators. We are hugely stretched in just getting products in the building and covering PPE, Plexiglas, and going through all the restrictions and organizational process. Those, I think, are the two biggest ones that we are challenged with.

The third one would probably be looking at just the constant restrictions and changes that we have to adapt to on a weekly and monthly basis. It is time-consuming and takes up cash that we just don't have at this time.

That would be my input there.

Mr. Kaleed Rasheed: Actually, again, a lot of restaurants that I've spoken to here in my riding of Mississauga East—Cooksville—I share the same concern that you just pointed out about the rent, but for a lot of them, what I've heard is that their landlord has been working with them. They have been doing collaboration where the provincial funding along with the federal funding, the rent program, has been working out well—for a lot of restaurants here. I'm sure I've heard from others; it's not the same thing everywhere, but at least the restaurants have been getting some of the relief through this program.

What percentage of restaurants are quick service, that include a drive-through or a takeout option, when we talk in terms of your members?

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

Ms. Kelly Higginson: I'll give that to Jamie.

Mr. James Rilett: It's about 58% chains and almost 40% independents. On the quick-service side, it's probably around the same. We have just around 50% quick-service restaurants.

Mr. Kaleed Rasheed: I know I may only have 30 seconds. If I may ask some of their concerns, in terms of these drive-through restaurants, during this pandemic—what concerns are you hearing from their side? And I'll just—

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

We'll go to the opposition now. MPP Fife.

Ms. Catherine Fife: Thank you to all presenters.

I'll take on the Restaurants Canada group first. The problems with the CECRA program are well-known now. It's a fundamentally flawed program, mainly because the revenue threshold of 70% is too high to qualify, and then also the fact that some landlords, of course, would not apply.

I'm not sure if you know this, but on a hopeful measure, the finance minister of Saskatchewan has written to the federal Minister of Finance, who, of course, is now a new Minister of Finance, asking that the money which was not spent—which is a lot of money; only 16% of that funding actually flowed to small businesses across the country—now be directed back down to provinces, so that we can do a made-in-Ontario program to have direct funding that tenants can apply for. I, in turn, have also just written to the Minister of Finance for this province asking to do the same, because we cannot let businesses go out of business because there is a landlord who refuses to apply for that funding. So that's in the works. I'm hopeful that this committee makes that recommendation to the government—that we actually have to take ownership for this one piece on a go-forward basis.

The other issue that we've heard is that commercial tenants—many are restaurants—have seen their landlords bring in NDAs and ancillary fees and increase their rent. I think it is time for us in 2020 to update and modernize the Commercial Tenancies Act. I wanted to give you a chance to speak to that, because there's definitely a power imbalance, and I think COVID-19 has very much exposed that.

Mr. James Rilett: I'll just start off quickly. Those are very much things that we've been seeking through the federal and provincial governments—changes to the OCECRA program. It has fallen short. We have asked that tenants be able to access that directly, and we have also asked that it be tiered, so that you don't automatically get thrown out of the program when you hit a certain threshold. That's what they did with the CEWS program, so it would be a similar thing and it wouldn't be out of line to ask for that.

I could turn to Kelly or Cindy if they want to talk about any increases in costs.

Ms. Catherine Fife: Has either one of you experienced an increase in rent?

Ms. Cindy Simpson: No, we have not seen that. I don't think I'm the best person to talk about the Commercial Tenancies Act, but I am very excited to hear that you are pursuing the balance of the rent subsidy for the provinces. I just think it would be fantastic if tenants could apply.

Ms. Catherine Fife: The other thing that we've heard from grocery stores, from retailers, is the burden of swipe fees with regard to credit cards. These additional fees—one individual called it almost like a tax on their work. Can you speak to the high swipe fees? I guess they're called “inter-costs” or whatever.

Ms. Cindy Simpson: Are they interchange fees?

Ms. Catherine Fife: Yes, interchange fees. Thanks.

Ms. Cindy Simpson: Well, on a credit card, there are 14 or 15 different interchange fees, and we're always

trying to get them lowered or have some of them removed. It's a very complicated game. It would really help, though, to have someone take a serious look at it and help us with that.

Ms. Catherine Fife: Okay. But it has been a consistent ask—

Ms. Cindy Simpson: Yes, it has, for years.

1520

Ms. Catherine Fife: I think it's time. Small businesses have obviously been part of a really traumatic event here in the country and in the province, and I think it's time for credit card companies and insurance companies to also share some of that burden.

Another issue is around the whole issue of CERB and of extending the role that CERB has played. Yesterday, we were told by a shop owner that CERB was designed for relief but not recovery. Are you seeing some employees not come back to work? We've also heard that because, quite honestly, they're making \$2,000 by not coming back, and so this has an impact on the workforce. Can you please speak to that?

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

Ms. Cindy Simpson: Yes, our members across the country have told us that they have had trouble when they've asked their employees to come back to work. In the city of Toronto, we see a little bit of that. People have other plans. They're taking care of parents. They're taking care of children. There are real reasons why people can't come back to work.

I know that at our company, we've been able to find enough people to work. But I know that that is something that people have been talking about all across the country—that they have a labour shortage enhanced by CERB.

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

Ms. Christine Hogarth: Thank you, everyone, for being here today. I really appreciate hearing from you.

I'd like to start with a question for Mr. Mortada, please. We talked about businesses and regulatory changes. Prior to COVID-19, Minister Sarkaria was looking at red tape reductions and making it easier for businesses to actually do business. Since COVID-19 has affected our world and our economy, I'm wondering if you have any suggestions that the province could address to help your industry with COVID-19 recovery. Are there any red tape reductions that you can see?

Mr. Mohsen Mortada: Currently, we have three offices. With one of the landlords, we negotiated a rent deferral, but not a reduction, for three months. It was the period of April to July. Then we started catching up now. We distributed the remainder over the rest of the year. It would be great if we could get rent relief or a rent reduction. That would greatly help.

One of the things that keeps coming up now is, we're not going to need as much office space. The problem is that if everyone doesn't need so much office space, it's going to create a big vacuum in that industry, and it's going to create an even bigger economic problem. What

we're trying to do is to spread this out if we can. We're not trying to get out of any of our office space obligations. If we can get some help on a rent subsidy from the province, that would definitely be of great value.

Ms. Christine Hogarth: Are there any other regulatory burdens that are affecting your businesses?

Mr. Mohsen Mortada: I think, as I mentioned earlier, as a Canadian business, as an Ontario-based business, we really don't get any credit in the public bidding process. We get treated the same way as a company that comes from Sweden or from the United States. And although we keep the work here, we pay our taxes here and we employ people here, we don't get any benefit. It would be great if the bidding process could be modified to give a little bit of an advantage to local businesses, to the "buy Ontario" option, because it would help us stay strong and not have to outsource our work to other countries.

Ms. Christine Hogarth: I'm sorry; just to clarify: You said the "buy Ontario"—so when the Premier goes out there and says, "Buy made-in-Ontario products"? Is that what you're speaking about?

Mr. Mohsen Mortada: Yes, but in this case it's services. If we design a waste water treatment plant for the city of Toronto, all of our engineers live in Ontario. We don't have any other branches, while other companies will ship them out to China or Poland or other countries. But we do them here.

Ms. Christine Hogarth: I have another question, for the restaurant association. We have a lot of restaurants, especially in my riding, and they were hurt, as you know. They're one of the hardest hit. One of the restaurants that my family frequents said to us that it takes five days of takeout and it doesn't even make up for one night of regular business. He said, "Business was so great this year, until."

It's not just the business owner and their family—it's a family-run business, and a lot of them are—it's the staff, and not all the staff are back. So I just want to thank you all for the work you've done helping your staff, helping your businesses survive through all of this. I know the government has put together some packages to help with this, and I appreciate your comments that you shared with my colleague Kaleed Rasheed on rent and cash flow and covering PPE.

We were talking a little bit about the percentage of restaurants that are quick-service. I know that you were working on an answer there, talking about concerns of your employees that are takeout options. Did you want to elaborate? You were cut off a little bit on that. Whatever we can take back to the ministers is really important to us.

Mr. James Rilett: Mostly, in the quick-service area, the problems are along the contact tracing. Obviously, it's harder to trace somebody when they came in and when they left your restaurant if you don't have a typical dining room setup. Somebody just comes in and takes their tray, and then you don't know when they leave, you're not sure where they sit. Things like that sometimes are problematic.

The other big problem in the quick-service industry and in the takeout industry is, we have been extremely reliant

on takeout, which is reliant on takeout containers. Currently, the government is moving very quickly on their environmental programs to include 100% EPR. Unfortunately, with everything going on, it has been hard for us and our businesses to work on that system. If we could get that slowed down a bit, it would allow us to take a breath and focus on some of the changes we need to make to the packaging. Right now, we can't even look at changes to the packaging because we're just trying to keep our heads above water.

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

Ms. Christine Hogarth: I probably won't be able to get a question out, so I want to thank you all for being here and thank you for everything you do. We don't just have takeout Wednesday; we have takeout Tuesday, Wednesday, Thursday in our house, as neither of us are cooks. We always encourage everyone to shop local and support our local economy.

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

Ms. Catherine Fife: Yesterday we heard that, particularly around restaurants, the extension of the patios has been a bit of a game changer. People feel more comfortable coming to patios.

This morning, there was the Ontario broadcasting association—they're asking the government for additional funding to subsidize advertising for small and medium-sized businesses, which I think is a really good idea. I think it's a win-win. It gives those broadcasters some additional funding and then also supports local. There are some creative solutions out there.

The point that was made yesterday by a restaurant owner is that once the weather changes and we move into the fall, the patios are no longer going to be as viable as they are right now. Their biggest fear—you know that saying, "Winter is coming," and evictions will come as well. We do have a commercial rent eviction ban in the province of Ontario until the end of August. We fought hard for that. I think that it gave some hope and some stability to some of those businesses. I'd like to get your thoughts on extending the commercial eviction ban—well, give me the timeline; you know the best. We are going to be proposing an extension, but we'd like to hear from you.

Mr. James Rilett: I did touch on that in my original comments. It is something we are seeking for two reasons. First of all, it is a tool that tries to get landlords to sign up to the rent program. You're right on; we are looking at September coming. In September, you can have some good weather, but the weather can turn pretty quickly. That's why I had made my comment about how we're expecting a lot more closures in the early fall, because as people see the debt load they've accumulated and they no longer have that revenue from the patios, they'll start to question whether they can remain open.

1530

An extension of the eviction protection would be great. As with everything we said on this, we don't want to put a timeline, because it's hard to say—originally, we thought this would be six weeks and we'd be done. What we've

always said is, throughout the time of the restrictions—as long as there are still restrictions on restaurants, we think that there should still be protections for restaurants.

Ms. Catherine Fife: That's a good quote.

Cindy, did you want to weigh in as well?

Ms. Cindy Simpson: Yes, I'm thinking about the evictions. That's just a very, very scary thought. We have so many members who are really on the edge right now. It would be fantastic if that was extended, of course. It would be great if it would be extended right through to next May, but I'm sure that's not possible. But yes, that's very concerning.

Ms. Catherine Fife: You know those office buildings that you mentioned earlier, Cindy? It's the same in Waterloo. When Shopify is not going to have their employees come back, or Manulife—these are literally 2,000 people who aren't going to the local restaurants, and they're not coming back for at least a year.

The idea of retooling and redesigning your businesses—what would that look like? I see a package of solutions or options for the restaurant industry. Is there something that the government could assist with—by way of a grant, because I know you can't take on any more debt—around retooling and redesigning your businesses, to make it more online, because that's sort of where we're going for the interim?

Ms. Cindy Simpson: Well, we need all the support we can get to get people back into our restaurants, whether that's a marketing program that the Ontario government can help us with or making people feel a little bit more safe.

We are aware that the office towers seem to be closed today, but there will be some people coming back in, I think, in October or November; maybe a few people every week. It really is yet to be seen exactly what's going to happen. I don't think they will be away for two full years; I'm hoping that they're not going to be.

Maybe Kelly wants to talk about that a little bit.

Ms. Kelly Higginson: Sure. I think it's important for us to recognize that we're in the midst of a really, really transitional period, as I mentioned. I don't think it's ever going to be what it was in the downtown cores. We are looking at a loss of international tourism for quite some time, of conventions for an unknown amount of time. I don't believe that the towers will be back at 50% until at least January. Even once they get back into what they're going to call full operational mode, we probably won't see them back to anything like 70% or higher, and that's probably looking at a year from now. That's what we're certainly hearing from the larger bank buildings around us.

