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**Standing Committee on
Finance and Economic Affairs**

COVID-19 study

1st Session
42nd Parliament
Tuesday 18 August 2020

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

Étude sur la COVID-19

1^{re} session
42^e législature
Mardi 18 août 2020

Chair: Amarjot Sandhu
Clerk: Julia Douglas

Président : Amarjot Sandhu
Greffière : Julia Douglas

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

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

Tuesday 18 August 2020

Mardi 18 août 2020

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

COVID-19 STUDY

The Chair (Mr. Amarjot Sandhu): Good morning, everyone. I call this meeting to order. We're meeting for hearings on the small and medium enterprises sector of the study of the recommendations relating to the Economic and Fiscal Update Act, 2020, and the impacts of the COVID-19 crisis on certain sectors of the economy.

We have the following members in the room with us: MPP Arthur and MPP Roberts. The following members are participating remotely: MPP Mamakwa, MPP Skelly, MPP Smith, MPP Coteau, MPP Ghamari, MPP Nicholls, MPP Pang, MPP Harden and MPP Stiles.

We are also joined by staff from legislative research, Hansard, interpretation and broadcast and recording.

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

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

Are there any questions?

**TORONTO REGION BOARD OF TRADE
TOURISM INDUSTRY ASSOCIATION
OF ONTARIO
CATEGORY 5 IMAGING**

The Chair (Mr. Amarjot Sandhu): Seeing none, I would now like to call upon our first witness of the day, the Toronto Region Board of Trade. If you could please state your name for the record, and you will have seven minutes for your presentation.

Ms. Jan De Silva: Good morning. Thank you for inviting us to speak. I'm Jan De Silva, the president and CEO of the Toronto Region Board of Trade. Joining me is my colleague Leigh Smout, president of our World Trade Centre Toronto.

At the board, nearly three quarters of our 13,500 members are SMEs, and we formally partner with 26 chambers throughout the province on SME programs we developed. On behalf of these members and partners, I want to thank you for your strong, responsive efforts during these incredibly challenging times. Your actions kept hundreds of thousands of businesses afloat.

Businesses throughout Ontario understood and rallied behind the steps needed to flatten the curve and get transmission under control. Those steps required businesses to shut their doors and undergo dramatic changes to operations, staffing and finances. The impact was immediate. In the first three months of the pandemic, more than half a million jobs were lost in the Toronto region alone.

SMEs were disproportionately impacted. Small businesses were two and a half times more likely to permanently close than their larger counterparts. SMEs were also less prepared for physical distancing. Processing online orders, staff working from home and contactless payments and delivery all require digital infrastructure that most Ontario SMEs do not have. And it's not that our SMEs didn't recognize the need to go digital pre-COVID; it was simply too hard to do so. Most digital advisory expertise is calibrated for large enterprises and not right-sized for a smaller organization that needs to keep the business operating while trying to figure out digital transformation.

In the early days of the pandemic, many felt we just needed to wait for it to pass for things to return to normal. As days turned into weeks and months, we came to understand that until a vaccine or other secure mitigation is in place, SMEs cannot succeed doing business in a pre-COVID way. It became clear that coming out of the COVID recession would be long and challenging, so we organized our Reimagining Recovery framework. Led by a multi-stakeholder leadership cabinet, it engages more than 450 organizations to tackle six different work tracks of activity to help us get back on our feet. Next month we'll begin releasing sector- and region-specific recovery strategies.

Some key themes emerging from this work may be of interest to the committee. These are:

First, the need to build back better, taking full advantage of innovation to modernize business and government.

Second, this will not be a one-size-fits-all recovery. There will be differing recovery horizons for different sectors. Some, like tourism, major events and entertainment, may take years to recover. Differing support programs will be required.

Third, many larger enterprises are not rushing to return to work. Their worries: the economic impact of repeat waves of outbreaks, the added costs of supporting a limited on-site workforce, and the majority of their workforce feels safer working from home. Low return-to-work numbers in our business districts across the province will extend the distress for small businesses, the restaurants, convenience stores and others that are reliant on a customer base of employees at work.

With a focus on reopening, our Reimagining Recovery framework has been working to deliver concrete support to businesses throughout the province. We moved our successful Trade Accelerator Program online.

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

Ms. Jan De Silva: Last month, we completed the first virtual trade mission, helping businesses establish Asian e-commerce platform relationships. We also launched a new program targeting the specific challenges SMEs were identifying about their digital limitations.

To tell you more, I'll hand the remainder of my time to Leigh.

Mr. Leigh Smout: Thank you, Jan, and thank you to the committee for this opportunity to address you today. My name is Leigh Smout. I'm president of the World Trade Centre Toronto, and I'll take these last few minutes to tell you about the Recovery Activation Program, or RAP. Modelled on our successful Trade Accelerator Program, TAP, which is run across Canada, RAP identifies a business's gaps in digital practices and helps them improve their digital maturity.

Seeing the need for digital advancement of Ontario's SMEs in the wake of COVID, the province saw the value in RAP and has generously invested \$200,000 this fiscal year. This funding enabled us to expand the program, offering it free of charge to SMEs across Ontario, not just the Toronto region. We've already received more than 150 RAP applications, with three quarters of those businesses based outside the GTA.

Approximately 120 of them have completed the first step of the program, a digital needs assessment, or DNA for short. The DNA provides an indication to the companies of where they have shortcomings and how RAP can help. This is not just e-commerce. It includes the digital management of supply chain challenges, records management, virtual management of remote staff, increasingly problematic data security, and COVID-specific business demands like contact tracing. Even small modernization in how a business uses tech can significantly improve efficiency, save on costs and reach new customers, the latter by helping companies to connect to new sales opportunities, including making new local, national and international sales connections through digital sales enablement and market activation.

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

Mr. Leigh Smout: All of this would be good for any business in a typical year, but this year, these competitive advantages are crucial for our economic recovery. And rather than subsidies, which do provide short-term help to businesses to outlast downturns, these support programs enable SMEs to adapt and evolve, strengthening their competitive advantage in a changing world market.

The province's investment in RAP has already begun to have impact, and we encourage you to continue supporting programs like these to get our economy firing on all cylinders again. Thank you, and Jan and I will be happy to take questions.

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

We'll move to our next presenter, Tourism Industry Association of Ontario. If you can please state your name for the record, and you can get right into your presentation.

Ms. Beth Potter: Good morning. Thank you very much. My name is Beth Potter, and I'm the president and CEO of the Tourism Industry Association of Ontario. In previous appearances, before the COVID-19 pandemic, I have championed the Ontario tourism industry, a rapidly growing sector of our provincial economy worth over \$36 billion and bringing in \$5 billion in provincial tax revenues, and as a catalyst for economic growth—a sector that in March of this year represented over 200,000 businesses and over 400,000 jobs.

But since COVID-19, those businesses, jobs, spending and tax receipts, and thus the livelihood of Ontarians, have faced an existential threat. We've already lost nearly 200,000 jobs, and many businesses face bankruptcy. The collective efforts and sacrifices of Ontarians across our province in helping to flatten the curve have given tourism businesses a glimmer of hope. The relaxation of some rules and the phased reopening of our economy have prevented the shutters going up permanently on many SMEs.

0910

However, TIAO's own research tells a compelling story that reopening doesn't equal recovery. We know that the tourism and hospitality and the meetings and conventions industries act as the canary in the coal mine for the catastrophic effects of COVID-19 on our economy. We were the first to be hit, and we'll likely be the last to recover. As businesses tentatively reopen, they are facing a perfect storm of lower revenues and higher overheads as Ontario businesses seek to rebuild consumer confidence during the new normal.

TIAO has written to Minister McNaughton, requesting that he postpone pending changes to the Employment Standards Act that would remove the extension of the temporary layoff period that was enacted through the infectious disease emergency leave provision, due to expire on September 4. At a time of historic losses for the tourism and hospitality industry, it is critical that these temporary measures remain. Severance costs alone could be enough to lose tens of thousands of businesses and jobs in a matter of weeks if action isn't taken.

I want to be clear: SMEs face an existential threat. Not every business is cash-rich. In fact, our evidence suggests

that many employers have been losing money at an unsustainable rate. TIAO's research has highlighted the precarious position that many find themselves in and the ineffectiveness of some of the support programs. Some 74% of businesses are facing a significant cash flow shortage, 42% expect to lay off more staff in the coming weeks, and 52% say the current levels of support mean they are economically unviable.

The failings of the rent relief program remain a significant problem for many businesses. Some 22% of the businesses we surveyed have said they will not be able to make their rent payments in the coming months, and only 12% of landlords have signed up for the program. Some 67% are relying on the wage subsidy to pay their employees, so when CEWS ends in December, many of these businesses will be forced to close, and while I know that this is a federal program, we would urge the provincial government to push for an extension well into 2021.

As we navigate the new normal, for us to rebuild confidence with consumers to resume their usual spending habits, we must first ensure that businesses have the confidence to reopen and incur the significant costs associated with securing PPE and adhering to health and safety protocols. Within the industry, there is confusion as to why shopping malls can reopen, but amusement and water parks cannot; why museums can admit over 50 customers, but some attractions can't open at all. Convention centres, as well as hotels, are desperate to reopen meeting and exhibition spaces so that they can recoup lost revenues and protect jobs.

The tourism industry is at the cutting edge of innovative problem-solving. With timed tickets, physical distancing and phased usage—

The Chair (Mr. Amarjot Sandhu): Three minutes

Ms. Beth Potter: —we could safely start to reopen more of our economy. Ontario's status as a world-leading tourism destination is not guaranteed. The rapid expansion of the tourism industry and the revenues and job creation that followed could be lost because of COVID-19. Our competitors are currently investing heavily into the recovery of their tourism industries. They are investing in the solvency of their businesses, into capital expenditures to help businesses adapt to the new normal and a combination of tax and permit reliefs.

We need an economic stimulus package that helps to keep tourism businesses solvent over a 12-to-18-month period. To defend a \$36-billion industry, we need a government program of dedicated, forgivable grants and loans. We need a capital expenditure program that businesses can apply to, to help meet the costs of PPE and physical distancing. Permits and licence costs should be cut, and tax cut credits for expenditures associated with needing new health and safety protocols introduced. We need targeted financial support for attractions that have been unable to open even in stage 3, and we need a tax-based incentive for Ontarians to rediscover our province and support local.

Across our province, small and medium-size business owners are doing all they can to stay open. They are taking

on debt so they can keep their staff, while ensuring their businesses meet new, stringent health and safety protocols. Our industry has a proven track record of providing a substantial financial return on any investment made into it. Business owners aren't looking for a handout. They're just looking for support to get through this crisis. If we act now, we can ensure the financial rewards of recovery can be shared by all—

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

Ms. Beth Potter: —and, most importantly, protect the livelihoods of hard-working people throughout Ontario.

Thank you for your time today. I'm happy to answer any questions.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll move to our next presenter, Category 5 Imaging. If you can please state your name for record, and you will have seven minutes for your presentation.

Mr. Brendan Howard: Hi there. Brendan Howard. I'm the president of Category 5 Imaging and a partner with CIEL Capital. I am joined by my colleague Christopher Weatherhead.

As an SME ourselves and through our servicing of small, medium and large businesses, we've heard and witnessed how large businesses have had structural advantages in deploying robust customer- and employee-facing COVID-19 challenges. SMEs simply do not have access to, and many cannot afford, best-in-class protective measures for their employees. Further, they're structurally challenged in establishing a comparable level of confidence amongst employees and customers, which in turn is deepening the impact many SMEs are facing.

We've seen three primary areas where we see large organizations investing that SMEs are not. The first is best-in-class, custom PPE and protective equipment. Large businesses have sufficient and robust protective measures in place to protect their employees. They know where to source, and gain scale advantage in procurement. Further, consumer-facing businesses are customizing equipment, signage and other fixtures to mitigate the obtrusiveness such measures have on the customer experience, thereby increasing their economic advantages over small businesses. We see this in retail stores, with large businesses appearing much more professional and ready than many small businesses. That has an effect on consumer confidence.

Employee testing is another area we have seen. Large organizations are developing independent, private testing strategies. At the extreme, we've seen some employees that are tested daily through private measures. While such measures are not tenable for all SMEs in Ontario, we believe scaled solutions for high-risk, high-impact SMEs can be deployed, as this can be a measure to ensure broader safety within the community.

The last is employee screening. Personally, we have developed thermal screening solutions for multiple businesses, which have been employed as part of multi-faceted daily screening processes. These are the types of solutions that are being deployed within large companies, but smaller companies, quite frankly, are not employing them

to the same degree. Such measures, again, are fostering employee confidence and well-being. In a similar fashion to testing, we believe solutions can be appropriately scaled to SMEs as well.