As Cindy said, any sort of stimulus grant that can help during this period of rebuilding our business models—right now, we're just throwing stuff against the fridge, because we don't know what things are going to look like. It is not reality, what we're living in right now. We've got beautiful weather, we've got patios, we've got a lot of subsidies, but come Thanksgiving all of those things are going to start to change—

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

Ms. Kelly Higginson: —and we're going to have to have some help to rebuild these business models completely.

Ms. Catherine Fife: We're trying to keep the wolf from the door; that's what it feels like. There were companies looking for marketing procurement jobs with the government earlier today. There are broadcasters who need support. So there has to be a way for us to figure this out. We're going to try.

The Chair (Mr. Amarjot Sandhu): We'll go to the independent members now for their second round. MPP Schreiner.

Mr. Mike Schreiner: I want to thank both presenters for being here today. I apologize; I had to step out for a few minutes to attend another meeting. But I did want to ask a few questions, based on the give-and-take we've had over the last little while.

I want to start with Restaurants Canada. It's clear—you guys have made it clear, through the questioning it's clear, many businesses have made it clear to this committee and outside this committee—that the commercial rent program does not work. It needs to be completely overhauled and fixed. If we were able to convince the government to fix the program, if we were able to convince the federal government and the provincial government to combine the unused budget money that's been allocated to this program, how would you ask the government to design it in a way that would actually work for small businesses?

Mr. James Rilett: I want to thank you, Mr. Schreiner. You were one of the first to reach out for us at the start of this, so I want to recognize that and thank you for that.

One of the things we said is, if businesses could access the money directly, that would be great. It would put money in our pockets. It would enable us to, if not fully pay that rent—at least it would help us lower that debt load that is being accumulated. That's one thing we'd definitely ask for—direct access to that money. There are a million ways to do that. I realize that in some ways governments' hands are tied because rent contracts are private, but if there was a way that we could directly access that cash, that would be the best way to get it to us as quickly as possible.

Mr. Mike Schreiner: Kelly or Cindy, do you want to add to that?

Ms. Kelly Higginson: I fully agree with what James is saying, and Cindy had mentioned that as well—that if tenants can actually have access to that or, at the very least, expanding and adjusting the qualifying restrictions to it as well.

Mr. Mike Schreiner: We've also had a lot of businesses talk about how they need some runway. I know MPP Fife had talked about extending the commercial eviction ban, which I certainly agree with. What kind of runway do you think small businesses, particularly in the restaurant sector, are going to need? You've made it very clear today that we're far from back to normal and far from full recovery. So do you have a sense of how much runway you're going to need to keep operating?

Mr. James Rilett: We did a study—and I provided some of those documents to the committee Chair, so

hopefully you have those now—and at that time, a month ago, we anticipated it would be between 12 and 18 months to return to profitability. With every month that this goes on, and we have restrictions, I think that runway lengthens. It's hard to say, because some businesses are affected less, but I'm still pretty confident that the 12 to 18 months is a pretty fair guess.

Mr. Mike Schreiner: I just want to quickly move over to Cole Engineering. In the conversation, there was some talk about local purchasing and the fact that you can locally design things. There's been a lot of talk about government procurement and using government procurement to support local businesses. I think that certainly applies to services, as well. Can you talk a bit about the kinds of services, in addition to products, the government could procure locally to support the economic recovery?

Mr. Mohsen Mortada: Thank you for your time, and thank you for the question.

The kinds of services we do are usually planning, design and project management for infrastructure projects.

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

Mr. Mohsen Mortada: Typically, our engineers are trained—we hire them out of university, and we have some senior ones as well, like myself. I moved here from Dubai about seven years ago because of the attractiveness of the market and Ontario, the quality of life here. We try to attract people to come here, as well, from all over. Performing the service locally gives us a great advantage because it puts Ontario in a leading position to deliver these services elsewhere as well, so it will make us more of a dominant engineering service. Quebec was in that position a few years ago when they had large engineering firms. They don't anymore. Maybe that power shift will happen here, to Ontario.

We certainly have the amount of infrastructure projects that are coming out to make us that engineering powerhouse. If you look at the Mississauga or Hamilton LRT—we have a lot of railroad projects coming up, and we have a lot of water and waste water treatment plants. If we cultivate the local talent and we keep the work locally as much as we can and then start exporting these services to other parts of Canada and possibly internationally, that would give us a great economic advantage.

Mr. Mike Schreiner: Have you experienced any barriers to government procurement of local service providers?

Mr. Mohsen Mortada: Typically, it's a cost disadvantage, unfortunately. So if we have somebody who's outsourcing the work to India—let's say we pay our engineers about \$45 an hour; they pay their engineers \$11 an hour. And then we mark up to make—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. The time is up.

That concludes our time. Thank you to both presenters for your time and for your presentations.

Since we don't have the next presenters for now, we'll recess for 15 minutes, and we'll come back at 3:55.

The committee recessed from 1542 to 1558.

TORONTO REGIONAL
REAL ESTATE BOARD
BARTON VILLAGE BUSINESS
IMPROVEMENT AREA
CITY OF STRATFORD
AND INVESTSTRATFORD

The Chair (Mr. Amarjot Sandhu): Good afternoon, and welcome back. We'll move to our next presenters for our 4 p.m. slot. First, I would like to call on the Toronto Regional Real Estate Board. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Lisa Patel: It's Lisa Patel.

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

Ms. Lisa Patel: Good afternoon, and thank you for the opportunity to provide our views on the state of Ontario's economy; specifically, with regard to the impact of the COVID-19 pandemic on the real estate industry and market.

Before I begin my remarks on those issues, I would like to thank the provincial government, all MPPs and provincial ministries for their dedicated work that has gone into bringing the pandemic under control in Ontario. The Toronto Regional Real Estate Board is committed to doing our part to help in any way we can.

I would also like to recognize all of the front-line workers who have selflessly helped our province weather this storm. On behalf of the 57,000 members of TRREB, thank you to each and every one of them.

With regard to the issues before us today, I will focus my comments on two key themes: the immediate response by both the government and the real estate industry to the COVID-19 pandemic, specifically with regard to the impact on homebuyers, sellers and realtors; and secondly, the impact of the pandemic on the real estate market to date and our expectations going forward.

Like all industries, the pandemic forced realtors and the real estate markets to pivot literally overnight. With the hindsight of the past five months, I can confidently tell you that realtors rose to the challenge. Both TRREB and TRREB members quickly adjusted to ensure that the interests of homebuyers, sellers and businesses could continue to be served.

With this in mind, I would like to applaud and commend the provincial government for recognizing realtors as an essential service. This decision recognized the critical role that realtors and real estate markets play. Numerous real estate transactions were caught midstream in the economic shutdown. As a designated essential service, our members helped guide their clients through these challenging times.

The government's decision also recognized the critical role that real estate plays for Ontario's economy. A 2019 study conducted by the Altus Group found that every residential real estate transaction in Ontario results in over \$73,000 of spinoff spending. By designating realtors as an

essential service, the government recognized the important role of our industry in leading Ontario out of a pandemic-induced recession.

Given these realities, while we hope Ontario's road to recovery continues on a smooth trajectory, we ask that the legislation continue to recognize the essential role realtors play, should another pandemic-related shutdown be required.

I would also like to commend the government for prohibiting physical open houses. The safety of the public and our members was, and is, TRREB's number one priority. When the pandemic hit, our members quickly took it upon themselves to look for an immediate pause in traditional physical open houses. TRREB supported these views, which were reflected in the government's actions, with formal provisions.

I am proud of the adaptation that TRREB and our members made with regard to open houses. TRREB worked very hard and quickly to provide our members with the technology to facilitate virtual open houses, and our members responded by taking advantage of this service for their clients.

Now I would like to move my focus to the impact of the pandemic on real estate markets to date and what to expect in the future.

Like almost every sector of the economy, the real estate market saw an immediate and pronounced impact following the shutdown. For example, sales reported through TRREB's MLS system were down by approximately two thirds year over year in April and more than 50% in May.

However, with the help of the quick adaptation made by TRREB and the members, along with an improvement in labour market conditions and a gradual reopening of the economy, the greater Toronto area real estate market began to rebound shortly after, with significant improvements in sales and price growth. In June, sales had almost recovered to the 2019 level, and in July we set a new record for sales, with over 11,000 transactions reported.

Sales also increased remarkably relative to available listings, specifically in the single-family-home market segments. This resulted in a return to double-digit year-over-year average price growth, as competition between buyers increased.

A key factor underpinning the quick turnaround in the demand for residential real estate included—

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

Ms. Lisa Patel:—the fact that sectors of the economy associated with above-average earnings were also the sectors in many cases that experienced fewer job losses. Many of those employed in these sectors were also able to transition more easily from the bricks-and-mortar office environment to the home environment. At the same time, we also saw borrowing costs trend to record lows, which obviously had a positive impact on affordability.

Moving forward, TRREB anticipates 80,000-plus home sales reported through TRREB's MLS system in calendar year 2020—not a record number, but quite strong, given the COVID-19-related slowdown experienced through the spring and early summer. TRREB also expects the average

selling price for all home types combined to be at or above \$900,000, representing an increase of 10%, and potentially higher.

This brings me to TRREB's views and recommendations with regard to government action intended to assist with Ontario's economic recovery. TRREB has a simple message with regard to potential stimulus targeted at the real estate sector: Approach with caution. The key challenge facing our industry continues to be affordability, caused by the supply of housing being outpaced by demand. Any additional demand-side stimulus should be very carefully considered to ensure it does not exacerbate the circumstances, which could contribute to housing price inflation.

As such, we believe that government efforts should continue to focus on the long-term goal of increasing the supply of housing, especially mid-density housing, instead of demand-side stimulus. With this in mind, we applaud the provincial government for its recent actions to encourage transit-oriented development and the city of Toronto for recently moving ahead with the plans to allow—

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

We'll move to our next presenter, Barton Village Business Improvement Area. Please state your name for the record, and you can get right into your presentation.

Ms. Rachel Braithwaite: My name is Rachel Braithwaite. I'm the executive director for the Barton Village BIA. I'm joined here by Peter Mokrycke, who's the co-chair of our BIA and a small business owner himself. Thank you for having us here today. We do appreciate your time.

We did want to just give you a little bit of an overview. Barton Village is located in Hamilton, Ontario, and we have seen huge revitalization in the past few years, with more than 20% of our businesses opening in just the last two years alone.

We greatly appreciate some of the measures the government has taken so far to help support small businesses; specifically, including the Canada Emergency Wage Subsidy, the Digital Main Street grant program, the Canada Emergency Response Benefit, regulatory easing, licensing deferrals and flexibility with liquor sales licences.

We have some suggested next steps specific to some programs that we'll follow with now.

Rent relief through the Canada Emergency Commercial Rent Assistance program: While this had the right intentions, unfortunately it's not being offered to the majority of the tenants. We recommend the following steps: We recommend that small businesses be able to apply directly. We recommend an extension of the program, as many have not been able to access it thus far. We recommend that if the landlord does not offer this program, that they then not be allowed to access other COVID-19 financial supports from the government.

Insurance: Unfortunately, many of our hospitality and service businesses, specifically, have been having terrible

issues where policies have not been renewed and they're left scrambling to find coverage, often at a much higher price—sometimes three to four times the price they were paying, which they obviously have not budgeted for. We suggest regulating increases and protecting policies. We recommend that small businesses are supported through their business interruption claims, and we also recommend levying insurance companies that cancel policies.

New-business support: Even through this, obviously we need new businesses to open to rebound the economy. We unfortunately have seen first-hand, though, that businesses are not having access to the financial supports as do businesses that were open prior to the pandemic. We suggest that there be improved access to the Canada Small Business Financing Program and the Canada Emergency Business Account, which unfortunately are not offered by many financial institutions even though they're advertising that they are on government websites. We also recommend that there's follow-up on the execution at the financial institutions to ensure it is offered prior to being advertised that it's offered.

Leadership and execution: We recommend that there's—streamline the red tape reduction and a standard-oriented [*inaudible*] to ensure there are similarities across municipalities. We recommend that local leaders are supported to increase the effectiveness of implementing the provincial programming, and we encourage you to enable Ontarians to benefit from provincial programs by the municipality.

Tax flexibility: We are suggesting that small businesses be allowed to keep their HST as a support grant. Since these funds are currently already in their hands, it's a really quick and easy way to give them the cash flow that's needed right now. We're asking for flexibility for the tax year so that businesses can spread the tax burden. In 2019, they may have had to pay tax back, but in 2020 obviously they're going to have deficits. We're asking for that to be flexible so they can write off those deficits against 2019 taxes.

In summary, these are our suggested next steps: Again, more supports around rent relief; insurance to ensure that the insurance companies are sharing the risk and not just covering themselves. We recommend that new businesses are supported to be opening at this time because we need that more than ever. And just to point out, we have two businesses that have opened during the pandemic on Barton Street alone. We have five more that are pending opening. So it's not that it's not happening; it's just that they're really struggling doing it. The five that are pending would have been open months and months ago but are struggling with the financial support piece.

1610

We recommend leadership in execution to ensure that there's flexibility and that it's mandated more so across the province, and we recommend tax flexibility for small businesses to ensure that they're fluid.

I'm going to turn it over to Peter in case he has things to add, as a small business owner himself and a board member.

Mr. Peter Mokrycke: I don't have anything specifically to add, but we're still available for questions after if you guys need questions directed for small-business-owner relationships in Rachel's presentation.

Ms. Rachel Braithwaite: Just to give you a point, since we're under our seven-minute time—I'm really surprised; we must be the first—Peter is also the owner of a local barbershop and bar that's on Barton Street, so he has a lot of experience running a service-oriented industry small business, so if you have questions specific to that as well.

Thank you very much. I apologize that we're not the full seven minutes.

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

Our next presenter is the city of Stratford and investStratford. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Dan Mathieson: Good afternoon. I'm Dan Mathieson, the mayor of the city of Stratford, and I'm joined by Joani Gerber, our chief executive officer of investStratford.

Stratford is a beautiful city located in southwestern Ontario, with a population of roughly 34,000. We have the Stratford Festival, a world-renowned theatre that employs 3,000 directly and indirectly within our community and that has had a profound impact on our economic realities this year with the cancellation of that theatre.

As well, we're home to one of the most productive agricultural areas in the country: Over \$2 million a day in farm gate receipts leave Perth county farms. When you couple that along with our strong manufacturing that's based around the world—not only from Asia, but from Europe and Canadian manufacturers—we have an ideal mix of an economic sector.

But really, the backbone of so many communities across this region is our small and medium enterprises. When we look at our economic stats, we did have an unemployment rate of 8.6% in the month of July, so we have come down since the pandemic started, but we are concerned about the long-term effect on our local businesses and definitely our small and medium enterprises that make our heritage downtown core so special and vibrant.

I'll turn it over now to Joani to walk us through the slides, and she can share her screen with some of the information. Joani, over to you.

Ms. Joani Gerber: Thank you, Mayor. I'll go ahead and share my screen.

The Chair (Mr. Amarjot Sandhu): Yes, you can.

Ms. Joani Gerber: Thank you.

As Mayor Mathieson mentioned, the city of Stratford has been successful and has grown on not only our arts and culture sector but on the success of our small and-medium-sized enterprises. We are at about 1,100 small and medium enterprises in the city of Stratford. Keep in mind that doesn't take into consideration our gig economy employees, our consultants and our commission-based, self-employed individuals. We estimate that number is likely closer to 1,300 or 1,400. In a city of just under

35,000 people, you can imagine that that is a great deal of activity.

We know that 4,500 individuals are employed in manufacturing and construction, and another 4,000 in tourism, hospitality and retail. That's about three quarters of the entire workforce in the city of Stratford.

What does that mean in a pandemic and during COVID-19? We've been lucky that manufacturing and construction has come back the way that it has. However, our tourism and hospitality sector, as the mayor mentioned, on the heels of the festival's postponement of 2020, is in dire need and requires great support.

We host over one million tourists annually, and I'm going to talk a little bit in a moment not only about the festival but also the other creative activities that the region hosts. Again, not to belabour the point, but \$278 for every ticket sold generates back to the local economy here from the theatre festival. That's about \$135 million per year. So at the start of the pandemic, when the festival unfortunately had to acknowledge that it would not have a 2020 season, we had an incredibly, incredibly large hill to climb. I am proud to say we're climbing that hill, but we continue to work very hard to get there.

COVID-19 impacts on SMEs—obviously, the festival is a big one, but we have a number of summer festivals that are not the theatre itself that have been cancelled and had brought a lot of downtown economic activity here. Summer Music is one. They were able to do music on the barge, but their six-week program had to be drastically reduced. Ribfest—all the great things that make Stratford what it is had to be postponed, cancelled or downsized in some way.

We are proud to be home to the University of Waterloo Stratford School of Interaction Design and Business, which, of course, will be delivering all of its classes online this fall. This has a significant impact. The university and its young people and its students and its faculty are a great economic driver for us in the fall and winter season, and those individuals will be learning, but they'll be learning from home.

We are a city with a multitude of recreation facilities, ice pads and soccer fields. Most, if not all, of those sporting events were cancelled, obviously, at the start of the pandemic and through the summer. There will be some into the fall and winter but in a very, very significantly reduced fashion. This is a significant loss of sports tourism and obvious revenue for our foodservice and accommodation providers.

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

Ms. Joani Gerber: Thank you.

Agricultural events are big for us and we had two that had to postpone this season, one in the spring and one in the fall. That's 15,000 international and national visitors who will not come to Stratford and take part in retail, restaurants and accommodations.

I'm going to turn it over to Mayor Mathieson to speak quickly about our requests.

Mr. Dan Mathieson: I would say that our requests are that we'd like you to look at funding tourism relief

recovery efforts; continue to fund the Digital Main Street, like you have done; look at opportunities to spend money on infrastructure within our communities, as they help create immediate jobs and provide future growth opportunities and help us reshape our economic backlog that we have with infrastructure.

We should also look at targeting foreign direct investment and a re-shoring of jobs that were lost over the last number of years to foreign competition. We saw that with PPE and we have watched it over the last number of months.

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

Mr. Dan Mathieson: We believe all these types of recipes are there for us to work together on. You have a willing partner in the city of Stratford, that will not only put our own money forward, but our own hard work and the dedication of our staff and residents. We ask for continued support from the provincial government. We thank you for what you've done to date with us. Thank you.

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

Before we start with the questions, I would like to do an attendance check. MPP Anand, can you please confirm your attendance?

Mr. Deepak Anand: This is Deepak Anand, MPP for Mississauga–Malton, from Mississauga. Thanks for the opportunity.

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

We'll start with the questions now. I'll start with the opposition this time. MPP Singh.

Ms. Sara Singh: Thank you so much, everyone, for your presentations. It's very informative to understand what's happening in different sectors across the province.

My question is for Lisa with the Toronto Regional Real Estate Board. Hi, Lisa. Thank you for your presentation. My question is about some of the long-term impacts that we may be experiencing within the housing and real estate market. I know in the short term we obviously saw the impacts of COVID-19. With the market picking back up, are there any concerns about folks who may not be receiving the income supports they may need, job loss, and how this may affect the market down the road?

Ms. Lisa Patel: I appreciate the question. I'm just going to ask if we can unmute Von Palmer with me, as well, and Jason Mercer, so that we have some statistics to go along with that.

That's a really good question. Of course, we're monitoring the impacts because there's a rebound effect to everything, too.

Von, are you there?

Mr. Von Palmer: I am. Thank you, Lisa. I'll flip it over to Jason in a second.

We've heard those concerns as well. A lot of people are receiving assistance from the feds, whether it's the CERB or other types of programs; there are things like mortgage deferrals. The question we get is, what happens when that comes to an end?

Well, a couple of things—and Jason can jump in. One is things like mortgage deferrals—the jury is still out on

that. If you look at what the banks are saying, most people deferring their mortgages—it wasn't because they can't really afford to pay the mortgage; it was more about cash flow. They're still gainfully employed. So we don't know the impact of that.

1620

Now, with the CERB payments, you have to also understand that it's the demographic. A lot of homeowners were actually not gravitating towards that. It was mostly on the renter side. The rental crowd is critical, but we don't know the impact in terms of the shift into home ownership. And because a lot of people getting those payments were actually people in the low end of the gig sector, with jobs in, say, restaurants, which were lower-paying jobs, they weren't necessarily homeowners. It may have a long-term impact, if this continues for a while in terms of moving them into home ownership, but the immediate impact on the home ownership market has yet to be tested. That's where you see the pent-up demand, and that's one of the reasons why the market is healthy.

Jason, can you add to that?

Mr. Jason Mercer: Thanks, Von. I think you covered it well. If you think about—and Lisa alluded to it in her introductory comments—where the demand has come from, as we've seen at least a partial recovery over the last couple of months, a lot of that's related to the fact that many people in the homeowners' demographic are employed in sectors of the economy that were able to make that easy transition from the bricks-and-mortar office into the home office. A lot of those sectors are ones where average incomes are higher than some of the other sectors where we saw more of the job losses. That bodes well, from the perspective of people keeping up with their mortgages, and also goes a long way to explain why we've seen a fairly quick resurgence in ownership housing.

On the topic of the mortgage deferrals or to what degree some of those could convert into default: I agree with the notion that the deferrals are optional in the sense that if you're concerned about where your economic fortunes were going to go back in March, April and May, that certainly may have been something that you wanted to take advantage of, just to give you that added flexibility. I think it's a different story, again, when it comes to actually defaulting on a mortgage.

Number one: For people in Canada, if we look at past recessions and the default rate even during times of economic strife, including the housing-induced downturn in 2008-09, we didn't see a huge spike in the default rate, relative to what we saw, say, in the United States.

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

Mr. Jason Mercer: So I think, number one, that's important.

Number two: The majority of mortgages are insured through either CMHC or one of two private sector competitors that they have. Those institutions as well, generally speaking, would work alongside the underlying lenders to try to come to a satisfactory agreement with homeowners.

So I don't think it's just a binary situation where one month out of the gate, for example, if someone can't make

their mortgage payment, automatically they're going to be defaulting or out of their home. I don't think there's that strict correlation between the number of people who took on deferrals and the number of people who could default, as those come to an end in the fall.

Ms. Sara Singh: Thank you so much. I'm going to pass it over to my colleague Monique Taylor.

The Chair (Mr. Amarjot Sandhu): MPP Taylor, one minute.

Miss Monique Taylor: Thank you to all the presenters who are here with us today.

I'm going to get started with Barton Village BIA and welcome you to this committee today. I apologize on behalf of Andrea Horwath, who is your MPP and was not able to be here with you today. But as a fellow Hamiltonian, I was happy to jump in and to welcome you and say thank you for the presentation, because many of our BIAs are feeling these exact same struggles.

The rent is a major problem, and we've heard clearly throughout this committee process that it's just not working. Maybe you can touch on that. Do you have a percentage within your Barton BIA of how many businesses were not able to get on to that rent relief?

Ms. Rachel Braithwaite: Good question.

At a guess, because I haven't actually done the stats, I would guess probably 30% have been able to access it, and only recently. Some have—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. We'll come back to you in the second round.

Now I'll go to the independent members. MPP Schreiner.

Mr. Mike Schreiner: Thanks to all three groups for presenting—informative and helpful.

I was actually going to go with TRREB first, but I think I'm going to allow Barton Village to finish their answer. We know that the commercial rent program is not working and it needs to be fixed. I'm just wondering if you could elaborate on how you would like to see it fixed and how much runway you think you need. For instance, the commercial eviction ban is expiring at the end of this month, and I know a lot of small business owners have high levels of anxiety around that. Maybe you could talk about how we could fix the commercial rent program, but also the need—if you agree—to extend the commercial eviction ban, to give you the time to stay alive, basically.

Ms. Rachel Braithwaite: Thank you for the extra time.

Yes, I would agree with you. It definitely needs to extend at least, I would say, until December, if not further, just because we do have a number of businesses who haven't been able to access it for numerous reasons. It could be just the fact that landlords are the only ones that are able to apply. If they're big landlords, they've got to apply for 50 different properties or tenants. That's why we really recommend allowing the tenants to be the ones to take ownership and apply. It can be in agreement with the landlord. You can make the cheque out to the landlord. They're okay with that. They just want to have the ability to do that. We really think that would help.