I, like many business leaders, fear the call that one of my employees may have contracted COVID-19. Our team has been fortunate to have had the knowledge, supply relationships and means early in this experience to put in highly rigorous protective measures. Few SMEs that we engage with share this experience, and both leaders and employees alike dread a potential “I think we may have a case” call.

We believe government support will be needed to address the above challenges. Specifically, we believe the government can bring forward a variety of measures to help SMEs, including supports for procuring high-quality, Ontario-made PPE and protective measures, including rebates or direct mass procurement, and scaled, shared testing and screening resources that can be deployed to high-risk areas, including mobile testing and thermal screening.

We’ve observed low uptake on existing government measures like the federal employee processing fund and others. We think that the structure of them has been a challenge. We believe an adequate qualification time window and a simple process, above all, are required in order to get successful uptake in deploying such measures, given the time lags it takes for small businesses to understand, comprehend and act on government measures. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. We’ll start with the questions now. We’ll start the first set of questions with the opposition. MPP Stiles. Unmute, please.

Ms. Marit Stiles: Here I am. Good morning. Thank you all for joining us here this morning. I really appreciated hearing from all of you. I am the MPP from Davenport, which is in the downtown west end of Toronto.

0920

I’m going to ask my questions specifically to the Toronto board of trade to start, if that’s okay. In my community, like in every community, I think, small businesses are really the backbone of everything we do and everything that makes our communities special and livable, and are so incredibly important to the economy. You talked, I thought, really effectively about the need for government to have your back throughout this, and particularly about the need for funding to adapt and move online for a lot of small and medium-sized enterprises. One of the key planks in our Save Main Street proposal was a remote work set-up fund. I understand that you’re doing a lot and you did receive some funding to do some support for small and medium-sized businesses in this area.

Could you speak a little bit more, though, about what your funding needs would be and whether you think small businesses would benefit from direct funding to enable them to set up remotely in a more effective way?

Ms. Jan De Silva: Thank you very much, MPP. I’ll start with my response and then I’ll turn things over to Leigh as well, who runs the RAP program, our Recovery Activation Program. As it pertains to the needs of small

businesses, the program the province funded us to help provide helps businesses understand where they are in a continuum of digital readiness. For those willing to take the next step, we’ve got a range of programs, including a very comprehensive program to help them develop their own digital transformation blueprint.

The challenge, however, is the cost then of moving forward with the implementation of those solutions. I do think it would be an effective tool for recovery if there was some way of creating financing for businesses that could be paid back over a longer duration, to give them the tools that they need to recover. We fully agree that it’s our small businesses that create such amazing, livable communities throughout the province.

Leigh, over to you. I don’t know if there’s anything further you wanted to add.

Mr. Leigh Smout: Just agreeing with what both of you have said: MPP, 99% of the companies are small and medium-sized businesses, so there’s no question that our economy stands on them. The one thing I would perhaps add is that one of the pillars of the RAP program is to help companies understand how to fund or finance the transformations that we think will benefit them so that they can become more digitally mature or, in simpler terms, able to manage their staff when they’re off-site, able to find new customers when they can’t go to a trade show, able to manage the back office—all of those kinds of things that they all kind of knew they wanted to do more of but now they’re realizing they have to. To Jan’s point, any funding that can help them fund the actual activities they need to undertake to improve—that could be technological changes; it just could be enhanced training; it could be some other things. There’s opportunity there.

We’ve heard a little bit from the federal government on some ideas. Generally, they’ve been specific around, perhaps, women-led businesses and those kinds of things. To be honest, I think we need a more broad-based approach to that for SMEs in Ontario.

Ms. Marit Stiles: Thank you. I have just two more short questions, and I want to try to bring them together quickly, because I know my colleague will have questions as well. Commercial evictions have been a really significant issue throughout our city and many parts of the province. I personally, in my experience with local businesses in my community, found that CECRA, the program that the federal and provincial governments brought in, was really too little too late. I’ve heard from many business improvement associations and others about the issues with that program.

What are your feelings about how that was set up and maybe what some of the shortcomings might have been?

Ms. Jan De Silva: We’ve certainly heard a lot similar to what you’ve indicated, MPP, that there hasn’t really been strong uptake of that relief program, so it hasn’t really benefited small businesses. It’s a challenge, because we do have a lot of individual owners who own some of these buildings that have financing in place as well, so it’s kind of a Catch-22 for many of the parties involved. We would encourage more support to the banks and other

financial institutions so that more robust programming can be put in place for the landlords to pass on to these small businesses.

Ms. Marit Stiles: Thank you. Just one final thing, because as the official opposition education critic, it's on my mind, and as a parent, like so many across this province right now: You mentioned, Ms. De Silva, at one point how important the return-to-work numbers would be in terms of the ability to recover for our economy, which is a point I often make. I think the uncertainty that we have right now is, I'm afraid—and what I'm hearing from small businesses and other businesses—

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

Ms. Marit Stiles: —in my community in Toronto is that there is a lot of uncertainty about the economic impact of school not getting going and what it means for families. Is that something that's on your radar?

Ms. Jan De Silva: Certainly, we're hearing from a lot of employers and a lot of working mothers and working parents quite generally where the ability to have a safe environment for a return to school will enable them to get more fully back into the workforce. But I think everyone understands this is a challenging time. The last thing we want is to have a second wave or a third wave having us shut down the economy fully like we were in March, April and May. I think everyone is trying to be as understanding as possible around the need that we'd like schools to reopen; we'd like children to get safely back into that environment so that we can more fully reopen the economy.

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

Before we move to independent members, I would like to do an attendance check. MPP Miller, if you can please confirm your attendance.

Mr. Paul Miller: Hi, it's Paul Miller, MPP.

The Chair (Mr. Amarjot Sandhu): Calling from Ontario?

Mr. Paul Miller: Absolutely.

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

All right, so we'll go to the independent members now. MPP Coteau.

Mr. Michael Coteau: I have two questions, one to the board of trade. For the RAP program that you spoke about, how much was actually provided by the government, and was this existing money that was repurposed to serve this new need and demand?

The second question is to Beth Potter from the tourism industry. Yesterday, we heard from folks from your industry that they advised the provincial government to start a loan program, a long-term loan with favourable interest rates and grants attached to it. Have you heard a lot about this type of push within the industry from your members?

I just want to thank everyone for presenting today.

Ms. Jan De Silva: Okay. I'm unmuted, so I guess we'll go first from the board of trade here. The province of Ontario has provided us with \$200,000 of funding to operate RAP. We also have \$7.5 million of funding from the federal government. Those two funding buckets enable us to run this through the entire province. We've got formal partnerships with 25 chambers of commerce

throughout the province, in the larger centres, and the Ontario Chamber of Commerce. Those funds are directly made available to companies to enable them to take the digital needs assessment and then to go through other programs such as the digital transformation blueprint.

The Chair (Mr. Amarjot Sandhu): Can you unmute, please?

Ms. Beth Potter: Okay, thank you, and nice to see you again, MPP Coteau. I will tell you that there's a lot of discussion around liquidity and access to cash flow. Many of the programs that have been set up—the BCAP, as an example: Hotels can't take advantage of it. Franchise owners are not eligible for many of the other programs, including the rent control program. So there are a lot of gaps in the programs that have been supplied to date, and many of the SMEs in Ontario have just felt they have not been in a position to take advantage.

The other concern has been the time frame in which to repay loans that they have been able to take advantage of. We just think that we're going to need a longer road for recovery. To repay loans within two years is just not enough time, considering how long the pandemic has been going on.

Mr. Michael Coteau: Thank you very much.

Another question, back to the Toronto board of trade: Just to clarify, you said that the federal government provided \$7.5 million, and the provincial government's response to contribute to this program was \$200,000. If that's correct, how many businesses will \$200,000 actually help in Ontario or in Toronto?

Ms. Jan De Silva: Okay, and the program itself is running throughout the province. Our success metric will be to have 1,000 companies complete the digital needs assessment by the end of March next year. That's the period that the funding has been made available to. At this point, about 28% of the businesses participating are coming from the GTA, the greater Toronto area; the balance are coming from other parts of the province, so it has been attracting widespread attention throughout the province.

0930

Mr. Michael Coteau: So it is really a federal program, with a very small contribution by the provincial government, of \$7.5 million.

Ms. Jan De Silva: It's a program that, quite frankly—the funding from the feds was originally for southern Ontario. The province kicked in some funds so we would be able to leverage what was funded in southern Ontario and make it available to the entire province, so it was very helpful for us to be able to just create some scale throughout the entire province.

Mr. Michael Coteau: Thank you very much. I appreciate your time.

The Chair (Mr. Amarjot Sandhu): Thank you. Any further questions from independent members? All right, so we'll move to the government side now. Any questions from the government side? MPP Smith.

Mr. Dave Smith: I'm going to start with Beth Potter from the Tourism Industry Association of Ontario. Beth, good to see you again. We've had a number of conversations during COVID so far, and I've heard you on a lot of

different occasions talking about some various things. One of the things I wanted to explore, though, was part of our conversation yesterday during AMO, and that was the severance pay. You made a very compelling point to me yesterday during AMO, and I think it's very valuable that we get that on the record here at SCOFEA. Could you talk a little bit about the severance pay issues that your members are feeling?

Ms. Beth Potter: Yes, absolutely. Thank you for that. As it stands right now, the severance pay time frame clock starts ticking on September 4. The 13 weeks will run out in the middle of November. With so many businesses that have not been able to open fully or at all, we will see a mass amount of severance packages having to be paid out at the end of that 13-week period. It will in fact bankrupt many of our tourism businesses; I was talking to one of the large hotel chains over the weekend, and they were indicating to me that they think 20% of their hotels will not reopen because of COVID-19. It is something that is looming, and it is going to be an incredibly large financial burden that will in fact deplete the ability for many businesses to continue to operate.

When you think about the fact that a lot of those businesses are in not just urban centres, but small rural towns across Ontario, they are often one of the key employers in the community. The ecosystem that tourism creates and is a part of as far as the local community and supporting other jobs within a community—the impact will just be a domino effect, and it will be devastating.

We want to keep the relationship with our employees. We want to be able to hire them back, but we just are going to need more time, and so we are looking for an exemption or an extension to the layoff terms, so that we can get into next spring and hopefully be on a more solid road to recovery than we are on right now.

The other part that we need to understand is that so many of our businesses are seasonal. If they haven't opened, then they are pretty much out of cash right now. If they were able to open, they opened at reduced capacity, so they haven't been able to build up what we'd call their nest egg to get them through the next winter season. It's one step in the perfect storm of complications, but it would be an important step to take.

Mr. Dave Smith: Mr. Chair, how much time do we have left?

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

Mr. Dave Smith: So then my next question for you, Beth, is talking about consumer confidence. It's really easy to gauge what the confidence is like when someone is coming into a retail outlet, something like a clothing store or Canadian Tire or something like that. It's easy to wear masks. You can do washing of your hands, sanitizing of carts, those types of things, and you can build that confidence for people to come back. In your research, have you found anything or do you have any statistics for us about what the consumer confidence is like for the tourism industry, and some of the challenges that we're going to face trying to build that confidence level back up again?

Ms. Beth Potter: Thank you. We engaged with Abacus Data and our regional tourism organization partners to take a look at what consumer confidence looks like. What we discovered is that it's very low—in fact, it's in single-digit numbers—and it's going to take a long time to recover.

There are pretty much four groups of people, when you look at the consumers. There is a group that is ready to go: "Just tell me you're open," and they'll be there. But the other three groups are not ready to go. It's either because they're looking after somebody in their home or in their life that they want to protect from bringing COVID back to them or they financially cannot do it or—it doesn't matter. Until there's a vaccine, they don't trust anybody or anything. When you put those three groups together, you are in excess of 90% of the population—

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

Ms. Beth Potter: —that is not ready to get out to participate in life and in activities in the way they would have pre-COVID.

Mr. Dave Smith: My last question will be really quick. I know that you represent or work with some of our Indigenous partners on this. I believe the statistic was that 82% of Indigenous tourism operators have foreign clients. Can you expand on that a little bit? How do we help that?

Ms. Beth Potter: It's incredibly important. Indigenous tourism in Ontario was the fastest-growing segment of our industry in the last few years. It is one of our key draws for international visitors. The fact that our borders are closed to international visitors and that there are still quarantine measures in place certainly has had a huge impact, and unfortunately, Indigenous businesses are suffering the brunt of that. They are closing. They are not able to open. Then you add to that the fear of some Indigenous communities around allowing—

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. Any questions? MPP Coteau.

Mr. Michael Coteau: Thank you, Mr. Chair. Sorry, I had some technical difficulties there. The question, back to Beth Potter: In regard to the job losses, you referenced 200,000 jobs. Has that hit some areas in different ways? Has it hit rural versus urban, north versus south? And do you believe that the 200,000 jobs—we saw some new job growth in the last two months in Ontario. Do you think some of those jobs were connected back to the tourism sector?