We also think it may be beneficial—there are some landlords who are still getting paid the rent because tenants don't want to be forced out on the street. We've already had that happen to some of our tenants, unfortunately; they've been locked out during COVID-19. I think landlords are just—there's no skin off their nose if they're not offering it, unfortunately, so they're just going with the less risky option and not offering it. I think we need to have that levy or that penalty in place—if you're not offering support to your current tenant, you're penalized somehow.

And you're completely right with the eviction piece. If that is not extended, it's very, very unlikely that landlords will offer this. They will likely just evict the tenant, unfortunately, and get a new one, so to speak.

Mr. Mike Schreiner: Thank you for putting that on the record for us.

By the way, you did a great job of really giving us clear and detailed recommendations, so congratulations on a really solid presentation.

You had talked about new business support, but we've also had a lot of businesses talk about the fact that they need help with PPE, Plexiglas, all these expenses around reopening. I'm thinking of the barbershop owner you have there with you. I know my barbershop has all kinds of new expenses. I'm just wondering about the cost of reopening and the kinds of supports you may or may not need to help with reopening costs.

Mr. Peter Mokrycke: Yes, I can speak to that, for sure. You're bang on when it comes to the PPE conversation. In any customer-facing business right now, there's a major increased expense. Just to use a relevant example, for me in the barbershop, with masks and the hand sanitizer and everything else, from a cost perspective, it has been a huge cost that unfortunately isn't supported from anything right now. It's straight up out of the bottom line of the business.

On top of that, once you're reducing your capacity and slowing down appointment times and all that kind of stuff—for restaurants, the tables—you're also bringing in less business, and that's under the assumption that you're still going to max out with that reduced capacity. What's happening, unfortunately, across the board for lots of other businesses that I'm familiar with is, they've reduced their capacity, they've incurred new expenses, and a lot of the time, unfortunately, the demand is just not there right now for various reasons. I think people are still hesitant to come out. I think certain businesses are perceived as more risky than others, and even—

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

Mr. Peter Mokrycke:—capacity, there's less demand. So costs are higher, sales are lower, and there hasn't been any real tangible support to help on the health and safety side with PPE. So that would be a huge area for improvement as far as grants or tax rebates or something.

1630

Mr. Mike Schreiner: I have very limited time, so I just want to quickly go to Stratford, because I love downtown Stratford—I love Barton Village, too, by the way. Are you hearing similar things from small businesses in Stratford, as well?

Mr. Dan Mathieson: Yes, we're hearing from a lot of them that the rent relief program needs to be extended. For us in Stratford, in a tourism economy like ours, they make the bulk of their money through seven strong months of tourism. That helps them get through the five long months of winter, when you have streamers off Lake Huron. So for many of them, they look to the rent relief program as really a lifeline to get them to next April and hope that, with a vaccine and a stronger tourism season, they can extend themselves into 2021 and still employ people.

Mr. Mike Schreiner: I'm assuming I'm out of time, Chair. Is that right?

The Chair (Mr. Mike Schreiner): Forty seconds.

Mr. Mike Schreiner: Hey, we're doing better than I thought.

In terms of tourism, you've almost lost the summer in Stratford, unfortunately. What other supports do you think those seasonal businesses are going to need? Hopefully, we're all going to be coming back to enjoy the festival next summer.

Mr. Dan Mathieson: Well, I think they need access not only to loans, but to grants towards PPE and some other forms of funding. Many of them are looking at revamping their stores, revamping their restaurants, putting social distancing in place. They're looking at training opportunities so they can keep their staff busy with new and innovative ways. The Digital Main Street project that the province helped support with \$47 million—

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll go to the government side now. MPP Wai.

Mrs. Daisy Wai: Thank you very much to all three presenters—so thorough.

I have to give special credit to Rachel. You didn't take all of your seven minutes, but your asks were so clear that I don't even have any questions for you. This is something that we normally want to make sure—what are the things that you want and what, specifically, you need. Thank you very much for your suggestion about the rent relief.

I also want to say thank you to the city of Stratford. We just listened to the Stratford Festival, how they have been—I can really feel it in your city, how all of you have been working hard, doing everything together as a team and doing the best.

I have two questions for you. We all are concerned that we might have a second wave. How and what can your city do to discourage the second wave from coming to the city of Stratford?

Secondly, a lot of things are really out of our hands to control. What if this pandemic is going on for, let's say, another year? What are some innovative ways that you can help with your city to do the best and still continue to—I can see your people can work so hard and do some creative, innovative ways. Are there any innovative ways that you can share that our government can support?

Mr. Dan Mathieson: Joani, do you want to take this one?

Ms. Joani Gerber: Yes, thank you. Thank you for those two questions.

The second wave and the winter planning: I can tell you our businesses have already started. Many of our restaurants and retailers—while we're in phase 3 and they are seeing an increase in foot traffic, and we have done a lot to bring visitors back in a safe way—are expecting to go through the winter as though we're in phase 2, so they're already thinking about additional PPE, additional physical distancing, increasing their takeout opportunities, things like that. What I love the most is that they're the most concerned about their employees and how they're going to be able to support those folks.

We do have a community-led initiative, through our United Way partners, where we're doing a fund for hospitality employees. Those who may time out of CERB or who may become ineligible for other projects, through the United Way, may receive some supports through the winter. In those ongoing community projects, I think the province has a really great opportunity to play a role there.

In terms of innovation and creativity, welcome to Stratford—that's what we do best. Digital Main Street and online programming for our retailers—continue to fund that and fund that hard. There is no question that the online shopping was coming already and most of our retailers were prepared for that, but it's a great opportunity and I look to our friends in the BIA. You don't want to lose your downtown look and feel and vibe, but they do need to sell stuff, so making sure that those businesses have the Instagram prowess and the online shopping cart opportunities through the Digital Main Street program is great.

We found supporting the mental wellness of our entrepreneurs has been incredibly important. Through the Small Business Enterprise Centre program, which your government funds through the Ministry of Economic Development, Job Creation and Trade, we've piloted a program so that the family services department here can fund entrepreneurial mental wellness programming for our entrepreneurs, making sure that they're healthy and well, not only in their families but also in their businesses.

The creativity and the innovation, obviously the technology opportunities—but then thinking about the holistic entrepreneur, the holistic small and medium enterprise owner has done well so far and helped us manage where we can, and I think also has great opportunities into the future.

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

Mrs. Daisy Wai: I can see that the city of Stratford is really working hard and you're preparing for the best that is coming out from the city.

I also can see that Ontario can be successful if all of you, like from what I am seeing today from the presenters, are working so hard to stop our second wave, even though we think that this might be coming down.

I would like to ask TRREB: Not only do you use the virtual home opening, but you have other ways so that now I can see that business is picking up as well. One of the things that you were asking is for mid-size housing.

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

Mrs. Daisy Wai: Is there anything down the road that you want our government to support as you develop into the following phase?

Ms. Lisa Patel: I appreciate that question.

I am proud of our members and of TRREB for really stepping up when it came down to the pandemic taking over. Yes, we switched to a lot of virtual platforms and went into real time, which still gave the opportunity for homebuyers and sellers to complete those transactions.

In terms of the missing middle, I'm going to ask Von to speak a little bit more on that.

Mr. Von Palmer: Thank you, Lisa.

The biggest challenge is supply. That's one of the reasons why—to your point, MPP—even with all the virtual means that we had, a lot of real estate transactions weren't taking place—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off.

We have to move to the independent members now. MPP Schreiner.

Mr. Mike Schreiner: For the second time, the previous question is related to the question I wanted to ask. When I said I wanted to ask TRREB a question, it's related to mid-rise, missing-middle development.

I want to preface it by saying that I completely agree with you that we need to increase housing supply to help meet demand and drive down costs. At the same time, I am very worried about the pressure that Toronto in particular, but the GTA in general, is facing with increased flooding and other, we'll say, climate risks. We know that we can't pave over green space, because it's only going to make those flooding concerns worse.

The question that I have for you is, what are your recommendations as to how we increase housing supply without paving over that vital green space that will help protect us from things like flooding?

Ms. Lisa Patel: I'm going to pass this one over to Von. Von, I know that you were touching on some of it.

Mr. Von Palmer: Absolutely, yes. Thank you, Lisa.

Thank you, MPP Schreiner, for the question.

First of all, I should say that the province passed the More Homes, More Choice Act, Bill 108. We know that a lot of the supply issues have to be addressed at the local level. Yes, part of that has to do with the approvals process, but, to your point, how do you increase mid-density housing within the existing urban structure and not go beyond and doing urban sprawl and paving over green space, as you framed it?

People may or may not be aware that 35% of the neighbourhoods in Toronto right now—I would say that over 70% of those lands are zoned for detached homes. That's it. We've got city lands, 35% of which are identified as neighbourhoods, and 70% of that is zoned for detached. We think the answer lies in rezoning. You have to allow for more mid-density housing, anything between high-rise condos and a detached home. There's that missing middle. That's the core, and that's where the demand is. We're not seeing that.

1640

So that will bring on a lot of supply in the city of Toronto. To their credit, council passed a report; I know

staff is looking into that. I know it's a local matter, but that's a good first step to increasing the housing supply.

Mr. Mike Schreiner: I really appreciate your response to that.

I want to do a quick follow-up question. One of the concerns I've heard from some folks is pushback from residents, if you want to call it NIMBYism; I just like to call it concerned citizens. How do you respond to those concerns in a way that is respectful of concerns that residents have around those of types of demographic shifts in their neighbourhoods, with the real need you've identified to address that missing middle?

Mr. Von Palmer: You're quite right, MPP Schreiner. First of all—and we've done this polling with Ipsos—when you ask the question, “Are you in favour of mid-density housing?” the answer is always, “Yes, we need more supply.” “In your neighbourhood?” The answer is no. That's a big challenge.

The province has taken certain steps on transit-oriented communities. That's a good step, and we think that that will—especially in the GTA and especially in Toronto, transit communities are key and you can increase the density. That is somewhat related to what you've pointed to, which is NIMBYism and how you overcome that. Well, that's the job of council and that's the job of neighbourhood groups. That's a tough battle. If you look at people like Mayor Tory—he has recognized that we don't have a choice; we have to take on that challenge. It's the only way you get past that.

I think we're seeing a generational shift. We're seeing a younger generation that has accepted the fact that, “Yes, in my backyard is okay.” Maybe it will take a little longer than we're hoping. But I think that shift is taking place, and people are accepting that just because you bring in more supply within an existing neighbourhood doesn't mean that the neighbourhood is out-of-character.

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

Mr. Von Palmer: There are ways that you can incorporate housing within the neighbourhood in keeping with the neighbourhood's character.

Mr. Mike Schreiner: A lot of people are looking for outdoor space in urban areas, too, with COVID-19. I'm just wondering if you're hearing that from a lot of your real estate clients—that they want to make sure that we have enough parkland and green space that's easily accessible for them.

Mr. Von Palmer: Lisa or Jason might have a good handle on that. Lisa deals with a lot of clients in the urban core.

Ms. Lisa Patel: You're absolutely right; I think the key right now is, people are really looking at value—what are they getting for their dollar? Since COVID-19 has taken place, they're saying, “I need more space, yet I still want lifestyle, I still want green, I still want a little bit of the urban-suburban mix.”

If we can ask Jason to speak a little bit more on it, because he has touched on it. Jason?

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

Mr. Jason Mercer: Thanks, Lisa.

Number one, I think one of the directions that we need to go in when we're thinking about mid-density housing is also looking at mixes of use in general, whether we're talking about different types of housing—but also mixing that with employment uses, with transit uses that Von mentioned. Obviously, I think it goes without saying that that type of plan would also involve, or should involve, ample space for recreation, whether that's outdoor recreation or community centres and what have you. I think that we are headed in that direction. When we think about looking at the yellow belt and what have you, a more comprehensive planning regime is required so we don't have these types of binary decisions, where it's a housing area or it's an employment area or it's recreational. I think there's room to be innovative—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry; the time is up.

We'll have to move to the government side now for their second round. MPP Bailey.

Mr. Robert Bailey: I enjoyed the presentations all afternoon, but especially this last round.

The real estate board mirrors what's happening in my riding of Sarnia–Lambton—obviously not to the scale of the Toronto Real Estate Board, but per capita, with the sales bouncing back and the realtors doing quite well. Our problem here in Sarnia–Lambton is the shortage of supply to really make a mark, because there are just not enough homes people are looking to buy coming on board.

It's been a while since I've been to Hamilton. A number of years ago I went to Hamilton, to Hess Village down around Queen Street South. As I remember Hess Village—is that kind of what the Barton Street BIA is contemplating on Barton Street?

Ms. Rachel Braithwaite: Well, we would love to have the openness like Hess Street, but our street is a little bit more restricted because we have industrial trucks that cut through it and make it very [*inaudible*].

In Hamilton, we're close to the General, in the industrial sector. We're Hamilton's historic shopping district; we've got a beautiful historic built form, but unfortunately, we've had a few things dumped on us, like industrial trucks and industrial sites, that have made it a little not so nice—if that helps answer your question. I'm not sure. Sorry.

Mr. Robert Bailey: Sure. I was trying to picture what—anyway, I commend what you're doing. Hopefully I'll get a chance sometime to come there again and visit Barton.

To the Stratford folks: I heard a couple of presentations today from Stratford. I'm very impressed with what the mayor and the festival and your BIA are doing there. I was really impressed with the numbers; I think it was \$278 per person spent for every ticket bought for the theatre. It's amazing. We have a small-town theatre here in Petrolia. It's obviously not on the scale of the Stratford Festival, but I know it's very impressive as well, the money that is brought into town—as many as seven tour buses, which in a town the size of 6,000 people is quite a crowd in the summer, when the theatre is going.

I was just going to give the people from Stratford, the mayor or the other young lady—if they wanted to expand upon what they're doing there. I think we could use it as an example across the province as we rebuild better.

Mr. Dan Mathieson: We brought together a wide array of people from every aspect of life, if you think about it—everyone from social services to agriculture to manufacturing to retail to theatre. Our economic recovery task force took the premise that a rising tide raises all boats, and that it wasn't just about making it better for retail; we had to make sure that the situation continued to be strong for agriculture, manufacturing and, of course, the theatre.

Many of the things we've done have been done in a holistic way to ensure that the foundation of the community, which is quality of life—the heritage conservation district and strong local shops, businesses and retail outlets—continues to thrive past the pandemic. I'll give you an example: Schaeffler-FAG bearings, in an effort to support the local economy, spent \$70,000 to buy gift cards from local retailers in the downtown core to give to their over 700 employees, to ensure that they are spending the money in the community.

We have an emergency fund that's been started for workers in the tourism and hospitality industry, where local manufacturers are donating monies by the fives and tens of thousands to ensure that those employees will have some social safety net through the winter.

I can just say that the holistic approach, making sure that everybody was at the table, from church groups right through to business leaders, made sure that they understood that every aspect of the community needs to survive.

The last thing I'll say about it is, mental health continues to be a challenge—

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

Mr. Dan Mathieson: —across this province and this nation, and it is definitely a challenge coming out of this pandemic—and it's not just small business owners. It's people worried about their kids going to school and grandparents worried about their children and what they're leaving behind.

Mr. Robert Bailey: I should go back to the real estate people. I didn't really give them a chance to comment. There are a few minutes left, if there was something you didn't get to say so far today.

1650

Ms. Lisa Patel: I'm going to pass it along to Von, if he wanted to add anything.

Mr. Von Palmer: Absolutely. Our key message coming in here today was more about trying to get the province to take a cautionary approach to any type of stimulus when it comes to the real estate market. Let's face it: I think you see those statistics coming from TRREB that there's pent-up demand. We just set a new record in July.

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

Mr. Von Palmer: Prices are up, sales are up, and so the concern that we have is that we don't want to take any short-term measures that may contribute to housing price inflation and take us back into 2017. We have to be careful

about that. We have to keep our eye on the ball. It's all about supply. Let's focus on ways that we can increase supply, and let's not take demand-side measures that may contribute more towards either housing price inflation or making the affordability problem worse.

Mr. Robert Bailey: Do I have some time left, Chair?

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

Mr. Robert Bailey: Well, I'll just thank all the presenters who came today before you, and the ones who are here now. It's very informative for members like myself to sit here and hear your stories. I really enjoyed it.

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

Miss Monique Taylor: Thank you again, Rachel and Peter. I have a few moments, and then I have to pass it over to my other colleague.

Some interesting points were raised, like the comparison between you and Hess Village. What a perfect example of how "one size fits all" doesn't work across the board. I know Barton Street has struggled for many years with a lot of shops, and now the rejuvenation and just being able to get that on board, and the stall right in the middle of that, so I'll let you touch on that.

Also, the insurance issue and how businesses are struggling to access insurance is not something new that we've been hearing on here, and how people are being forced into increased costs that just aren't within their budget and really don't make sense, and how we need the government to truly buckle down on the insurance industry and make sure that they're feeling part of the heat like the rest of our communities are.

I'll just leave that and ask you to comment on the differences of businesses and why we need a different approach.

Ms. Rachel Braithwaite: It's a really great question.

There are 13 different BIAs in Hamilton, and they are very, very different, from their vision statements to the communities they serve.

Barton Village is very community-focused. We are in a lower-income neighbourhood, so we've definitely, as you said, seen the struggles. We've had the highest vacancy rate, probably, in any BIA in Ontario, if I'm honest with you. But we were revitalizing and we were right on that upward slope, and then COVID-19 hit. It has been really tough. We typically will attract the new businesses that want to take that risk, because we're lower risk, because typically we've got lower rent, so they'll come and try it on Barton Street. Then, unfortunately, with COVID-19, they're the first ones to go, because they typically don't have the financial backing. They're not big-brand stores. They're small-artist-inspired stores, so they're definitely feeling the heat the most, and they're the ones to crumble first, unfortunately, under it.

That's why we're really pushing for some of these supports. We don't want to end up being, I don't think, an Ontario that's filled just with Tim Hortons and Starbucks and Walmart. We want to keep our independent businesses, but we need some policies in place to keep those independent businesses and keep that uniqueness

and that Canadian-ness that's so important. I think we really need to ensure that those supports are getting to the people who need them, not just the bigger brands that have the ability to go through the loopholes and get through the system.

Unfortunately, a lot of our smaller businesses don't speak English as a first language. They didn't get into starting a business to go through the loopholes of all the COVID-19 requirements; they got into a small business because they love serving the customers. It has been a big challenge for them to navigate through all the requirements that COVID-19 has, figuring out, "How many people am I allowed in? What kind of requirements do I have for safety? Do I wear a mask? Do I need Plexiglas?" It has been so hard for them to navigate all that, on top of huge financial losses.

We are really grateful in Barton Village. We have some really resourceful and adaptable businesses that have shone, so we're super exciting.

With regard to the insurance piece, that is definitely a challenge. Peter, do you want to touch on that a bit, because you've personally been—

Mr. Peter Mokrycke: Sure. For the insurance question, [*inaudible*] have established that there is very little reality that costs are going up, and it's ultimately for businesses that are in certain sectors. In terms of the people I've talked to in different businesses, it's hospitality, it's people with liquor licences. All the businesses that were basically hit the hardest with the lockdown are the ones that are getting their policies dropped, not renewed, and the rates increased. But one of the important things a lot of people don't tend to understand when it comes to insurance is that—normally, you have to have insurance to operate, but a lot of the programs that are coming down from the province, for example, are contingent on insurance. There's a very relevant example with the patio program and these licences.

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

Mr. Peter Mokrycke: There are multiple businesses I know that were open for an on-street patio or an outdoor space or whatever to get them through the summer, and their insurance companies dropped them. One of the requirements to get a patio is to put the city of Hamilton [*inaudible*] on your application with your insurance. So if your insurance company drops you or if they're asking you for four times the wait or something like that, they're actually standing in the way of the programs the province is offering and that municipalities are offering for small businesses. I guess the point is not just specifically about insurance, although that's obviously a big one; it's understanding more thoroughly how everything interconnects, because some of these programs have been—roadblocks have gone up that I think probably weren't anticipated. Insurance is a great example of that—how businesses that would have benefited from something just can't because their policy unexpectedly was cancelled. It's something to think about.

Miss Monique Taylor: I just want to pass it over to my colleague MPP Fife.

The Chair (Mr. Amarjot Sandhu): We'll move to MPP Fife.

Ms. Catherine Fife: Dan and Joani, it was a great presentation. I just wanted to let you know that we are lobbying to have a made-in-Ontario direct tenant-driven rent support. A letter went out today.

The not-for-profit sector has been trying to hold the mental health piece together. I don't want that to get lost. What do you think the province needs to do to support mental health—

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

Ms. Catherine Fife: —across the province?

Mr. Dan Mathieson: I would say we need to look at extending funding to many of them. To bridge the gap here in Stratford, we actually had five businesses seed a mental health fund to help us buy additional private services, because our regular services were at capacity and couldn't handle the influx.

Ms. Catherine Fife: That's fantastic. That's what we need on the Hansard. Thank you very much.

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

Before we move along to our next group of presenters, I would like to do an attendance check. MPP Harden.

Mr. Joel Harden: I can confirm that it is MPP Harden coming to you from Algonquin territory in Ottawa. It's nice to see you.

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

MR. MANNY MELLIOS
COALITION OF CONCERNED
MANUFACTURERS AND BUSINESSES
OF CANADA
RURAL OPPORTUNITY
AND INVESTMENT COALITION

The Chair (Mr. Amarjot Sandhu): Our first presenter for the 5 p.m. slot is Manny Mellios. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Manny Mellios: My name is Manny Mellios. Good afternoon. Firstly, I would like to take this opportunity to thank the government for the quick response in putting money into the hands of Canadians who lost their jobs because of the pandemic. I also acknowledge there has been help specifically for small business. I myself have benefited from the CECRA and the CEBA programs, but not only are these programs ending, they will also have to be paid back.

My objective today is simple: to let the government know that many businesses continue to struggle and, more importantly, many will not survive the fallout of this pandemic and accordingly will require ongoing support from the government.

I am sure there are lots of small businesses that have been suffering, like in tourism and so on and so forth. I cannot speak for them. I'm going to speak for the

hospitality and the catering business, which I've been in for the last 37 years. This is what I can speak of.

I've been in the hospitality and catering business with my brother for 37 years. While there have been anticipated ups and downs which we have prepared for, these are, unfortunately, unprecedented times that we could not have prepared for. There was no way for us to foresee the planet effectively shutting down. The hospitality industry, in my opinion, has been and will continue to be particularly vulnerable in this current economic climate. As you know and are aware, many industries have moved their employees to remote work, which in turn has reduced foot traffic in many business establishments.

1700

All businesses have been hurt by this pandemic, but I want to be clear that the category of small business that I'm speaking about are businesses, such as my own, that rely almost completely on individuals being at their offices or at work. I run a small sandwich takeout business, and the majority of our customers come from the surrounding offices. The reality is that if people are working at home and that is going to be the future trend, then we will continue to see a diminished quantity of customers. Many other takeout operations, independently owned coffee shops, depanneurs, dry cleaners, florists alike—just to name a few examples—are all vulnerable in the same way. We rely on people being at work in the vicinity of our operations.

The reality is, as a small business, we strategically choose our business locations where we see a potential need. My business, for example, is located in a business park where there are limited options for takeout. Because of that, before the pandemic, our business was thriving. We capitalized on being one of the only lunch spots in the business park on St. Laurent Boulevard, with approximately 100 units in our compound. Now most of the surrounding businesses remain empty, and we feel those effects. We will continue to feel those effects so long as people move their operations to remote work. It begs the question: How long can we survive if remote work becomes the norm?

My catering business has taken a huge hit, and we have not generated any sales since February. I am now exclusively relying on my small takeout sandwich business which, on a good day, can barely sustain my brother and I and our respective families. Without our catering business, our concern becomes, how long can we afford to keep our business open, just with this little shop? At this time, we do not know whether the catering will pick up, as we lost the best seasons of 2020 already. The reality is, our takeout business is sustained by the surrounding businesses, which have been and continue to be predominantly closed or without any in-office staff.

Just so you can understand, while my takeout business has remained open throughout the pandemic, I have, through no fault of my own, gone on CERB. As you are aware, that program is also ending in the fall, which is a huge concern to myself and my family, as that has become my main source of income over the last few months.