Ms. Beth Potter: Thank you for the question. I will speak to the job growth in the last two months. As businesses were allowed to reopen, we were able to bring some of our employees back. Most of that is seasonal work, and those jobs will be disappearing again inside of a few weeks. Rural Ontario has done a little bit better in keeping jobs, simply because people wanted to get outside, out of urban centres and into wider open spaces. So rural has done a little bit better, as far as keeping jobs, over urban centres.

Certainly, the restaurant industry has been incredibly hard hit. The meetings and convention industry is still at

100% layoff. And the amusement parks and water parks have not been able to reopen either. So it's more segmented by types of business than it is by location. However, I will say that in northern Ontario, because of the closure of the border, many of our resort communities—and there are over 1,200 resorts in northern Ontario that rely almost exclusively on American visitors—have not been operating, or operating anywhere near capacity this summer.

0940

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

Mr. Michael Coteau: I know that you have relationships right across the country and you monitor other jurisdictions outside of Canada in regard to the tourism sector. Is there an example out there of a province or some part of the world where they have actually made stronger gains than Ontario? Because in all fairness, I do understand the challenges with COVID. Some of the solutions are just not possible at this point based on social distancing. But is there a jurisdiction that's doing things differently that we can look at as parliamentarians as we move forward so that reopening equals recovery? Are there any jurisdictions you can point to?

Ms. Beth Potter: I will say that reopening doesn't equal recovery at this time. We've got a very long road ahead of us. I have been very involved with the World Travel and Tourism Council over the past five months and have seen a number of other jurisdictions and understand what is working and what is not working.

Testing and contact tracing has been an incredibly important part of any jurisdiction's success, and to institute something on a national level and to work collaboratively with other jurisdictions, other countries, has been incredibly important—that consistency and continuity around the implementation of protocols so that businesses understand and there's equality amongst businesses as we go forward.

In my presentation, I mentioned there's a real confusion around why a shopping mall can open and have a joint public space that is uncontrolled and an amusement park, which is outside, cannot. Why can a swimming pool be open but a water park can't, when science has proven that COVID doesn't live in chlorine? There are some questions that we continue to ask, but continuity and clarity of application of the protocols and the decisions that are being made is incredibly important.

Mr. Michael Coteau: Thank you very much. I appreciate your answer. Thank you, Mr. Chair.

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

Ms. Donna Skelly: Good morning, everyone. My question is for Jan De Silva. Jan, I wanted you to expand a little bit on the new reality around the world, really, when it comes to large gatherings such as trade missions. You mentioned that you had a—I assume it's your very first virtual trade mission. Can you share with us what it was like and some of the advantages and, of course, the disadvantages with being forced to use this medium in order to reach out to stakeholders within your sector?

Ms. Jan De Silva: Okay, I'm actually going to turn that question over to Leigh Smout from our World Trade Centre. He's the leader who's running all of our trade services.

Before I pass the mike over, I did want to say to our MPPs today that an important opportunity for trade is not just international trade; it's interprovincial trade. And one of the most important pieces of advocacy we are focused on right now is to look at removing interprovincial trade barriers. They're just getting in the way of businesses being able to grow here at home. I'll leave that with you.

And if I could turn it over to Leigh to talk a little bit about trade missions.

Mr. Leigh Smout: Thank you, MPP Skelly. We did have our first virtual trade mission. It was with Asia and, probably very topically, related to e-commerce. We were working with folks like Rakuten and Alibaba and JD.com and so on.

There are some challenges, as you can imagine. One of them is that we're working with people who are in China. They're at a 12-hour time change to us. So we were having sessions at 7 in the morning for a couple of hours and sessions at 7 at night for a couple of hours—very unusual for a trade mission.

On the positive side of that, you are able to connect people who might not have been able to get in a room together even during a trade mission. You go over for four days or five days, let's say, to Shanghai or Japan. You're not necessarily going to get all the people you need in a room. In this case, we were able to schedule things so that we could fit those two-hour or three-hour time slots into a lot of different people's schedules, and that was very helpful. So that piece was helpful.

The way I see these trade missions is, they're a way to start making those connections. They don't necessarily completely take the place of going on a trade mission. Eventually, I think we're going to have to meet with some of those people in person, but let's start to get those relationships in place, so that when you do meet in person, you're kind of ready to sign a deal as opposed to ready to talk about what you're offering.

Ms. Donna Skelly: I want to expand on that—and if I could ask audio just to keep my microphone live for this particular segment. Were you able to accomplish what you could accomplish in person? You mentioned you're making connections, but could you take it further to sealing the deal?

Mr. Leigh Smout: It's harder. We have three major components to any trade mission. One is education. I think we could do that just as well. We could get people to talk about the market, talk about what marketing is like in that market: What does it look like to do distribution? How do you work with those partners? All of that could be done.

Site visits—very difficult. If you're trying to go and see a grocery store, you have a fantastic dry-aged beef product and you want to see what it's going to be like in the store—well, we've been in Shanghai in those stores with companies. That is very, very important to their success to be able to do that. So we did site visits, but they're not the same. So we can't there.

The really important part of every trade mission, the thing that they live or die on is, really, the B2B connections: Do we create an opportunity for a sale? We were able to schedule a lot of really good B2Bs. The only thing I can say so far, because it's early days, is our client companies that participated with us, our delegates, are very happy with the connections they were able to make.

But I do think, however, that at the same time, they still feel like there is going to be a need to be in the market at some point to understand those other pieces of it. What does branding look like in that market? Why do they prefer bottles instead of cans? You know, all of the questions—it's little harder to understand until you're actually there. Many of them have told us—we had 18 companies with 22 delegates. Their feedback so far has been that they see these connections they're making leading towards business sales in the near future.

Ms. Donna Skelly: Wow. That's good to hear because, unfortunately, I think this is going to be our reality for at least a few more months.

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

Ms. Donna Skelly: Janet, if I could go back to you. You mentioned interprovincial trade, and I want you to really expand on that, please, because clearly it is an opportunity, but it has presented some significant challenges and barriers currently and up to the present time. Can you expand on the need to break down those trade barriers?

Ms. Jan De Silva: Well, quite frankly, we spend a lot of time and effort helping our small and medium-sized businesses grow by going international. There's tremendous market opportunity across the country if our businesses could scale at home first. We'd see a larger percentage of SMEs getting the capacity to do business nationally having much more wherewithal to do business internationally.

The challenges with interprovincial trade barriers—incidentally frustrating. Some of it is just not paying attention to the inoperability of regulations across markets. We've got, say, provinces like BC and Alberta, where certain size trucks are only allowed to run at night, in BC, and only allowed on the roads in the day, in Alberta. It really is complicated to try get goods from one province to another. Things like alcohol—we've got beautiful Niagara wines. We can't ship those to consumers in other parts of the country; the same with microbreweries across the country. There's tremendous business growth that could happen if we could just get rid of interprovincial trade barriers.

We've had some very productive discussions with the province. We're very much encouraging the province to stand up first, do a deal with one other province and say, "We're going to be open for business," these two provinces, and I can guarantee the other provinces will join the parade as well. But it's critical for us to help our businesses expand here at home.

Ms. Donna Skelly: I want to assure you that both the Premier and my minister, Minister Fedeli, have made this a priority for our government. We recognize that while there are tremendous opportunities internationally for

Ontario manufacturers and Ontario companies, being able to simply—

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

We'll move to the opposition side now for their second round. MPP Miller.

0950

Mr. Paul Miller: Yes, thank you. Can you hear me okay?

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

Mr. Paul Miller: Okay. Thank you. My question is to Beth. Good morning, everyone. Earlier in this process, we discussed the incentives that can be given by the tourism industry to assist the government in the rebound. I can give examples of Italy, for instance: In Sicily, they've offered nights free at the hotel, like the first night free. They're helping with airline costs, like paying for one way. The Japanese tourism bureau has put in, I think, \$100 million—maybe it was more—into the rebound situation.

I do believe that the government, because of the importance of the tourism industry and small business, may have to dig a little deeper for incentives for the tourism industry to help them bounce back. But I also believe that the tourism industry in this province has to help themselves with these types of incentives.

Also, the fact is that marketing and promotion are also important at this point, where they can buy Canadian and have Canadian people come out and spend money in their own country, which is very helpful, until the borders are open. I do believe that working in conjunction with the industries, the airlines and the other industries that are involved, to come up with creative ideas to expand their promotional ads, to put themselves in a position where they get more of an impact on the public and have them come out—how do you feel about that, Beth?

Ms. Beth Potter: I absolutely agree that Canadians exploring our own provinces is important and a very good opportunity for that money that we would normally see with the travel deficit of Canadians leaving the country. We are absolutely working to encourage Ontarians and other Canadians to stay here and explore our own province, no doubt. We have been working very closely with all of the sectors that comprise the travel and tourism industry in the country, including the airlines.

We are seeing some jurisdictions start to offer discounts, and what we're seeing is that their occupancy rates are not changing versus hotels that are offering their normal rates. What we learned after SARS was that by discounting too much, it was an even longer road to recovery and that it took a long time for hotels to get back to a significant RevPAR. What we're doing instead is looking at how we work collectively. TIAO is one organization, but about 60 of the destinations in Ontario are all working collectively with the Culinary Tourism Alliance on a project that will encourage people to get out and explore Ontario and explore the great tastes of Ontario through Feast On, our restaurant program. We are absolutely putting those programs in place; we just want to make sure that there are businesses there to participate in these programs in the future.

Mr. Paul Miller: I think that's an excellent answer. I think that the tourism industry, as well as the government, have to work hand in hand very closely to get us back on track. Obviously, there are some fences that we have to climb to get to that position, but I think working collaboratively with each other—certainly there's more power with the people when you're working as a group. I'm glad to hear that you're reaching out to the other industries, to airlines and hotel chains, to stimulate the economy as best you can in your position. Thank you for your incentives. Hopefully we can maybe generate some income to help you over the hump. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. Further questions? All right. That concludes our time. Thank you to all three presenters for your time and for your presentation.

BETTER WAY ALLIANCE

FANSAVES

BISHOP WATER TECHNOLOGIES

The Chair (Mr. Amarjot Sandhu): First, we'll call upon the Better Way Alliance. If you can please state your name for our record, and you will have seven minutes for your presentation.

Ms. Anita Agrawal: Hi. My name is Anita Agrawal. I'm here on behalf of the Better Way Alliance. They told me I'd be the second presenter, but I'll just continue. I am also the CEO of Best Bargains Jewellery manufacturing. We've been in business for 29 years. I would like to make it to 30 years, and that's why I'm presenting today.

The Better Way Alliance is an association of businesses that are progressive in nature. We're a group of small and medium-sized businesses and not-for-profits who employ close to 30,000 Ontarians. We are committed to decent work and living conditions and offer paid sick days to our employees.

To date, basically, we feel that there are always these platitudes that small businesses are the backbone of our economy; however, they just come across as platitudes. A lot of the programs that are offered by the both the federal and provincial governments are not meeting the needs of small businesses. We're not talking about large corporations; we're talking about small and medium enterprises.

When we talk about the mom-and-pop shop, that's basically who I'm representing. I work with my mom. Before the pandemic, we had eight employees. Now, we'll be lucky to employ two people. That's after 29 years of having business.

Today, I'll have three main areas of focus. The first will be the commercial rent issue. The second will be about tailored financial supports for manufacturing. Lastly, if I can squeeze it in there, we'll talk a little bit about paid sick days and the importance of that for workers.

First of all, with commercial rent, the CECRA and the OCECRA both are falling very short for small and medium-sized businesses like mine. Only 6% of Canadian small businesses have been able to access CECRA. For

example, my business applied to it, and we were rejected because, even though we have a shortfall of 62%, in order to qualify for the CECRA, you have to have a 70% shortfall in your business. Like, 62% is a lot of money, so 70% is unattainable. It's a very high bar for businesses like mine. I have two locations, and my rent is almost \$5,000 a month between the two locations in downtown Toronto.

In terms of the commercial tenant protection—and this is what is the big fundamental problem here: The Commercial Tenancies Act for Ontario has not been updated since 1990. That is 30 years ago. It is severely outdated. It is not drafted in clear language. There is no tenant information or advisory service.

Basically, the fundamental point is this: You have a system that is broken. It was broken before the pandemic, it was broken before COVID, and now all these cracks in the foundation based on the Ontario tenancies act for commercial tenants are being exposed. The chickens have come home to roost. This is all before the pandemic. This Commercial Tenancies Act from 1990 contains such little protection for tenants, rent raises and lease terms. It contributes to a power imbalance between tenants and landlords. So when you see all of these local businesses closing—and this is just going to continue into 2021—that's largely because of this broken tenancies act. I've tried to address it multiple times to various levels of government. It seems to be going nowhere.