As I'm sure you've heard several times before, businesses have been denied business interruption coverage. That's on the insurance side. Businesses' usual recourse would be to go through their insurance companies for business interruption coverage. Unfortunately, this pandemic is a risk that insurance companies apparently do not underwrite and, therefore, have denied coverage. I only mention this to underscore how vulnerable small businesses are and why we need the government support.

In my opinion, to help the category of small businesses that I'm speaking of, the government needs to focus on facilitating a return to work across all sectors, whether that be through funding so that people can make their offices safer—purchasing Plexiglas or providing masks or having sanitizers and such available to all their staff. We need to recognize that not all businesses have the financial resources to ensure a safe return to work, so employees continue to work from home.

I appreciate that remote work is compounded by the other issues, such as lack of child care, but theoretically, with schools and daycares reopening, there should be some increase in employees returning to work. Based on conversations I've had with my peers, I do believe that funding to help employers retrofit their office spaces to be safe during this pandemic is one way to help that return to work, which will in turn help small businesses that I speak of.

The fact is that takeout operations in business parks, the dry cleaners at the bottom of the downtown buildings or the corner coffee shops require people in their offices. The way I see it, if offices continue to be empty or are operating in an exceptionally limited capacity, we will continue this downward trend, and more and more businesses will be at risk of going under.

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

Mr. Manny Mellios: I don't pretend to have all the answers, but I'm here today to act as a voice for the small businesses similar to my own that can easily be overlooked in these extraordinary times. In my opinion, our plight is unique vis-à-vis other small businesses, in that we rely exclusively on the return to in-office work. The government has done a great job of prioritizing and addressing the health of Canadians, and we have seen a marked improvement in that regard, but I think the government needs to focus more energy into protecting small businesses such as my own, because we are very concerned about how we will survive going forward as the relief programs are phased out.

Thank you. I appreciate the opportunity to speak with you all today.

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

Our next presenter is the Coalition of Concerned Manufacturers and Businesses of Canada. Please state your name for the record, and you can get right into your presentation.

Ms. Catherine Swift: My name is Catherine Swift. I was the president of the Canadian Federation of Independent Business for 30-odd years. In my semi-retirement, I am now speaking on behalf of the Coalition

of Concerned Manufacturers and Businesses of Canada. The coalition, if you're not familiar with it, represents over 300 small and medium-sized manufacturers, largely based in Ontario, but not exclusively; there are other members across the country, but still largely based in Ontario.

I did have a paper distributed earlier; I hope you received it. It basically covers off our recommendations for a robust recovery from our COVID-19 extraordinary circumstances. But today I'd just like to highlight some of the main points.

I think one of the very, very key points that our manufacturing members would like to send to the committee is that we cannot possibly support this federal government direction that we've heard about even more in recent days than we have in the past of this so-called green recovery, because what this basically implies is that we're looking to phase out the Canadian oil and gas sector, which represents, by the way, about 10% to 13% of Canada's gross domestic product—a pretty significant part of the economy, and larger than any individual sector—for a sector, the so-called green energy sector, which is unreliable and hugely expensive and needs massive, ongoing taxpayer subsidies just to exist.

Many businesses in Ontario, as you may know, are dependent to some extent on the oil and gas sector. It's by no means just a western Canadian problem, as some people have said it is. We only have the Green Energy Act in Ontario, of course, to cite to look at what a disastrous impact that particular policy had on the manufacturing sector in Ontario. Many, many manufacturers left the province, taking many jobs with them and taking a lot of tax dollars for governments with them, as well. Now, basically, there's an attempt to extend that into a national policy. So I think Ontario should be able to serve as a cautionary tale as to what the federal government seems to be trying to do. The extent to which Ontario can push back against that and look for a more balanced approach would certainly be favourable.

I have to also mention the ongoing problem that's caused by electricity rates in Ontario to manufacturers and to all businesses, for that matter; everybody consumes electricity. We continue to have some of the highest rates in North America, some of the highest rates indeed internationally as well, making our businesses very uncompetitive.

What we really need to be focused on for the business sector—the small and medium-sized businesses, in particular—are policies that, instead of looking at more subsidies for green industries, actually relieve costs, reduce taxes or streamline taxes, red tape and so on, on businesses and not add even more costs, because, as you heard from the previous presenter, businesses have taken an extremely hard hit in COVID-19 to date and things aren't going to be recovering any time soon.

Just to give you a couple of recent examples: For some reason, last Friday there was an announcement out of the provincial environment department about a climate change and impact assessment, apparently the first ever in Ontario. This is apparently going to be contracted out to a

third party called the Climate Risk Institute. If you look at their website, you'll see a lot of very problematic things on that website, such as the old saw about 97% of climate experts supporting the notion of manmade climate change, which has been debunked many, many, many times since. You have to ask yourself: Why do we have massive numbers of government employees when we have to keep contracting out these kinds of policy initiatives? We're already paying a lot of people. They should be doing those jobs, and the notion of having to continually contract out to others is questionable.

1710

We also saw the Premier recently, rather interestingly, speaking favourably of the federal government mentioning things like the 10 paid sick days for all workers. Why, at this stage in the game, would we even contemplate adding more cost to business? Frankly, if you do want a policy like that, fine, but look at some other measures to take equivalent costs off businesses. Instead of just piling on constantly, there should be attempts to actually look to reduce costs and make businesses' lives easier right now. We're certainly not going to be coming out of this recession—depression, potentially—by depending on industries that just take more money out of taxpayers' pockets and don't contribute to it.

Finally, any COVID-19 recovery strategy should be based on the sectors that actually contribute to the bottom line of governments, that are not dependent on subsidies to exist like the so-called green sector. It doesn't mean that we can't have some sensible environmental policies; of course we can, but the only way we'll be able to afford that is to have the kind of businesses, the kind of manufacturing businesses that offer very well-paid jobs and good-quality employment and put lots of money in government pockets.

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

Ms. Catherine Swift: Those are the kinds of businesses that are going to permit us to pay for the green policies that, ideally, we would all like to see. The notion of having this green-only recovery is unrealistic. It's hard to believe that anyone really thinks we can have a sensible recovery from our current situation based on that.

Also, governments are already seriously broke right across the country—federally, provincially and municipally. What we need is to encourage businesses that are profit-oriented, bottom-line, contributing to the economy and government coffers, so that we can afford the kind of social services and whatnot that we would all like to continue.

I'll just close it there, and I welcome any questions you may have.

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

Our next presenter is the Rural Opportunity and Investment Coalition. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Mackenzie Ledet: This is Mackenzie Ledet, appearing on behalf of the rural coalition. I believe my colleague and friend Carling Dinkler was planning to testify before the committee this afternoon.

Mr. Carling Dinkler: My name is Carling Dinkler, and I serve as the head of public affairs at Enhanced Capital, an impact investment firm that supports small and medium-sized businesses. For 20 years, Enhanced Capital has leveraged private sector resources to achieve positive public policy outcomes. Our investments can be found in rural and urban environments across the United States, and we've moved across North America since. I'm appearing here today on behalf of the Rural Opportunity and Investment Coalition, a group of private impact investment funds, and I'm joined by my colleagues Mackenzie Ledet from Stonehenge Capital and Jeffrey Craver from Advantage Capital, both members of the ROI Coalition.

We appreciate the opportunity to speak before you in favour of our proposed rural economic recovery program, to support the growth of small and medium enterprises, or SMEs, in rural and northern Ontario. The ROI Coalition's rural economic recovery program is supported by the Ontario Chamber of Commerce, as well as the Canadian Manufacturers and Exporters, municipal economic development staff and political leaders. We are unified and focused on supporting targeted small and medium-sized businesses by creating pools of private capital dedicated to supporting growth and job creation in rural and northern Ontario. The participants in our coalition have a long history, 60-plus years, of working with policy-makers across the United States to support local businesses as they seek the capital they need to stabilize, grow and create jobs.

Before reviewing the economic development model we are proposing, I'd like to pause and talk a little bit about why we believe this approach we are presenting is particularly important and relevant as our economies begin the process of recovering from the effects of the COVID-19 pandemic. Now, as policy-makers, you're in the challenging position of injecting capital into the economy to help stabilize it at a time when revenues are at historic lows. The proposal we will discuss addresses this problem by monetizing a future stream of tax credits and using the proceeds of those credits to support small businesses in rural and northern parts of Ontario. In short, this model allows the government to realize cash proceeds for tax credits that cannot be claimed for a number of years, and then to have that capital put to work immediately supporting targeted small businesses.

Access to capital, as I'm sure all of you know from talking to your folks back home, is a serious issue for SMEs that are hoping to expand, increase market share and create jobs. If enacted, the rural economic recovery program would take a meaningful step toward helping SME owners in rural and northern Ontario gain access to the flexible growth capital they need to survive and thrive beyond this pandemic, and would allow these communities to prosper, putting more money in the pockets of rural and northern residents by supporting private sector growth. This model for economic development has been embraced in states throughout the United States, including Connecticut, Georgia, Ohio and Utah, and the foundation for this model is based on a 20-

year-old US federal program known as the New Markets Tax Credit.

This innovative approach empowers experienced private sector fund managers to make smart investments within certain parameters set by policy-makers. The rural economic recovery program would result in the investment of up to \$250 million in private capital administered by qualified fund managers into targeted SMEs located in rural and northern Ontario. That \$250 million would have to be made within a three-year period, and that level of investment would have to be maintained for another four years. Importantly, tax credits authorized by this program can only be claimed after the fund has been fully deployed and the three-year investment period has ended. In short, \$250 million would be invested before any tax credits could be claimed by the recipients.

To build this pool of capital, of course, an incentive is required—

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

Mr. Carling Dinkler:—so it can be leveraged to raise the remainder of the fund. We are proposing a tax credit against Ontario's insurance premium tax. This would allow about half the fund to come from tax credit capital as well as from insurance companies, and the rest would come from traditional sources.

The proposed rural investment recovery program includes stringent safeguards. Tax credits can be recaptured if fund managers don't do what they're supposed to do, and financial penalties are faced by fund managers if they don't produce the jobs that they're supposed to.

This approach to economic development is designed to harness the power of the private sector to support Ontario's rural economy while protecting the interests of taxpayers. This type of program provides SMEs with the growth capital they need without additional red tape, and it allows the private sector to make smart business decisions without the government—

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

Mr. Carling Dinkler:—winners and losers. Thank you.

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

We'll start the first round of questions with the government. MPP Rasheed.

Mr. Kaleed Rasheed: Thank you to all the presenters this evening. I appreciate your presentations.

My question is to the rural Ontario investment credit proposal. I appreciate your insight, your input and your feedback. Can you just help me understand which rural and northern industries you think would benefit from increased investment with the tax credit?

1720

Mr. Carling Dinkler: I'll start with the answer to your question. I'm actually joined by my two colleagues here, and I think it may be helpful for them to chime in as well.

Each of our funds, we would—and I would anticipate that other firms and other funds like ours would want to participate as well. We would look to partner, probably, with Canadian investment folks there. Each fund is going to have its own approach. There would be guidelines that

would be set out—parameters, if you will—by you, the policy-makers, to say, “We would like to see investments made in these particular geographies and potentially among these industries.” Certainly, we've seen that in many programs that we've participated in, here in the United States. You, as policy-makers, are setting up the framework for where the investments would be made, and then the fund managers, within those parameters, are making smart business decisions about which qualified companies to invest in. So, really, you're looking for that diamond in the rough. It's the business that can't get the growth capital that they need from a bank or other source, but they've got an opportunity to grow and create jobs; they just need the access to the capital. It is incumbent upon us and other funds to go out there and find those businesses, invest in them, and then our fate is really tied to theirs, because we want to see them succeed and do well. That's good for us, as well.

I'll let some of my other colleagues chime in too, because they probably have different perspectives.

Ms. Mackenzie Ledet: Perfect. I wanted to give you a good idea of the types of investments and small businesses that have received investments through similar programs in the States. As my colleague Mr. Dinkler mentioned, Ohio, Utah, Georgia and Connecticut and other states have implemented this policy. In Ohio, for example, small businesses in rural Ohio, [inaudible] technology businesses that have contracts with IBM, for example, to sanitize old technology—to health care companies. Stonehenge Capital recently invested in a small business, Cathcart Rail, that helps to maintain rail cars, essentially. They're able to expand [inaudible] rail cars. In Georgia, for example, cabinet manufacturers—one of the funds invested in a facility that manufactures straws made of biodegradable plastic, as opposed to paper straws.