Before the pandemic, we could see so many businesses, like Cosmic Treats, Grinder Coffee, Florabunda florist and Broadview bakery, shutting their doors because there is no cap on commercial tenants' rent. For residential tenants, there is a cap, but for commercial tenants, there's none. I saw my rent go up by \$2,000 overnight when my lease expired at a place where I was located for 23 years. So many businesses have seen 500% to 1,000% rent increases overnight. That is not sustainable. There is no rent protection for commercial tenants.

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At the Better Way Alliance, we believe that it's really important—

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

Ms. Anita Agrawal: Oh, my God. Okay. I'm barely through my presentation.

We really believe that this act needs to be updated. The other thing that could happen is that there should be standardized leasing. If you look at rent terms and lease agreements, there is no standardization, and that is a big problem, because landlords are not adhering to any strict protocols. This includes repairs; this includes maintenance. There should be a tribunal, just like there is for residential tenants. There needs to be a commercial tenant and landlord tribunal, so that it's fairer for commercial tenants.

In terms of manufacturing, we've put in our document a lot of suggestions and recommendations for manufacturing, improving things for Ontario-made. I'm an export-focused business. I manufacture. Companies like ours, companies that manufacture and are made in Ontario—I know that you started the ball rolling, but we do require

more types of incentives for us to stay afloat. That's outlined in the presentation that I've sent and shared with you.

Finally, the last thing I just want to quickly add: Paid sick days are really important. This pandemic has proven it. As an employer, I believe in and support paid sick days, and we should never have taken them off at the chopping block in the first place, which was a very big disappointment that the Ontario government implemented when you came in.

That is it for my presentation. There was a lot more that I wanted to cover, but some of it is outlined in the presentation that I've circulated already. Thank you.

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

Our next presenter is FanSaves. If you could state your name for the record, and then you can get right into your presentation.

Mr. Kris McCarthy: Hi, my name is Kris McCarthy. I'm the co-founder and COO of FanSaves, and this is—

Ms. Shannon Ferguson: I'm Shannon Ferguson. I'm the co-founder and CEO of FanSaves.

Mr. Kris McCarthy: We're a digital platform that helps sports teams, tourism groups, chambers of commerce and all other types of organizations promote their sponsors and their members through our platform. A big sector of ours is the tourism industry, which was obviously hit really hard by the pandemic. Mid-March when everything shut down, all of our revenue went to zero, so not only could we not make sales to our organizations, but we couldn't support all the member businesses and sponsors who were forced to close their doors due to social distancing.

Ms. Shannon Ferguson: We did just want to touch base on a program that we actually ran throughout COVID. We launched it on April 3, 10 days after. We decided to pivot and we actually did a gift certificate program. We helped 62 communities across Canada and over 630 businesses bring in over \$30,000 of revenue during COVID, during the darkest days. We did that program completely for free.

In mid-March, we did have to let go of our employee. As Kris mentioned, our revenue went to zero and stayed that way until July. We actually didn't apply for the wage subsidy, just because we knew even if we brought our employee back, we had zero revenue to even supplement that small amount that needed to be paid to him.

We're in a kind of a unique situation where we just had a really good July. Because of all the hard work we did with our gift certificate program, we've now built those relationships and we're able to start helping them now. We had a really good July, and year over year it actually doesn't add up and we actually can't get the wage subsidy. So now we're in this really weird spot, because we haven't made any revenue for four months and we had kind of a good July. For us, we're a small start-up, so a good July is really not even enough to pay our operating expenses and to also pay an employee, to bring him back and know that we're not going to have to put him back on EI in another month or two. For us, that's a big issue, where we want to

bring our employee back, we want to pay him, but we don't have to put him on EI in another month or two when we don't know where it's going.

For example, as Kris mentioned, sports teams are our bread and butter. We license our product to them. As you know, yesterday the CFL season got cancelled and we had pilots set up with one of their teams. So with us being unsure of everything, we're just trying to make the best decisions. For us, the uncertainty still exists.

We also applied for the IAP grant. We didn't get chosen for that. We've tried to do everything that's out there for us and we're still not getting accepted for some of those things. We did manage to get the CEBA loan, but with business expenses and operating costs, it only can go so far. We're in a really unique position, because we're a three-year-old, small tech start-up. We've managed to get by this far. We really, really want to bring our employee back but we have to be smart about it, and that's where we're at.

Mr. Kris McCarthy: Do you want to mention CERB?

Ms. Shannon Ferguson: Yes, another thing is, because when we weren't making any revenue in the business, we couldn't pay ourselves any dividends at all. Any revenue that we made in July went straight back into the business. Of course, now it's August. We've been super grateful for all the help that we have received, but we're trying to figure out what the next step is for ourselves and for our future, because we have to figure that out.

Mr. Kris McCarthy: With CERB coming to an end, we're going to be relying on future sales to carry both ourselves and our business forward, so we're a little unsure of how that's going to work, especially with the uncertainty that is in the tourism industry right now, and obviously as evidenced by the CFL folding yesterday, it's not a good sign for a business like us. So we're in that stage right now where we're just kind of floating and waiting to see what's going to happen and trying to create strategic partnerships and sales at the same time to keep us going.

Ms. Shannon Ferguson: We do really appreciate you hearing us today, and we thank you guys for everything that has been done.

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

Our next presenter is Bishop Water Technologies. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Kevin Bossy: Kevin Bossy, CEO of Bishop Water.

Good morning. We are a small-to-medium-sized enterprise. We have 15 employees. During COVID, we have managed to not lay anybody off through that period of time, due to the wage subsidy program. We are classified as an essential service and do work from Newfoundland to Vancouver Island and up into the Arctic Circle. We are mainly involved in the water and waste water industry.

From our perspective, where we have found the main challenge is there is a significant degree of regulatory differences between provinces. We've had to work in the Atlantic Canada bubble; we're doing work in Alberta. There is a great deal of uncertainty around how those procedures happen, and from our perspective, one of the

challenges is how long is that going to continue, or is there going to be more of a consistent regulatory framework as it pertains to occupational health and safety on COVID, for that side of work. That's certainly one of the things that we have seen.

The wage subsidy program—we've seen a reduction of about 35% revenue year over year, which compared to some people is still pretty good, and we've been able to continue to work, but there have been significant challenges associated with that work. I think it's important that there are federal transprovincial guidelines about how working practices will be maintained as we move forward through the pandemic.

My other point that I wanted to talk about was that I think, as we come out of it, there are generally going to be the sort of economic issues occurring that tend to lead to an infrastructure investment process, particularly a federal-provincial partnership, and one of the things that we have seen is that there tends to be a concentration on shovel-ready projects. I think, from an innovation perspective and as an innovative water company, there should be a real focus on shovel-worthy projects.

1010

I think this is something that we can see significant additional investment from and that will be a big boost to small and medium-sized enterprises in the province, as opposed to shovel-ready, which tend to be large, shiny projects that don't tend to have—in some cases, the communities that get them can't actually afford the projects, and in some cases they sort of turn into a semi-white elephant. I think a shovel-worthy aspect is certainly something that should be really concentrated on if we look at any infrastructure-type of stimulus process.

Finally, I'd like to thank the province. I think, considering what we've seen, there's been a good flow of information in a very trying and testing time. I think both the Renfrew county public health unit and Renfrew county have tried some significant stimuluses and public information, and I think the province, the county and the municipality should be congratulated on what has been a very difficult period of time.

That's all I've got to say. Thank you very much.

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

We'll start with the questions now, and this set of questions will start with the government side. MPP Skelly.

Ms. Donna Skelly: Thank you, and good morning, everyone. Kevin, since you ended, I'd like to ask you a few questions to begin with. Actually, you were talking about interprovincial trade. That was raised in the previous presentation by Jan De Silva from the board of trade. Can you expand on the challenges that you face in your industry because of the varying regulatory issues from province to province?

Mr. Kevin Bossy: Yes. For example, we won a number of contracts last year for the 2020 season in Atlantic Canada. We do a lot of business in Atlantic Canada. We had to get ourselves classified as an essential service. We deal with water and waste water, particularly in municipal and industrial sites.

Our staff, once they entered into the province, had to self-isolate for two weeks. Now, in PEI, that didn't mean they couldn't go to work, but they had to stay in an apartment on their own. They weren't allowed to go to grocery stores and they weren't allowed to go into garages for gas and that kind of stuff. So we had to make significant arrangements around that. Certainly we're not necessarily complaining about the significant arrangements; it was just the—

Ms. Donna Skelly: Reality.

Mr. Kevin Bossy: We certainly understand that. Now things are a little bit easier in Atlantic Canada because they've sort of created the three-province bubble. But I mean, from where we are in Renfrew county, I think we've done about 19,000 tests. We've had 30 positives and one death from COVID.

When we went through New Brunswick, we weren't allowed to stop in New Brunswick because we were on our way to PEI. So it really did create some logistical issues about transporting people around and moving them in.

Now going west, there hasn't been the same kind of regulatory impact. And certainly, I understand where the Maritime provinces were coming from. If that's going to continue, there should be some look at making that a bit more—

Ms. Donna Skelly: Can I ask you, in the pre-COVID world, were you struggling with the different regulations from province to province?

Mr. Kevin Bossy: There are some strange regulations, particularly in regard to worker safety insurance premiums and that kind of stuff, so there are some. But I think those are long-standing things. So even though our staff are covered under the Ontario WSIB, we still end up paying premiums to—when we do work in the Northwest Territories, we pay premiums into there and that kind of stuff; to do work in Newfoundland, we have to be registered as a Newfoundland corporation. So there are some idiosyncrasies, but those are all part of doing the business side of things.

I think this was certainly something that was very, very new. A number of our projects in Ontario were postponed because of COVID and the working arrangements, and certainly that can be appreciated—

Ms. Donna Skelly: Thank you for that. I know we don't have a lot of time, so I want to just ask Kris and Shannon to talk a little bit about their business model. Clearly you have a unique business model, but unfortunately many small businesses are facing the same challenges that you're facing moving forward. Can you just briefly explain the business model that you currently have and what you foresee as what will happen post-COVID?

Ms. Shannon Ferguson: Yes, for sure. We have a bit of a unique business model where we license our platform, which is mainly an app, to organizations such as sports teams or chambers of commerce. We license it to them and they resell it or offer it to their sponsors or their members. If you can imagine, for a sports team, it's kind of like a ripple effect that's affecting us, because if a sports team

has to go out and sell sponsorships, but there are businesses that are closed down or have reduced what they're spending on sponsorship, they're less likely to license our platform.

But there is kind of an upside where, now that things are more digital, these sports teams, for example, are looking for solutions that are digital. Because they don't have fans in the stands, they need to find creative solutions for their sponsors to get seen. During the deep days of COVID, we were really uncertain about how that was going to be, and we really strategized to make sure that the organizations that license from us actually saw the benefit. That's what we've really been working on, and kind of why we had a really good July.

Mr. Kris McCarthy: College and university athletics—

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

Mr. Kris McCarthy: —are another one of our big verticals. Obviously the youth sports have cancelled their entire fall season and have postponed their winter season, so that's another market that we can't really get into right now, but we do know that some money has been allocated from the Ontario government to the destination marketing organizations across Ontario. One of the partners that we're working with up here in Cornwall is Cornwall Tourism. We're hoping to use that as a model for other tourism organizations across Ontario to make that a big vertical that we can get into and work with right now, while other verticals like sports, athletics etc. are kind of on the fritz, kind of up in the air right now.

Ms. Shannon Ferguson: We're really trying to capitalize on that "shop local" movement. With, for example, Cornwall Tourism and their Explore Cornwall campaign on our platform, they're able to promote local businesses and local attractions, and able to really bring people into those stores and show them what's in their own backyard. For us, we're really trying to work on—

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

Ms. Donna Skelly: Oh, we're out of time.

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

All right, so we'll go to the opposition side now. MPP Morrison?

Ms. Suze Morrison: Hi. Can you hear me?

The Chair (Mr. Amarjot Sandhu): MPP Morrison, can you please confirm your attendance before you start?

Ms. Suze Morrison: Yes. Hi. I'm in Toronto.

The Chair (Mr. Amarjot Sandhu): Thank you. Please go ahead.

Ms. Suze Morrison: I'm going to address my questions to Anita. Thank you so much for being here today. Can you expand a little bit on the importance of paid sick leave and why that's something that you're advocating for for small businesses?

Ms. Anita Agrawal: Yes. First of all, hello. You're my MPP, so hi.

For small businesses, it's really clear. This pandemic has really hit this emphasis home. It's so important. I mean, just imagine: I have eight people who work with me. One of them gets sick. We're all going to be sick

consecutively, constantly. Two paid sick days was very minimal. We offer that to our staff. Because we're such a small mom-and-daughter operation, we work with our staff very closely. I think that that needs to be expanded, and whether that needs to be invested in by the governments, as well—there are possibilities there as well.

Businesses like mine believe in our responsibility to keep our employees safe, and also to protect our clients. When my clients come into the office, if I know that somebody is sick, do I really want to infect everybody? I think that my business is a bit different, because I'm a product-based business, but I can't imagine what that's like for restaurants. There are large, standing implications, and I think this pandemic makes that very clear.

1020

Ms. Suze Morrison: Yes, and you also spoke about the federal rent protection, the rent relief program, and how small businesses are falling through the cracks. I know we've heard this over and over again from small businesses, particularly in downtown Toronto, where we have some of the highest commercial rents in the country.

Ms. Anita Agrawal: Yes.

Ms. Suze Morrison: I mean, I know there are businesses on Church Street paying upwards of \$17,000 or \$20,000 a month in rent. Can you speak a little to what sort of support you'd like to see from the provincial government for small businesses that are falling through the cracks?

Ms. Anita Agrawal: Most importantly and foremost, the Commercial Tenancies Act of 1990 falls significantly short. It needs to be revised. It's 30 years old. It's completely out of date. The problems that we're facing as small businesses are pre-existing. They're not because of this pandemic. This system is broken.

The first thing that you can do is standardize rents and standardize landlords' leases. I have two locations, and if I look at both of my leases, they're completely different. What I fear is that for certain companies that are locked into five-year leases, now because of the pandemic what's going to happen is that because they're locked in, with some leases, because there's no standardization, people actually have to pay the full year or declare bankruptcy. That's the only choice you have. Let's say I'm at year number two into my lease. If I have a five-year lease and my landlord says I have to pay the full three years, the only choice that I have as a business owner is to declare bankruptcy. I'm not in that situation—I'm very fortunate—but I know other businesses that are in that situation.

So if this is a government that is for business, then we need to actually fix the issues that impact these businesses. That means fixing the landlord and tenant act. That means maybe creating a tribunal, just like with residential tenants, like the Landlord and Tenant Board, that treats commercial tenants with fairness. Right now you have a massive power imbalance in the favour of landlords. I'm very lucky that I have two pretty decent landlords, but I know a ton of other businesses that aren't in that same situation, and I have had bad landlords in the past myself.

Ms. Suze Morrison: Thank you so much. I wish we had more time together, but I'm going to actually split my

time with MPP Harden, who I know also has some questions for folks.

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

Mr. Joel Harden: Thank you, MPP Morrison, and thank you, Chair. I want to move over to Kris and Shannon. First of all, it's really nice to see other Ottawa and Ottawa Valley folks—

Failure of sound system.

Mr. Joel Harden: Oh. I somehow got muted there for a second, Chair. Just a heads-up.

I'm really glad to see you on this call. I'm wondering if you could talk a little bit about your industry and COVID. I know there has been a big, ferocious debate in our province about what will happen to the future of recreation and sport. We're all worried about our kids having a lot of resting time and idle time, usually involving things with screens, so we have to do our best to make sure we're safely getting kids active.

If the professional large sports team is closed to you, what I'm wondering is: As you think of your business model, how much are you connected to community sports and community recreational activity, and are there things the government could do to help you access those markets and make those partnerships more successful?

Ms. Shannon Ferguson: Thank you so much. It's definitely great to see you on here today. For us, that's great that you asked that. We actually created a partnership with an entire girl's youth soccer league last year, called Brams United out of Brampton, Ontario. I just had a call with her, actually, about two weeks ago—

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

Ms. Shannon Ferguson: —with the general manager. She was saying how it's so different. They're unsure about what's going to happen. Even the kids are scared. They started doing little bubble workshops, and the kids were scared to get close to each other. It is really uncertain. It's uncertain times for everyone.

Fortunately, Brams United is one of the organizations that sees the benefit of us, because again, they're looking at ways to keep their organizations afloat and they can sometimes only do that through sponsorship, especially with reduced players that are signing up and registering. Parents don't necessarily feel comfortable with their kids playing. So the way to keep the organizations afloat is through community support and through sponsorship. If they can't put logos on normal jerseys or on the field or any other inventory they used to use, then that's why they're coming to us, so—

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

We'll have to move to the independent members now. MPP Coteau.

Mr. Michael Coteau: Thank you to the deputants for being here today. I do have a couple of questions.

To the folks from FanSaves: First of all, I think your business model and the whole approach of what you're doing is really innovative. I went onto the website, and it looks like you're doing some great things. It's nice to see innovative businesses like yours here in Ontario, so thank

you. It's important that businesses like yours survive during these challenging times.

You spoke a lot about one employee, and in the way you spoke about that person, I could tell that they were part of the team and they made a huge difference.

One of the big tragedies is that if companies don't get some type of support or we don't find a solution quickly, companies will lose their employees to the larger companies that can afford to weather the storm.

Realistically, governments—federal, provincial, municipal—cannot be the answer to every single company, and I think companies know that. What they're looking for is some type of assistance that's aligned with some of their biggest challenges.

If you could trade places with the Prime Minister or the Premier and be a policy-maker, what would you do differently to support small businesses like yours, especially the businesses that don't have large associations backing them up, that are really independent and don't fit into the traditional mould? Do you have any advice for us on what you would do differently?

Ms. Shannon Ferguson: That's a great question. It's so true that we don't fit into that traditional mould. We're not retail; we're really a SaaS company.

I think that, especially for the wage subsidy, because we're at the point in our business where we do want to bring someone back—is to be able to look at a situation as a whole, instead of just looking at one month, year over year; to be able to justify your case and say, "This is our revenue during this whole period, and we're working really hard. We're bootstrapping our company. We're scrappy hustlers."

And you're right; we are so grateful to have an employee who has been very patient and who believes in us enough to stick with us. But he's wondering, "When am I going to be brought back?"

So I think the big thing is looking at the whole picture. I know that's sometimes not easy to do for every single business. But if there was a way for a wage subsidy or something—to not just look at such a small snapshot, but to look at your whole experience during COVID-19 and to really put that into bigger perspective.

Mr. Kris McCarthy: An emerging vertical for us is e-sports. Right now, in Ontario, there's the OPSE, the Ontario Post-Secondary Esports league. There are already 19 colleges and universities, but next year this is going to grow. So maybe there could be a subsidy or something for this group, who will be relying on very basic funding, for all the other schools to be a part of it. This could be a huge thing for Canada. E-sports is blowing up, and they're the first in Canada to be a part of something like this. Another company we're working with out of New York City also run e-sports programs. There's talk about a cross-collaboration, an international event. So there could be something like that that would really help us—

Ms. Shannon Ferguson: Yes, and supporting the small businesses who can then support the teams who can then support us. For us, it's a ripple effect, so we're kind of at the end of that. Definitely, the support that you are giving to retailers and businesses doesn't go unnoticed by us.

Mr. Michael Coteau: I wish you all the best. It sounds like a great business, and I'll keep an eye on it to see how things are going.

Do I have more time, Mr. Chair?

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

1030

Mr. Michael Coteau: I have a question for Anita from the Better Way Alliance. Thank you for being here today. You said something—I just wanted to get some clarification on this. When you talked about the standardization of leases for small businesses—and I do agree with you: When rent just jumps up by 200%, 400%, 1,000% overnight, that's unacceptable. I completely understand that. But you are a business, right? Yesterday, I was watching the news, and they were saying the price of pepperoni has doubled in the last month because of the pork industry and distribution. Obviously, business models, taxation, costs of operation—things change, and landlords are a business. They're in it to make money, and they're capitalists, just like anyone else running a business.

Do you think it would be fair—I just want to be clear on this, and I'm not suggesting I have an opinion in one direction or the other direction—as a business owner to put a cap on your profitability margin, based on supply and demand?

Ms. Anita Agrawal: It's a very different scenario, right?

Mr. Michael Coteau: Yes.

Ms. Anita Agrawal: You have to remember the fact that these rent increases—my rent increased overnight by \$1,800. I'm very fortunate that I'm able to absorb that kind of cost. That's overnight. Literally one lease ends, the next lease starts, and then my landlord is like, "I'm going to put you on a month-to-month lease."

Right now, we have the Wild West when it comes to leases and rents. We're not talking about a few hundred dollars; we're talking about very greedy landlords who decide—do you know what? The funny thing is, I have two locations. I originally had one. I have bigger locations now, and I'm paying less rent two blocks away from my old office.

So there's no standardization. Like we're [*inaudible*] in the Wild West. I could understand if my landlord came to me and said, "Do you know what? I'm going to raise your rent by 500 bucks." I get it; fine. But we're talking about unreasonable standards here. And there needs to be—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll go back to the opposition side now for their second round. MPP Fife.

Ms. Catherine Fife: Thank you to all the presenters. You've actually brought different perspectives from different areas of the sector.

I just want to ask Kevin about how, moving forward—because that's one of the challenges of this committee: to try to determine how we can be helpful. I want to applaud you on keeping all of your 15 employees. That could not have been easy, and I know that the federal wage subsidy is key to that. When the wage subsidy ends, as it will—it's predicted to in December—what will that mean for you,

and what role do you see the provincial government playing on a go-forward basis?

Mr. Kevin Bossy: Because we're a water innovation company, it's important that we keep our staff. So our intention will be, after the wage subsidy, that we will do pretty much whatever we can to maintain the level of staff we have. We've got some great technical people and a number of really good, strong researchers who bring significant value and differentiators as a business.

I think from a provincial perspective, it's really to continue supporting the small to medium-sized businesses and really not seeing that the answer is in—the majority of jobs in Canada are in small and medium-sized businesses. The larger organizations are very worthwhile and very needed, but job growth is going to come from small to medium-sized businesses, and I think that that's where my shovel-worthy from an infrastructure perspective, which pertains to our side of things, being in the water industry, is very needed. We tend to lose out in anything that's a shovel-ready kind of aspect. But I think training, continuing to invest in colleges. We employ a lot of people out of both the Nepean campus and the Pembroke campus of Algonquin College. Continue to invest in education. I think it's very important from that perspective.

Ms. Catherine Fife: Yes, and I'm glad you mentioned the training, Kevin, because that's something that we have been advocating for to prepare for the new economy.

The shovel-worthy piece is interesting for us because we believe in life cycles. Projects that have an environmental and an economic return on investment: Is that something that the government should be looking at? Because obviously, your industry is around dealing with waste cleanup, keeping water quality high. Have you lost out on many contracts because it's a longer version of where we need to be right now?

Mr. Kevin Bossy: I think that's certainly one aspect of it. I'll just give you a quick example: the town of Perth. We put in our system. The alternative system they had was around \$7.5 million; we were just slightly under \$1 million. We meet all the regulatory and environment aspects that they needed, yet that sale cycle—we first went to see them in June 2010. It was a design-build. We partnered with Maple Reinders, who are a large construction company. It was our design and our commissioning, and they did the build. Like I said, it was just under \$1 million, but the sale cycle was around six years. For a lot of companies, that would be an exceedingly long time to keep people employed while you're going through that design process. But from the municipality's perspective, it saved them almost \$6 million in capital spending. Operational spending, as well, has been significantly lower. And ours has a lower carbon footprint than the alternatives as well.

Ms. Catherine Fife: That's excellent. Actually, I looked at your website; it's fairly impressive. Thank you very much, Kevin, for presenting today.

I just want to go quickly to Better Way Alliance. Anita, thank you for your comments on the Commercial Tenancies Act. We completely concur with that. It needs to be updated. This pandemic has brought out the best and

the worst of some people, and we have seen some pretty predatory price-gouging on commercial rents. That certainly should not have been allowed to occur in the province of Ontario during this pandemic.

I'm going to throw it back to MPP Harden for a question as well. Please go ahead.

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

Mr. Joel Harden: Thank you, MPP Fife. Chair, how much time do I have?

The Chair (Mr. Amarjot Sandhu): One minute and 45 seconds.

Mr. Joel Harden: Okay. Well, in that time, I'm going to make the best of the opportunity that I can to acknowledge Kevin as my other Ottawa Valley person. Nice to see you here, Kevin. I'm familiar with your success and your company's success. I'm wondering, to take you to a bit of a different place, a related place—the many small businesses and medium-sized enterprises we're speaking to here are all very anxious about the impact on their business given the debate we're having in Ontario about back to school. I'm wondering if you have any advice for my government colleagues about what might happen to your business and related businesses if, indeed, because of unsafe learning conditions for students in grades 4 to 8 and for all the workers in the public school system, we in fact do see a second wave, as we saw in countries like Israel. I'm wondering if you have any thoughts from a business perspective that you'd like to share with my colleagues in government.

Mr. Kevin Bossy: It's funny, because we didn't wait for it. We sort of have a hazardous waste program ahead, so we actually moved very, very quickly. We were starting to sort of do COVID mitigation in February, which was more because we do that every day when we deal with waste water. So we've been very fortunate in that. I think, industry-wide or across the province, it is going to take a real change in perspective.