So there's a big range. It ranges anywhere from transportation to health care to agribusiness to technology—really, any type of small business within the geographic boundaries that you would provide so long—

Mr. Kaleed Rasheed: My apologies; I don't mean to cut you off. Based on your answer and Carling's answer, I just wanted to get a sense of, beyond this tax credit, are there any other measures our government could take that would promote capital and encourage investment in northern and rural [inaudible]?

Mr. Carling Dinkler: I'm happy to take that. Again, my colleagues can chime in.

Certainly, I think there are many ways that policy-makers can go about injecting capital into small businesses that are in need but can't access it through traditional sources. In the past, we've seen—and I believe that you all have similar programs, where there may be grant programs where the company just receives the capital. I think the challenge there is that there are then new metrics that are tied to—if the grant goes out, there's a policy rationale for that. You want to make sure that you're supporting small businesses. But are you doing it in an efficient way, in a way that ensures that there is actually some return on

investment above and beyond the societal return? So under this model, we're—

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

Mr. Carling Dinkler: —incentivized to go out and make investments, and have those investments not only perform, not only meet the policy parameters, but also create jobs, because we face financial penalties and we would have to pay back the province if we were not able to do that.

Mr. Kaleed Rasheed: I think Jeffrey wanted to add something. I saw him raising his hand.

Mr. Jeffrey Craver: I did just want to mention that if you're going to engage private sector decision-making as far as the selection of businesses keeping arm's-length transactions, it's very challenging to raise capital, especially in today's financial markets, that has a targeted approach to it—especially a geographic- or a demographic-targeted approach. Capital that would be put at risk—so this is non-banking capital that sort of starts with the first dollar beyond what banks are able to lend and goes beyond that towards the—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll come back to you in the second round. I'll move to the opposition side. MPP Harden.

Mr. Joel Harden: Mr. Mellios, it's a pleasure to see you here this afternoon. I'm an Ottawa person just like you, and it breaks my heart to hear the story you've told us today. I've benefited from eating some of your catering, by the way; Hemingway's is a fantastic organization. I'm sorry to hear that you had to close it and you're relying on the sandwich shop.

I want to focus this first round that I have here to just offer you some more space to talk about your concerns. What I heard you say is that a lot of the programs offered to you from the federal government are loans; they are not actual transactions that can help you do something other than accumulate more debt. A lot of organizations we've heard from today, small and medium-sized enterprises, have been telling us that it's actually time for us to treat small business the way our governments often treat large businesses: with grants, with huge injections into their organizations so they can actually make a go of it in this period.

We talked about the notion of a direct, tenant-driven rent subsidy. We talked about making sure that insurance companies share the haircut in this period. Do you have anything else, from the perspective of your terrific Ottawa-based business, that you wanted to add to that list for my friends in government?

Mr. Manny Mellios: We hire your niece, your neighbour, your friends. This is who we hire. I had a restaurant in Bells Corners. I was there for 25 years, and there was a time that I had up to 80 staff. We hire within our community. I'm not hiring outside. I'm not hiring people from Japan. I'm not hiring people from the States. I hire from my community, directly from them.

So yes, I believe that the government should somehow help us, to give us an influx. The government has helped out the big motor companies and the banks. Why not us?

Do we not hire? Do we not have enough people? I don't know what the percentage or what the number would be, how many hundreds of thousands of people we hire, who work for us in our industry—and I'm talking just the hospitality industry. There are so many industries that could use help from the government. Yes, this is a cry for help. Everybody needs help.

Mr. Joel Harden: Mr. Mellios, I agree. I'm the product of a small business family that sent me to school, and I completely agree with you.

How does it make you feel that the federal government gave Loblaws—a very profitable, large-scale company across the country—\$12 million to retrofit their fridges? It really seems as if in many cases our governments are there for the big players. I suppose an argument could be made that they employ lots of people. I'll turn to ask Ms. Swift some questions soon, and I'm sure she'll make the case to us that we have to help the big players too; fair enough. But you're starting from a standpoint of having reduced the scope of your business by, it sounds like, 80%, or a significant quantity.

Mr. Manny Mellios: Absolutely. Honest to God, Joel, my last catering job that I had from the Ottawa event catering was in February, and then the only time my phone would ring would be for cancellations: "I'm cancelling my party in March," "I'm cancelling my party in June," "I'm cancelling the wedding in July," "I'm cancelling the wedding." Honest to God, right now, I am cancelled until September, so now I'm waiting for September to come around to see what's going to happen.

It's not good. Really, it's tough.

Mr. Joel Harden: So in this context—and just so you know, I've had the benefit of hearing from other people in your sector who have told us the exact same thing. My plea, through the Chair and through you, to my friends in government is, let's make sure we inject sufficient amounts of money that are not loans to help organizations like yours.

1730

I can tell you, having benefited from a number of different events in our city that you've catered, you provide a valuable service.

In Ottawa, the fact that so many folks working for the federal government can ably work from home—I can imagine that that has a huge impact on your business. You were talking about that, so I was wondering if you could elaborate on that for us.

Mr. Manny Mellios: I rely on foot traffic. I need people to walk in from their offices next to us. I'm only open, right now, as far as my little shop, during the lunch hour. We're open from, say, 10 o'clock to 3 p.m. My main business is the lunch trade—people coming in for lunch and picking up a sandwich, picking up a salad, having a soup, grabbing a coffee or a drink, whatever. I'm in the Ottawa Business Park, and I have a lot of businesses around me. CBSA is right next to us. We have a lot of businesses, even government, around us, which is wonderful, and they've all been clients. My business was

thriving, and then, boom, we got killed with this pandemic. Now my business is down.

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

Mr. Joel Harden: I hear you.

Chair, is there any way, through you—I'll be doing the next round of time—for my mike to remain unmuted so I can have a dialogue with some of our panellists? Is it possible for us not to toggle between mute and unmute?

The Chair (Mr. Amarjot Sandhu): Yes? No?

Interjection.

Mr. Joel Harden: Okay, thank you. It just makes it easier, because I want to make sure I'm not losing any time in dialogue with Mr. Mellios and others.

Mr. Mellios, one of the things we've been insisting on here in Ontario is that the province seriously consider a commercial rent freeze, a commercial rent program that will make sure that landlords who refuse to participate in the federal program are obliged to take some of this haircut with you. What do you think about that as a proposal?

Mr. Manny Mellios: Mr. Harden, I own a property in Montreal, and I actually have a tenant in my building that is a restaurant. I went with them and I did this and I said—listen, we also have to be humans over here—

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

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

Mr. Mike Schreiner: I'd request that my mike stay unmuted as well, since I'm the only independent member here—

The Chair (Mr. Amarjot Sandhu): I apologize; we can only unmute one at a time.

Mr. Mike Schreiner: Oh, okay. Then—

The Chair (Mr. Amarjot Sandhu): Broadcast has just confirmed that.

Mr. Mike Schreiner: Anyway, I want to thank all three presenters for coming today and providing valuable information.

I'm going to direct my first question to the coalition of concerned manufacturers. Ms. Swift, you and I have sparred on talk radio about the oil and gas sector versus green energy, so I won't re-litigate that in front of the committee—although I'm happy to have that conversation with you again, if we can find a proper venue for that debate.

One thing I did want to ask you, though: Is your objection to renewable energy driven because you don't like the technology of renewable energy, or is it because you don't like the fact that contracts that the previous government signed 10 years ago were at inflated prices?

Ms. Catherine Swift: First of all, I'd also like to mention—I don't know why MPP Harden said that I would be defending money for big companies. I've never done that in my entire career. So I'm sorry, but I have no idea where that came from. The point I was wanting to make in that regard was that grants to business are not the answer. Grants do typically go to large companies. The whole notion that would be much more fair is to lower

taxes on everyone so that everyone has the same opportunity. The problem with grants to any size of business is that they tend to be motivated more by politics—are you a friend of the Liberals or the NDP or the Conservatives or whatever? Then, they'll give you that grant. If you want to do something sensible, lower the taxes, level the playing field for anyone. Sorry; I digress.

To your point, Mr. Schreiner: There's no problem with renewable energy at all, except for the fact that it needs to be heavily subsidized from tax dollars produced in other parts of the economy. I think one day—and I'm no scientist in that particular area; I happen to be an economist—we will have economically feasible renewable energy because technology will advance to the point that we get there, and that will be great. We're not there now, though, so to pretend that we could have a recovery predicated primarily on so-called green energy or whatever you want to call it is just unrealistic.

It's not an opposition at all to the whole concept; it's simply a recognition of the facts, and the facts are such that—look at California right now. Their wind and solar are unreliable and they're having blackouts as a result. We've seen time and time again that we cannot rely, with current technology, again—it may be way different 10, five, whatever years from now. But we know right now it requires an expenditure of public funds to subsidize those industries. They do not pay for themselves.

I would like to see a more balanced approach, by no means ignoring the green energy side of it, but not punishing our reliable-for-decades-now, fossil-fuel-based energy sources that we continue to rely upon. When the wind isn't blowing and the sun isn't shining, what are we doing? We're relying on fossil fuels to this day to heat our homes and so on and so forth.

Mr. Mike Schreiner: If don't you mind me asking a couple of quick questions around this—first of all, in California, actually, the brownouts are from forest fires that are being caused by extreme heat due the climate crisis primarily.

I will say, in my riding right now, there are large and small companies that want to install solar, and with existing current technology, it is the lowest-cost source of energy. They don't want subsidies. They don't want money from government. What they actually want is government to get out of the way and remove the regulatory barriers that allow for things like virtual net metering, which would allow more investment in more community-based solar energy that they will produce at a lower cost than their current cost of energy.

So would you support removing those regulatory barriers so companies that want to come in with renewable energy with no government subsidies could move forward?

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

Ms. Catherine Swift: Totally, absolutely, if there are no government subsidies. But, unfortunately, as we've seen time and time again—the Green Energy Act was a classic example. Tons of money continue to go out the door because of some of those ridiculous contracts you

were citing earlier, at hydro rates far, far above any other market in North America. They continue to be in effect. Ontarians, whether it's businesses or individuals, continue to suffer as a result of those.

But if there's a truly economic source—again, I'd like to see it, because I look at the data all the time, and what I see is continually unreliable solar and wind energy. You can't depend upon it. It always needs to be backed up by natural gas and other fossil-fuel-based sources of energy. Let's face it, if green energy was viable today, people would be fighting to invest in it, but instead it needs all kinds of government incentives and all kinds of subsidies and so on. But, yes, if you can—

Mr. Mike Schreiner: I would be happy to connect you with some businesses in my riding that are spending millions of dollars of their own capital investing in green energy, because it's the lowest-cost source of energy. I would be happy to do that off-line with you.

I just wanted to be clear: You're not opposed to green energy, and you would actually support removing some of these regulatory barriers to companies investing their own capital into it?

Ms. Catherine Swift: Of course. I'm a believer in the market, because, frankly, the markets will always make the right decision, ultimately. If somebody wants to risk their money to invest in something, they probably have got a pretty good idea that they're not going to lose that money. If they want to depend on government—

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll move back to the opposition for their second round. MPP Harden.

Mr. Joel Harden: Oh, my goodness, it's hard to hear someone make claims, Chair, like "the markets will always make the right decisions." I remember being a political economist listening to Ms. Swift debate about the retirement security of workers and working people in this country as their savings went up in smoke, because some speculators decided to sell dodgy products that completely contaminated the global economy. Needless to say, the ghost of John Kenneth Galbraith is turning more than a few 360s in its grave.

1740

Mr. Mellios, back to you: I want to avoid hyperbole and talk about real issues. You were in the middle of a thought when we last stopped talking about the fact that not only do you need help, but that you're a source of major growth. Can you continue your thought that you were in the middle of, if you recall it?

Mr. Manny Mellios: I can't tell you exactly, but what I was saying, Mr. Harden, was that we need foot traffic. We need people to be back at work, we need people to be in their offices, and then we can sell them a sandwich, or they could come inside, or they can drop off their dry cleaning, or pick up some flowers for their wife, or go get a quart of milk from the depanneur down the street. Whenever we have to—we need some milk, we need stuff. All these businesses are suffering, and it's all because of the people who are staying at home.