I agree with what Anita said earlier about sick pay. I think that's something that—if there is a WSIB, there almost needs to be a provincially run sick pay program, something similar to what you see in, say, the United Kingdom and other parts of Europe. I think there needs to be that so people don't come to work when they don't feel—but, you know, we'd pay it as an insurance premium. Maybe that would be something that I think is certainly—

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

Mr. Kevin Bossy:—something that should be considered. Sorry, Joel. Thanks.

Mr. Joel Harden: Thank you, Kevin.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go to the independent members now for their second round. Any questions? MPP Coteau?

Mr. Michael Coteau: Thank you, Mr. Chair, no, I'm fine. Just thank you again to all the participants today. I appreciate their being here to present.

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

Mr. Billy Pang: Good morning, everyone. Thank you to all the presenters. You're facing the challenges that all Ontarians are facing.

My first question is going to Kris and Shannon. After closing for almost half a year, did you see your business coming back after the reopening in stage 3, and what is the most current situation with your partners?

1040

Ms. Shannon Ferguson: In July, we were able to again transition from our free program that we had been doing throughout most of COVID to really convert those people into paying customers, so we are working hard to come out of it properly.

Something that we've been focusing on as well is remote working. I think there needs to be some attention paid to that, because when we do bring our employees back, and we are hoping to hire more employees, it's going to be remote. As much as definitely having an office was on our radar—we actually have had an office and we closed it right before COVID, thankfully. But I think working remotely is going to be a big part of moving forward, and that's one of the things that we're really focusing on, as well.

Mr. Kris McCarthy: I'll just add to that. I think the Digital Main Street program is so important for small businesses that never had an online presence before. When we were running our gift certificate program, we ran into a lot of founders, business owners, who didn't know how to maintain their social media pages, didn't even have a website. Having a program where they can have e-commerce available to them and open their business up to a broader amount of customers is really important, so kudos to the government for that program.

Ms. Shannon Ferguson: That's what we're focusing on during this reopening, because, again, we don't have to focus on having people in our stores. We don't have a storefront, so we're really putting a focus on that remote work and Digital Main Street programs that are around.

Mr. Billy Pang: Do you think you'll be a winner in the near future because people are not going out most of the time but going to the website and shopping virtually?

Ms. Shannon Ferguson: Yes, that's something we have a new focus on as well, because most of our initial business, for the first two years, was all geolocation. It forced people to redeem a deal in store. We pivoted a bit through COVID, and we have an online deal redemption system now, where they can just receive a code. We had to pivot. We recognized that people physically couldn't go into a restaurant to redeem a discount or deal, so we had to make sure that we pivoted to be able to still provide our services.

Mr. Kris McCarthy: We can offer a lot more of those online deals now because of the Digital Main Street program, where our businesses have e-commerce options.

Mr. Billy Pang: Good. Thank you for your response.

My second question is to Anita. In your presentation, you mentioned Ontario Made initiatives, but you don't have a lot of time for that. You may know that Ontario Made is a \$500,000 program that was made possible by

funding provided by the government of Ontario, and it will help the province's manufacturing base to begin again and recover revenues lost due to COVID-19. So would you like to interpret more on your Ontario Made initiatives?

Ms. Anita Agrawal: Yes, for sure. I've been in business long enough to know about things like the PEMD program. I don't know if you're aware of that. It was a long time ago. But the nice thing about programs like that, like the current export development fund that you have at the province level—literally, it would take me 80 hours to create an application, to fill and submit that. There should be some incentive, an easier incentive or grant program, where we could just talk to somebody who could do an evaluation, an audit of our business, and say “Okay, yes. You qualify for this amount.” Eighty hours for me as a small entrepreneur is thousands of dollars of income, especially when I have eight employees. If the programs are harder and more difficult to access, it just doesn't make it easier for us, you know? So one thing is streamlining, having more export development-oriented funds, especially for manufacturing.

I agree with the group from FanSaves that the Digital Main Street fund is fantastic. However, for a lot of us, again, for a \$2,500 fund, if I'm spending a day or two to put it together and I'm at a different level as a small business, there should be some other kind of larger-scale fund as well for digital development, because \$2,500 for digital investment is actually not a lot.

The last thing that I would say is having apprenticeship and internship programs. This is a very key component. I know this current government cancelled or capped a lot of youth employment programs. Those need to still happen. I'm also a part-time professor at Centennial College, and I can tell you these kinds of services, these kind of programs are vital for not just young people but for businesses who employ young people to try it out, to see if this person works. As you know, new skills are constantly needed and the pandemic has shown that. So if we're going to hire new people who have tech-savvy skills, there should be some kinds of better programs for young people to intern or apprentice with us. Those are my three points.

Mr. Billy Pang: Okay. Thank you very much. And my third question—how much time do I have, Chair?

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

Mr. Billy Pang: This one is for Kevin. Thank you for your efforts to solve environmental challenges through your business. Can you interpret a little more about shovel-ready project investments?

Mr. Kevin Bossy: Yes. I believe MaRS is doing some work on this, and it's something we fundamentally believe in, that if you have a policy around environmental cleanups, rather than looking at innovative projects, particularly Ontario-based innovative companies—

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

We're running a bit ahead of the schedule, so we'll have to recess for five minutes. We'll come back in five minutes. Thank you.

The committee recessed from 1046 to 1059.

LAB IMPROVEMENTS

K. WINTER SANITATION INC.

ONTARIO RESTAURANT HOTEL
AND MOTEL ASSOCIATION

The Chair (Mr. Amarjot Sandhu): Welcome back. We'll go to our next witness, for our 11 a.m. slot. First I'd like to call upon Lab Improvements. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Alex Bushell: Sure. Thank you very much. My name is Alex Bushell.

Good afternoon, Mr. Chair and esteemed committee members. My name is Alex Bushell, CEO of Lab Improvements. Thank you for inviting me to speak with you today about how the COVID-19 pandemic has delayed the procurement of new medical equipment and services.

When COVID-19 hit North America in March, elective surgeries were cancelled, leading to a large backlog of patients waiting for cancer detection and diagnosis. In order to catch up, many hospitals are now extending surgery hours into the evenings and on weekends. This sudden increase in volume is going to overwhelm Ontario's pathology labs, which were already under-equipped and short-staffed before the pandemic due to the chronic shortage of medical lab technicians.

Based in Peterborough, Lab Improvements specializes in developing and manufacturing robotic solutions for hospital labs. In 2018, we partnered with the Peterborough Regional Health Centre through a provincial program that aimed to partner private companies with public health care providers to identify a major problem and work together to develop a solution. For our project, we developed a device that would automate the sorting and filing of histology slides, which is a time-consuming bottleneck seen in pathology labs across Ontario that leads to delays in patient diagnosis and treatment. This project was highly successful and has since been featured in multiple industry publications as well as on CTV News nationally.

Once our technology was installed here in the Peterborough Regional Health Centre, the staff time required to sort and file patient samples dropped dramatically, from six and a half hours a day down to less than an hour. This allowed the already overworked staff to focus on higher-yield activities within the lab. Peterborough Regional Health Centre is now able to be more efficient in the use of its fiscal and staff resources.

After witnessing the success of the technology developed right here in Peterborough, many of Ontario's leading pathology labs began actively pursuing the purchase of our SlideTrack technology. Adoption provides hospitals with an immediate improvement in patient diagnosis times, in addition to saving their labs time and money. However, due to budget uncertainty caused by COVID-19, many of these new equipment purchases here in Canada have been delayed or cancelled outright. These

procurement delays have severely impacted our projected growth, but more importantly, have left Ontario pathology labs in a precarious position.

Both federal and provincial levels of government have promised additional money for health care to make up for these funding shortfalls, but there's been no additional information on when it will arrive, how it will be distributed or what conditions might be attached to this money. Lab Improvements is calling upon the government of Ontario to help us streamline the procurement process and prioritize the adoption of Ontario-developed technology. This would let medical technology developed here at home help with Ontario's COVID-19 recovery, while also helping companies like ours to hire additional staff into desirable high-tech manufacturing jobs that Peterborough and our province so badly need right now.

The two specific items that could help hospitals and regional health units adopt Ontario-developed technology are the creation of a specific fund for the purchase of made-in-Ontario technology for small and medium-sized enterprises or a one-time injection of funding to health care supply chain organizations like Plexxus, Mohawk Medbuy Corp. or the Northern Supply Chain for the procurement of efficiency-improving technology.

The Lab Improvements team knows that these two items alone would have an immediate impact on the abilities of the hospitals and regional health units that we work with across the province, ensuring that they are more efficient in the diagnosis of disease, in the delivery of life-saving medicine, and that they are able to apply their resources where they're needed most.

Thank you for your time, and I look forward to your questions.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is K. Winter Sanitation Inc. If you can please state your name for the record, and you can get right into your presentation.

Mr. Roger Winter: My name is Roger Winter, from K. Winter Sanitation.

The Chair (Mr. Amarjot Sandhu): Please go ahead.

Mr. Roger Winter: Our company, K. Winter Sanitation, is located in Innisfil. It's a family-owned company for the past 56 years, employing between 19 and 23 people year-round. The company manufactures, rents and services portable toilets in the central Ontario region. We manufacture a heated warm-water sink that goes inside the portable toilet. That's for handwashing. We've been using that for the last 15 years. It helps the construction workers on sites be able to wash their hands to avoid infectious disease and occupational hazards. We service from Hamilton to Bowmanville to Bracebridge to Collingwood for construction sites and long-term rentals.

Since COVID came in, our company has increased 35%, as construction sites are ordering more portable toilets and more handwashing sinks. We've also noticed that many construction sites are upping their service due to COVID, as they're making sure that workers are safe on-site. Also, we've been supplying lots of portable toilets to construction sites, offices and factories for handwashing.

In Ontario, the construction regulations under the Ministry of Labour to keep construction workers safe and healthy are for handwashing with heated warm-water sinks, lights and heated portable toilets. That's what is in the regulation. The problem is that for the past number of years, the construction industry had not been doing a lot of handwashing, up until COVID. Now, since COVID came in, the Ministry of Labour and the construction industry have really been pushing handwashing. The sad part is that a lot of construction companies and portable toilet companies do not have available resources to get the sinks onto sites, so it has been kind of a complex thing, making it hard for everybody to comply.

Hand sanitizers are what a lot of toilet companies used to use, but the problem is hand sanitizers are great for clean hands, but they're not good for dirty hands. It only sanitizes clean hands. We are afraid that after the virus goes through, after COVID, construction sites are going to go back to their old ways of not enough portable toilets on-site, no handwashing and not enough servicing to keep the construction workers safe from infectious diseases and occupational hazards.

Handwashing with clean, heated warm-water sinks to wash your hands is the best defence against viruses and illnesses from construction sites. It's in the regulations, it's just something that the Ministry of Labour should be enforcing, and construction workers should have the privilege. As we look at it, we want to keep the workers and people safe. Because our company is an essential service, we never shut down due to the pandemic. Our company has been working every day, basically working through it.

We also need more workers to expand, but cannot find anybody who wants to work, as the workers who do come in right now are not always the best workers. They don't show up or they always have issues. The CERB free money is hurting the economy. Daycares are working to get employees back to work, because some workers we have are off because nobody can look after their children at the present time.

Another problem is that our workers are working harder and getting more overtime; the problem is that they're also saying to us, going, "Well, some of our friends are making \$2,000 at home." We've got to look at how we can help our workers, basically to help them out as they're working extremely hard and paying all these extra taxes, and it's a disincentive for them to work. So we've got to look at how we can help the local companies and local employees.

The other thing, too, is that we also have to look at how we're helping companies that have purchased their properties, purchased their land and their factories. How do we help them keep up, because they're not getting any rent relief? Also, companies that we're competing against—because right now, we're not doing any special events. We're not doing any weddings due to COVID. We don't want to get any of our workers infected with these special events, so we've shut down all special events. We're not doing any fairs. All our fairs were cancelled, all our water parks, a lot of different organizations—weekend events have all cancelled, so we've lost a lot of our revenue from that.

But the problem is that some of our companies we're dealing with now are down 30%, and now they're getting 75% wage subsidies, which is kind of hard to compete against if we're paying full wages and they're only paying 25% wages. We've been trying to do the best we can, as we're an Ontario company. We've been around 57 years and we want to do the best we can in providing clean, portable toilets and handwashing facilities to construction sites.

That's all I have to say.

The Chair (Mr. Amarjot Sandhu): Thank you. Moving along to our next presenter, the Ontario Restaurant Hotel and Motel Association: If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Tony Elenis: Good morning. My name is Tony Elenis. I'm president and CEO of the Ontario Restaurant Hotel and Motel Association, known as ORHMA. We recognize and appreciate this committee's work in managing through these tough times.

There is no dispute that the hospitality industry has been devastated, with a long, painful recovery road ahead. Hospitality operations have not only been hit first and hard, but they will take much longer to recover. The essence of hotels and restaurants has been bringing people together for meals, meetings and celebrations. While most other businesses are slowly recovering, these characteristics are now impediments for the sector's recovery. Market drivers such as border entry points, tours, sports, conferences and events are non-existent or drastically being reduced. In addition, the sector is facing a massive obstacle in building consumer trust in dining indoors. Hotel operating revenues are down 90% in the province.

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Oxford research and CBRE are forecasting demand coming back two to three years from now, with economic recovery not experienced until 2025 or later. Around 10% of restaurants are closed or in the process of closing, and this is expected to drastically increase to 50% if there is no support. There is no doubt that hospitality needs sector-specific focus and support in order to recover and contribute to job growth and to the overall economy. In the thin-margin restaurant industry, 98% of all revenue goes directly back to employee payroll, to suppliers and to government.

When compared to the prior year, this past July's employment report from Statistics Canada is showing 156,000 hospitality workers not yet brought back to work. This is more than half of Ontario's hospitality workers, and the highest variance in Canada among all the sectors, while the closest other Ontario sector is down only 46,000 workers. The number does not only represent the current dismal business reality, but the urgency to defer the temporary Employment Standards Act layoff extension deadline of September 4 until a period when hospitality is stable and sustainable. The extension was previously enacted through the infectious disease emergency leave provision. Not extending the date would lead to severances being paid that would bankrupt many small and mid-sized hospitality businesses.

The liquidity crisis for business is real, and both hospitality operations and municipalities require an effective mechanism to address the burden of rent, as the commercial rent assistance program is not working. We also need to implement a workable formula for property tax, knowing that this is a complicated topic. The following are our recommendations for a sensible solution to the property tax:

- a regulatory change be enacted to permit the deferral or remittance of 2020 property tax obligations to municipalities over a number of years;

- a deferral of property taxes for the municipal sector, without penalty and interest-free, over the grace period granted;

- a further 25% reduction in the education portion of property taxes be enacted for the same period;

- establishment of a provincial fund for municipalities to access as an offset for the corresponding decline to their revenues due to this interim property tax change; and

- a retroactive assessment of hospitality properties to capture the depressed business revenues of 2020 and adjust taxation accordingly.

If this is not done, all of Ontario's hospitality operations will be lining up to go through an appeal.

There are 17,500 beverage alcohol licensees operating in Ontario, most of them being independent small businesses. We recommend that Ontario follow British Columbia's lead of a new minimum 20% reduction in beverage alcohol fees. This is measurable, tangible and well-targeted, enabling significant support for our restaurants' ability to recover and keep the doors open.

I applaud the provincial and municipal governments, including support from the AGCO, in cutting red tape by moving swiftly to permit delivery of beverage alcohol with food and extend outdoor patios for restaurants. These are outstanding case studies of how meaningful red tape can be taken away. This brings up the question of why we could not do this pre-pandemic-crisis and why these rules are only temporary. Let's be honest: The sky has not fallen, with initiatives and business having huge support out of this, a good experience for customers and helping government revenues. We strongly recommend to make the delivery of alcohol with food permanent, as there is no sensible rationale against this. Furthermore, consider the extension of patios to be permanent—

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

Mr. Tony Elenis: —where you can work to further carry on the vibrancy this service provides to small business.

With limited capacity and higher costs to meet safety standards, this sector should be receiving some form of government subsidy, especially related to indoor equipment that creates a safer environment to build trust with consumers. ORHMA has developed a set of industry safety protocols housed under dinesafe.ca, and we would welcome working with government on such a program to be able to apply our initiatives into implementation.

Thank you for your time.

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

Mr. Michael Coteau: Thank you to the participants for joining us today. I've had the opportunity to work with at least one of them in the past. I thank you for your commitment to Ontario and to the businesses out there.

The first question I have is to Lab Improvements. The government has talked a lot about the made-in-Ontario program and red tape reduction. From what you've said, there seems to be a disconnect between the movement and distribution of medical equipment here in Ontario because of red tape and the lack of coordination with government. Was I correct to assume that, and if so, can you shed more light on that, please?

Mr. Alex Bushell: In this case, it's not as though we are competing directly with somebody from another manufacturing market, like the US or Europe; it's more so the allocation of funds that the hospitals are dealing with right now. Surgical biopsies and whatnot are money-makers for hospitals. Without any of those surgeries being performed, and by having to maintain all of the costs associated with operating and maintaining a hospital, they're broke; they don't have the budget. At this point, they're just holding what they have, very similar to what our business is doing—you're holding on to what you have and not making large capital purchases and whatnot. It's more so that that is impacting us right now, that they are being extremely conservative with the funds they do have.

The Chair (Mr. Amarjot Sandhu): Further questions? Are you there, MPP Coteau?

I think it's frozen.

Mr. Michael Coteau: I'm here. It seemed to freeze a bit. I missed that last part. Thank you very much. I didn't know if you concluded there or you asked me question. I missed you the last maybe 30 seconds.

Mr. Alex Bushell: For myself?

Mr. Michael Coteau: Yes.

Mr. Alex Bushell: No, I didn't really have a question.

Mr. Michael Coteau: Sorry about that. It cut out, so I apologize.

I'll go to the next question, for the restaurant sector. The number you put forward was 10% closed or closing, with an anticipation of possibly 50% by 2025. Can you shed more light on that?

And in regard to the deferral of property taxes by setting up a fund, what would that actually cost the government to implement?

Mr. Tony Elenis: To the first question about the restaurants: When we're talking about 40%, 50%, we're talking about six months away, not 2025. The restaurants had razor-thin margins to begin with, even before the pandemic. They're running at 3.2%, period, on a good day, and that includes all the big players. This pandemic has really, really penetrated their whole model. If it weren't for the wage subsidy that is there now, many of these patios you're seeing out there would not be open. That's the only thing that's keeping them moving and operating right now. And of course you have the fixed expenses.

Variable costs can be controlled in any business, but when you have fixed costs like the property tax or the rent, that's a killer. That's the only word I can echo with that.

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Mr. Michael Coteau: Tony, what does it actually cost the average Toronto restaurant in property taxes per year, if you have a number, and what would be the actual cost of government to allow for deferral? Any idea?

Mr. Tony Elenis: We haven't looked at the numbers, but one formula that needs to happen with the property tax is that we need to allow the municipalities to go into deficit. That is not allowed now under the Municipal Act. The formula that I described basically allows for that.

Although we don't know the magnitude of the cost, we know rates range from small at \$9,000 or \$10,000, all the way up to the double digits, depending on the size of the property you have. Many of the small, independent operators don't deal with property taxes as much as they do with rent. And rent, again, depending where you are, you will pay anywhere from \$2,000 to \$3,000, up to \$40,000 or \$50,000.

Ontario, for many years, I would say over 15 years, has had the lowest pre-tax profit margin than any other province, below the national average consistently. When you try to dissect and analyze where those variances are against other provinces, it's lease and it's rent that have always been high. Well, when this hit, that really stands out. Keep in mind the industry was mandated to close and was willing to close without any revenue coming in, but the rent still had to be paid.

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

Mr. Michael Coteau: Right. Thank you very much, Tony. Thank you for the work you're doing within the industry. I appreciate it.

Mr. Tony Elenis: Thank you.

The Chair (Mr. Amarjot Sandhu): Now we'll go to the government side. MPP Smith.

Mr. Dave Smith: Thank you, Chair, for that. I'm going to start with Alex. Alex, good to see you again. I love having companies from Peterborough, especially high-tech companies from Peterborough, come in and talk about some of the challenges that they face.

We've had a number of conversations about this, and I do understand the situation that you're in with it. Can you talk a little bit about what you would project for savings that could be redirected into other areas of health care if hospitals were able to easily pick up on the product that you have?

Mr. Alex Bushell: Definitely. That was one of the key areas that we had to study as a part of the government program that we developed this technology under. The goal was not just to develop technology that can solve a problem, but that can also be justified.

Our return on investment, usually, even ranging from small hospitals to large hospitals, was on average about two years or less. That's the time it takes to pay it off in both staff savings—but that doesn't even include all the other shadow costs that are very hard to put a dollar figure on. That was just purely in time savings.

Mr. Dave Smith: So let's say I'm in the hospital system right now, and I've gone through a biopsy. Perhaps it was some type of cancer. Three years from now, we come back and find out, jeez, I've got a relapse and we want to do a comparison to what the biopsies looked like three years ago. How hard is it going to be for most of those hospitals that don't have your system to pull that information up and actually do a comparison, and what's the likelihood of them losing it?

Mr. Alex Bushell: Well, the whole filing retrieval process is so archaic right now. It's all done manually: manually sorted, manually filed in numeric order. What this causes is delays in that retrieval time.

If you look at a site like Peterborough, if the cancer diagnosis is a somewhat unique form of cancer, say it's some kind of a rare form of blood cancer, the blood cancer oncologist may only travel from Toronto to Peterborough one day a week. So if the request has been put in for those samples and there's a one- or two-day retrieval delay on that and he only comes every Tuesday, if they only pull it on Wednesday the patient now has to wait an entire week to the next Tuesday when the oncologist is in to get that report and, really, the news of whether they have cancer or not; and if they do, what their diagnosis plan is. That's how it directly affects a lot of—I won't say remote, because I don't consider Peterborough particularly remote, but smaller hospitals that aren't in a major urban centre.

Mr. Dave Smith: Just to conceptualize it, for those who are a little bit younger than I am: The current system that's in place in most of the hospitals in Ontario is the equivalent of the library's card system with the Dewey decimal system. They go to a card catalogue, they look to find where it is and then they head off to some shelf someplace and try and pull that out. And your solution fixes that?

Mr. Alex Bushell: Yes, we're able to apply automation. Robots don't misfile or mis-sort, or get tired, dyslexic or cross-eyed after staring at numbers; we're talking about microscope slides here about the size of my thumb, with small, often poorly printed labels. Misfiling is certainly not something many sites want to admit to, but it is well-known in the industry that samples are misplaced or lost and there is a downstream impact on that process.

Mr. Dave Smith: And after a two-year time period, basically, the money that was invested in this is money that ends up coming back into the health care system to be used for other things within the hospital. There's an overall operating-cost savings by doing something like this.

Mr. Alex Bushell: Definitely. Going back to Michael's question from a few minutes ago: When the hospitals are limited to how much money they have, even though this does have an aggressive payoff and it's something they desperately need in the lab, at the end of the day, every department in the hospital is competing for the same limited amount of funds. If you've got a ventilator in the NIC unit that saves babies, or you've got a machine in the lab that, while it may have a great payoff, it's automating the sorting and filing; it's not as much of a sell, I guess you'd say, when it gets to the budget committee.

Mr. Dave Smith: Mr. Chair, how much time do I have left?

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

Mr. Dave Smith: Tony, I'm going to go to you really quickly, if you don't mind. You talked about a massive obstacle in building trust, and you're expecting about 50% of the restaurants to close. We had the Tourism Industry Association of Ontario in earlier, as well, and they talked about consumer confidence. What can we do to help build that consumer confidence back up so that people do go back out to the restaurants and patronize them?

Mr. Tony Elenis: That's a good question, and thank you for the outreach on that. First of all, I think all three levels of government have to send the same messages. I still see federal government postings on the web where they discourage customers from going out of their home, for safety reasons. If we want people to travel and use the staycation theme, we need to encourage them and also build a product that is safe.

I mentioned about some support in certain types of equipment that restaurants traditionally have been using but are now worrisome. We have hard-copy menus that we need to transition over to seamless mobile consumer devices. We have touchless faucets that we can install in the bathrooms. We have this ventilation issue now that is becoming more and more the talk of the town, as we've seen with the school-opening news that is out there. There are ways and means of us going into a restaurant and supporting and ensuring that we validate the safety of those restaurants that follow the protocols. There are protocols. There's a lot of money spent—

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: Thanks to all the presenters. I'm going to start with Roger from K. Winter Sanitation. Roger, I just wanted to thank you for bringing up the issue of handwashing on construction sites. I think that this has been a long-standing issue and you make a very good point about the Ministry of Labour ensuring that cleanliness is actually part of inspections and oversight as well.

I just wanted to give you an opportunity, because you touched on it in your presentation, for the impact that child care and a safe school opening has for you and for your employees, just so that we have a context of how important it is to ensure that there are care options for employees so that they can actually go to work. Can you touch on that, please?

Mr. Roger Winter: At the present time, we have an employee who's been off since COVID. He has two children and he can't come to work because he's a single dad and there's no place for child care for him in Innisfil. Once the schools start opening, he can come back to work, and that gives us another person to help us manufacture our portable toilets.

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Ms. Catherine Fife: So it's the difference between being able to work and not being able to work; that's your point.