I understand that there are health concerns. Don't get me wrong; I want all us Canadians, and everybody in the

world for that matter, to be safe and to be healthy. I get it. I'm with you. But we still need people to get back to work. We need people to go back in their offices. We need people to go back to work. It's going to boost the economy. It's going to boost the morale. I'm sure there are people suffering from mental health issues because they are staying at home. They're going stir-crazy. I would. You would. We all would. We need to get back to work.

Mr. Joel Harden: No argument, sir. I am married to a health care worker, and what she will say to anyone who listens is, mental health is the next pandemic and it's already here. So many of us are struggling with this. If anybody with young kids is watching this, I'm absolutely talking to you.

I want to move over to the Rural Opportunity and Investment Coalition. Any of you can take this question. When I did a little research into what you are proposing to this committee, I found a report written in 2008 by the San Francisco investment bank; I believe it's a large municipal fund. What they found with this particular product, when it was sold in the United States, was that two thirds of the investments tended to go into commercial, residential and mixed-use real estate. What that's meant here in Ottawa is a lot of investment in high-income housing, a lot of investment in malls, which is fine.

What I'm actually asking you, to help enlighten us, is, what are the parameters for the product you're selling that can make sure that the investment that goes in, particularly to rural-impacted economies—my colleagues who live in those areas of Ontario have told me—actually go into building the infrastructure we need, like broadband, like the capacity for people to grow small and medium-sized businesses in places in Ontario which are harder? How do we know that this isn't going to be sucked into a massive, large-scale real estate development which may not be as helpful to those communities? Give us the 2020 case; the 2008 case wasn't persuasive to folks in San Francisco.

Mr. Jeffrey Craver: Thank you for that question. I'd be happy to answer that.

There are two primary ways that the policy would function in that way and is consistent with states like Georgia, Utah and Ohio, which have more recently, in the last three or four years, enacted this type of policy. The first is that it would be limited to operating companies with fewer than 250 employees and could be further spelled out with limitations on EBITDA or revenue of those companies, in order to make sure you're targeting the smaller businesses that do not already have significant capital resources.

The second is, there is a job creation and retention component that is part of the formula for any one fund applying to the province to participate. In order to ever make distributions to their investors, they must first have met that job creation and retention requirement that they commit to on day one. So it's done in partnership with a third-party economist, to set a tax revenue figure that must exceed the amount of tax credits that any investors could eventually receive over time. It's then tested periodically, and it's tested especially before the funds can distribute any capital back to investors. If they are short, they must

pay a reimbursement calculation back to the province on that shortfall.

So that focuses the investments not only into operating companies, but into operating companies that will have employment impacts, high-wage impacts and other social benefits.

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

Mr. Joel Harden: Ms. Swift, we don't have long, so I'll give you as much time as I can. Help me understand what you talked about as the old saw of politics, the 97% of scientists that you seem to be saying, dismayingly, agree that climate change is an imminent existential threat. I'm wondering, as you comment, if you can reflect on whether you support or don't support the \$3 billion that Canada currently uses to subsidize the fossil fuel industries—if you're opposed to government subsidies, in general.

Ms. Catherine Swift: Well, first of all, the 97% number has been debunked many, many, many times, and I'd be happy to send you articles instead of belabouring that, because they are legion. There are many, many articles that show that that number was grossly misinterpreted and whatnot. It's also encouraging, mind you, to see people like Michael Shellenberger, who was previously one of the big IPCC proponents of the whole drastic disaster green fiasco, suddenly go—

The Chair (Mr. Amarjot Sandhu): Thank you. I'm sorry to cut you off.

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

Mr. Mike Schreiner: I just want to take a moment to ask Manny a couple of questions. Manny, I ran a couple of food businesses for many years before going into politics, so I know how tight the margins are, and I know how the economics work. I really feel for what you're going through, and out of no fault of your own. Clearly, you must be a successful business person if you've been in business for so many years. I thought my business being around for 20 years was good, but it pales in comparison to yours.

You said that you have benefited from some of the government programs to support small businesses, but those programs are coming to an end, and we're still in a pandemic. I'm curious what kind of runway you think businesses like yours will need to be able to survive through this pandemic.

Mr. Manny Mellios: I think the rent program should be extended for another six months or a year; it all depends on what the pandemic is like. I would never stick my hand out if I'm able to do it by myself. I would never ask for help. I could do it myself. I'm strong. I work. I'm a hard worker, but this is out of my hands. There's nothing I can do. I need people to go back to work. I need people to go back in their offices. Until that happens, maybe the rent program is something that we could do—and then just help us there. But it's still not going to help us bring people in. It's the foot traffic that's the biggest problem. I'll pay my rent if I have the foot traffic.

Mr. Mike Schreiner: I hear you on that. So your position would be to extend the commercial rent assistance program. I'm actually asking you this, as a landlord, too—

we've learned during this conversation: Would you be in favour of extending the commercial eviction ban for restaurants or for businesses like yours that have been so negatively affected by the pandemic?

Mr. Manny Mellios: Sorry. I didn't get the last part. What did you say?

Mr. Mike Schreiner: Would you be in support of extending the commercial eviction ban for businesses that have been affected by the pandemic like yours?

Mr. Manny Mellios: I would, yes. These people have been working hard. They've been putting their sweat and their blood and everything in these businesses—basically, they raised their families. Think about it; how can we evict these people? I feel bad for them.

I have a tenant too. He's a restaurant. He's suffering, the poor guy, and I get it, so we applied with the program as well, to help him out. We're doing what we can. No, we can't evict these people. They're not doing anything wrong. It's of no fault of their own.

Mr. Mike Schreiner: MPP Harden brought up the \$3.3 billion a year that the oil and gas sector gets in subsidies. They've been getting those subsidies for over a hundred years, almost, now. I'm just wondering, as a small business person, what do you think when you hear that some of the largest, wealthiest, most profitable companies in the world, quite frankly, are getting billions every year in subsidies? Do little guys like you get subsidies like that? How does it feel, as a small business owner?

Mr. Manny Mellios: No, I do not. Look, I understand the old adage—everybody says they hire a lot of people and they have lots of employees and stuff like that, but if you break down our sector, if you break down the hospitality industry, how many people do you think we hire across the board, in restaurants, hotels, coffee shops, the Subways, the pizza parlours, all these little joints? Even the Subways are family-owned and run. The pizza places are all their families and all that. Everybody works inside. My family works with me. My wife and my kids come inside to help Dad out whenever I'm busy or whenever I need them and stuff like that. It's what we do. It's what it is.

1750

For them to get these big subsidies—I can't even qualify for these things. How can I get it? I'd love to know that. I'd love to qualify for these things.

Mr. Mike Schreiner: Yes, I hear you on that one, too, as a long-time small business owner.

I want to end by saying that one of the ways we get people back into office buildings is making sure we keep our infection rates low. Some of it, though, particularly in the hospitality sector—I'm just thinking broadly—is consumer confidence. Do you have any thoughts on how government and business can work together around consumer confidence?

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

Mr. Manny Mellios: The consumer confidence—everybody is talking about a vaccine. "I'm not doing anything until I get a vaccine, until the vaccine is out." We have to trust that people are going to be smart and they're going to wear their masks in public, and they have to. If

we have to put some Plexiglas around the booths and the chairs or whatever we need to do—I don't have all the answers per se, but I think we could do better, and I think we should do better.

The money that the government is spending—maybe they can spend it on helping the particular businesses get these things that they need: the Plexiglas, the masks, the hand sanitizers, whatever. We have to keep our people healthy. That's first and foremost—I get it, truth be told—and the money is going to come.

The Chair (Mr. Amarjot Sandhu): We'll move to the government side now for their final round. MPP Anand.

Mr. Deepak Anand: Anyone can take this question. Time and again, we talk about how there is a need for, especially, the banquet halls or events or the caterers or those who are in the food business—we need support for them. When do you think it is safe, and in what capacity is it safe for the events to be opened again, whether it is conventions, whether it is exhibitions, whether it is weddings? One thing I know for a fact that you guys are passionate about is providing the service that you have—not just the business grants or subsidies, but going back to work and providing the speciality that you had. What is your thought about that?

Mr. Manny Mellios: As far as I'm concerned, getting the events back and having Bluesfest and all these things—I understand there are thousands and tens of thousands of people there. I get it.

Right now, we're all saying, "Oh, we don't know what to do," because over the last little while, we were saying "Wear a mask. Don't wear a mask. Wear gloves. Don't wear gloves." We understand now, going forward, that we need to wear masks in public, so we're all wearing masks. If we go to the grocery store, we're wearing masks. Wherever we go, we're wearing masks and we have to have our hands sanitized. It has to be from home—parents telling their kids, "Guys, life has changed. We have to do this. We have to do that. We have to change. All these things have to be done."

As far as opening up all the events and stuff, I'm not a doctor; I can't tell you, but I think that with proper social distancing, people wearing masks, hand sanitizing and all that stuff, we can open sooner than later. That's my opinion.

The Chair (Mr. Amarjot Sandhu): Any further questions? There are no further questions.

That concludes our business for today. Thank you to all the presenters for presenting today and to the committee members and committee staff for their assistance.

As a reminder, the deadline to send in the written submissions will be 6 p.m., Eastern Daylight Time, on Friday, August 28.

The committee is now adjourned until 9 a.m. on August 21, when we'll meet for further hearings on the small and medium enterprises sector.

The committee adjourned at 1756.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Mr. Amarjot Sandhu (Brampton West / Brampton-Ouest PC)

Vice-Chair / Vice-Président

Mr. Jeremy Roberts (Ottawa West–Nepean / Ottawa-Ouest–Nepean PC)

Mr. Ian Arthur (Kingston and the Islands / Kingston et les Îles ND)

Mr. Stan Cho (Willowdale PC)

Mr. Stephen Crawford (Oakville PC)

Ms. Mitzie Hunter (Scarborough–Guildwood L)

Mr. Sol Mamakwa (Kiiwetinoong ND)

Mr. David Piccini (Northumberland–Peterborough South / Northumberland–Peterborough-Sud PC)

Mr. Jeremy Roberts (Ottawa West–Nepean / Ottawa-Ouest–Nepean PC)

Mr. Amarjot Sandhu (Brampton West / Brampton-Ouest PC)

Mr. Mike Schreiner (Guelph G)

Ms. Sandy Shaw (Hamilton West–Ancaster–Dundas / Hamilton-Ouest–Ancaster–Dundas ND)

Ms. Donna Skelly (Flamborough–Glanbrook PC)

Mr. Dave Smith (Peterborough–Kawartha PC)

Non-voting members / Membres sans droit de vote

Mr. Stephen Blais (Orléans L)

Ms. Catherine Fife (Waterloo ND)

Mr. Randy Hillier (Lanark–Frontenac–Kingston IND)

Ms. Andrea Khanjin (Barrie–Innisfil PC)

Ms. Laura Mae Lindo (Kitchener Centre / Kitchener-Centre ND)

Mr. Kaleed Rasheed (Mississauga East–Cooksville / Mississauga-Est–Cooksville PC)

Mr. John Vanthof (Timiskaming–Cochrane ND)

Substitutions / Membres remplaçants

Mr. Deepak Anand (Mississauga–Malton PC)

Mr. Robert Bailey (Sarnia–Lambton PC)

Mr. Michael Coteau (Don Valley East / Don Valley-Est L)

Ms. Christine Hogarth (Etobicoke–Lakeshore PC)

Mrs. Robin Martin (Eglinton–Lawrence PC)

Mr. Sam Oosterhoff (Niagara West / Niagara-Ouest PC)

Mrs. Daisy Wai (Richmond Hill PC)

Also taking part / Autres participants et participantes

Ms. Jill Andrew (Toronto–St. Paul's ND)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Joel Harden (Ottawa Centre / Ottawa-Centre ND)

Mr. Michael Mantha (Algoma–Manitoulin ND)

Ms. Sara Singh (Brampton Centre / Brampton-Centre ND)

Miss Monique Taylor (Hamilton Mountain ND)

Clerk pro tem / Greffière par intérim

Ms. Thushitha Kobikrishna

Staff / Personnel

Ms. Laura Anthony, research officer,
Research Services

Ms. Sude Beltan, research officer,
Research Services

Ms. Sandra Lopes, research officer,
Research Services