Mr. Roger Winter: That's correct. As single parents, they don't have any options. It's not an option that they can't—especially with COVID and with children going back and forth. Some parents don't want their children going back and forth. There's not a lot of daycare options for them.

Ms. Catherine Fife: Thank you. My next question is for Alex from Lab Improvements. Alex, you raise a very good point. I mean, there has been a long-standing issue in Ontario, pre-COVID-19, around procurement and the role that procurement can play in supporting the economy and supporting local businesses as well, to that point.

I wanted you to expand a little bit on what you specifically would need from the government and how that can inform our recommendations going forward. I think that you rightly point out that the pathology labs are going to be overwhelmed, and that we can have the best intentions, but if we don't have the resources and the equipment to handle what potentially would be a second wave and also a backlog on those cancer treatments—this is something that can actually help the population and improve the economy. So I wanted just to ask that you would come forward with a streamlining of that procurement process, if possible.

Mr. Alex Bushell: It's difficult. Health care procurement is a bit of a flog, to begin with, as everyone seems to be well aware of. Over the years, various governments have taken a crack at trying to do this. There was the Health Technologies Fund, which was established, I believe, about five or six years ago. That's actually who funded the program that we did the co-design through. That's one element of it, the actual being able to come up with a solution. That, I think, worked very well.

As a secondary to that, there was supposed to be groundwork in place to be able to—people who are much smarter than me are coming up with policy ideas in terms of how to streamline that. That's a really good question, I guess you could say: How do you make sure that the funding goes to the appropriate area to help with this? Because there are lots of ways that hospitals could save money. It's almost like a dual channel. There's the health care savings aspect side of it, that the health care system is going to save money, but at the same time, there's the economic development. It's kind of like a tie-in between the two to be able to combine them.

Again, I wish I had exact answers. We suggested in my initial presentation a couple of ideas of a dedicated health technology fund specifically for Ontario innovations that would save money—that was kind of our best idea of how to go about doing this—as well as, given the tight timeline that we're under now, just dedicated funding.

Alberta's government actually just announced a dedicated investment of \$15 million specifically for the procurement of lab services and technology as a result of COVID, to help deal with COVID. So that might be a good example of how other provinces are dealing with this.

Ms. Catherine Fife: Obviously, it's a long-standing issue, and I think COVID highlighted the fact that there was a disconnect between the commercialization of our

research that was happening in communities and the application of that research.

The Health Technologies Fund—you mention that this was part of your experience at Lab Improvements, and you had to do essentially a return on investment, like what were the potential savings, the cost upfront and then the savings to the province, essentially. Where did that information go? You submitted the research at the end of that process?

Mr. Alex Bushell: It was a really interesting program. It was called Procurement by Co-Design. It was funded through the Health Technologies Fund and implemented by MaRS out of Toronto. This was the second cohort, that we were a part of. The second and final cohort of the program was cancelled at the end of 2018, I think.

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

Mr. Alex Bushell: But—sorry. I just lost my train of thought there, where I was going with that.

Ms. Catherine Fife: That's okay. I'll pick up on that health technology front. I think that Procurement by Co-Design was brought in at the end of 2017-18, and then it wasn't carried through. But it's good for us to hear that your company went through that process, and now it's a question of getting that technology into our hospitals and applying it. That will be the challenge for this committee to try to navigate. Thank you very much for your time today.

The Chair (Mr. Amarjot Sandhu): Thank you. All right. We'll go to the government side for their second round. MPP Nicholls.

Mr. Rick Nicholls: Again, I want to thank all our presenters today for coming in and being a part of SCOFEA. Tony, I'd like to start with you, if that's okay with you. Oh, good, I got the smile. That's what I like to see. I believe we've met before one or two times.

It's been said, Tony—I'll loosely coin a quote from the US President who said, "Ask not what your country can do for you; ask what you can do for your country." I want to turn that around a little bit with regard to COVID-19. Of course, we know what the province has been doing, and I believe that they've been doing their best. We're in unprecedented times right now, and there was no playbook. We're just trying to do the best we can. That's why we have these meetings, these dialogues with various presenters, to find out first-hand what's going on.

But a question that I might ask you is: What would be some of the ideas that the hospitality industry could bring forward to us? As you know, we've put a lot of money out in terms of Ontario's Action Plan: Responding to COVID-19—about \$17 billion worth. But what would be some of the ideas that your membership could bring forward to us that would help us and, therefore, help you—in other words, would help us help you?

Mr. Tony Elenis: First of all, I compliment the government and the leadership. They've done a superb job on this. As you said, there hasn't been any playbook. These are uncharted waters, and everybody in the whole world is learning how to go about moving forward.

One idea we have, and we submitted it in our relief package, is that in order to support the cost—I do mention

wholesale pricing. I do mention continuing the delivery of beverage alcohol with food. We need to look at all those expenses that were there before in the good old days and how we thin them down. Beverage alcohol is one of them, but there's a whole lineup of those kinds of expenses that can be thinned down. That's where we need the government's help. There's nothing wrong, really, with bringing down beverage alcohol prices to be less than what you and I as consumers buy from the LCBO. The licensing committee pays the same. It doesn't make sense from that end alone, never mind now that we need it.

Secondly, I mention some support in getting the industry to follow protocols for safety for their employees, as well as for the guests. We as a non-profit organization cannot do it on our own. The business community cannot do it in our sector, because they are just trying and struggling to keep doors open right now. But if we have some type of support and a plan that we can go in with—and, yes, I repeat again, change the menus to QR codes in every restaurant in Ontario. Look at the faucets, and have touchless faucets. Look at the ventilation and really create some type of a safety stamp on these restaurants, for people to understand that these specific restaurants have gone through a rigid type of evaluation and accreditation.

We have a test program that we're doing right now. It's an accreditation program in partnership with the Alcohol and Gaming Commission in downtown Toronto and Ottawa, where we have the operators complete an application to excel in beverage alcohol service standards, and then we even have awards at the end of the year. This is where we need to realign ourselves in that sense: consumer trust building, as we were talking about earlier, and safety. But we need help to get it up there and let the customer know with the promotion of it.

Mr. Rick Nicholls: Sure. Tony, I was wondering if I understood you correctly with regard to the opening of patios and also the availability of restaurants and so on for takeout, not just for food, but also for beverage. Are you suggesting that that should be made permanent? Is that part of your—

Mr. Tony Elenis: Absolutely. It just doesn't make sense not to. If you travel to Europe, that's what they've been doing there for decades. It creates vibrancy—of course, under safety rules and under procedures of the Alcohol and Gaming Commission of Ontario—nothing less than that.

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Mr. Rick Nicholls: COVID-19 has certainly brought to light a number of good things that our businesses are doing, but it has also brought to light areas that need to be refined and worked on. There are other leaders out there and other countries that perhaps our government should be following. I know this may come as a shock, but we're not a perfect government—but we're darned close.

How much time do I have left?

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

Mr. Rick Nicholls: Okay.

Roger, I wanted to chat with you for a moment. You mentioned that your business was an essential service way

back, and I get that. There were a number of construction businesses that were deemed non-essential and had to shut down. Did that have a big impact on your business going forward?

Mr. Roger Winter: Only about maybe 5% of our construction companies were non-essential, because we do a lot of bridge work, high-rises, highways, new commercial buildings, schools. A lot of our construction sites—only about 10% of it shut down; it wasn't that much. So we didn't really see any real problem because at that time we probably had about a 40% increase in business.

Mr. Rick Nicholls: You also mentioned how CERB was hurting your business, in that people would say, "Why should I go to work when I can sit at home and collect \$2,000?" It helped a lot of people, but I certainly can appreciate and respect the fact that it de-incentivized one's ability to actually—

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

I'll move to the opposition side now. MPP Arthur.

Mr. Ian Arthur: Thank you all for presenting today. I'm going to start with the Ontario Restaurant Hotel and Motel Association. What I'm very interested in is what the third or fourth quarters of this year and the first quarter of next year look like. The wage subsidy program has been extended until the end of the year, but in terms of your members and what they're going to be facing in the last part of this year, I almost think it's scarier than what happened this summer. Businesses patched things together for the summer using government supports. What are you facing this winter, when patios are forced to close because of the weather, and with an unknown capacity for those businesses moving forward?

Mr. Tony Elenis: It is very scary; no doubt about it. The road ahead is more painful than the lockdown, because during lockdown the hope was there that we would open our doors and everything would be back to normal. That is not what we're seeing out there.

Again, the wage subsidy is going away, and the fixed costs will be there. Those two are really a bad chemical to combine.

So, yes, I still say we are facing up to 50% of restaurants closing—and we're seeing drastic occupancies in hotels dropping down, period. We're talking about billions of dollars here if we don't somehow do something about it.

We see some resurgence of business outside Toronto, north of Toronto, in cottage country—Torontonians, mainly, moving out—but this is a short term, summer, and it will be a short season.

Toronto is suffering badly.

Anyone who is in the group business or international markets will have an even longer road to recover—simple as that.

Restaurants are in every community, but there are drivers that drive that business.

Mr. Ian Arthur: In terms of talking with your members—I know that there have been a number of tax deferrals that have been put in place. What do you think the capacity is of your membership to actually pay those taxes when they come due?

Mr. Tony Elenis: There is really no capacity right now. All that restaurants will be doing is paying deferrals on loans. That's what's ahead. The revenue is narrow because the—what we need to do is to slowly, progressively try to increase the capacity of restaurants and meeting rooms in hotels, and we need to demonstrate that we run a safe industry, of course, and we're willing to do that. That's why I keep bringing up support, to add even more safety measures and equipment that might cost money. That's where we need government.

But if we demonstrate that we are safe, we need to take our capacity—if it's 34% today, we need to move to 50% in a couple of months and so on. It's simple. That's going to be the remedy to sustain this industry, period.

Mr. Ian Arthur: And so what you are saying there is that without that level of direct government support for those independent restaurants, hotels and motels, they simply won't have the cash flow in order to make it through this winter.

Mr. Tony Elenis: They're having problems now. I think that's interesting; you said hotels and restaurants. I hope that we are not now being hidden among the success of many other industries, other businesses that are recovering faster than the hospitality industry. We are not. I think that needs to be known, and that needs to be looked at in a different type of lens than the whole business audit.

Good for the other businesses for operating and moving slowly, but we're not there. It's the type of business we are. Again, we're about engaging people. We're talking about bringing in people, having fun and being close together. All that is against us, and the next road will be very, very painful.

Mr. Ian Arthur: Yes. I'm not sure what MPP Smith finds humorous about this discussion. But let's talk about actual actionable items that this government could do. Let's talk about cash flow. In terms of the tax deferrals, I've heard suggested the deferment of HST, forgiveness of the provincial portion of HST or deferral of payroll health taxes. What are actionable items that this government could actually introduce in the fall budget that would improve the cash flow situations of your industry?

Mr. Tony Elenis: First of all, I'll go back to thinning down some of what we call "chronic expenses." I'll repeat wholesale alcohol being one of them, and it's major.

Secondly, if we look at both federal and provincial and what they can do together, we are looking at HST. For the HST that would be there for the next six months or whatever period, we're saying: If the industry could only keep that instead of sending it to government, that would help immensely. That helps cash flow. That helps keep the doors open. It's simple.

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

Mr. Ian Arthur: But that's going to require the government being willing to forego portions of revenue in order to help an industry that employs tens of thousands of people.

Mr. Tony Elenis: Well, absolutely. Again, look at the numbers there. Half of our workforce is not back yet. It is totally distorting the whole employment numbers when

you look at all the other businesses picking up growth. We have a huge job growth opportunity for us to bring people back. One thing about our industry: You cannot work from home. You've got to be at the hotel. You've got to be at the restaurant. That's an impediment these days.

Mr. Ian Arthur: Thank you so much. No further questions, Chair.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go to the independent members now. MPP Coteau?

Mr. Michael Coteau: I'll yield my time to the other opposition members if there are more questions.

The Chair (Mr. Amarjot Sandhu): We're not allowed to share the time with other members.

Mr. Michael Coteau: So we're not allowed to share in the Legislature, I guess, Mr. Chair?

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Michael Coteau: Okay. I have no other questions. Thank you so much.

The Chair (Mr. Amarjot Sandhu): All right. Thank you so much. That's it for our presentations. Thank you to all three presenters. We appreciate your presentations.

Looking at the time on the clock now, this committee stands in recess until 1 p.m.

The committee recessed from 1149 to 1300.

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 go to our next group of presenters, I would like to do an attendance check. Minister Dunlop, if you can please confirm your attendance and if you're present in Ontario.

Hon. Jill Dunlop: I'm present.

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

Hon. Jill Dunlop: Yes, sorry.

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

HAUNTED WALKS INC.
CANADIAN FEDERATION
OF INDEPENDENT GROCERS
IRON FITNESS STRENGTH CLUB

The Chair (Mr. Amarjot Sandhu): Now I'll call upon our first witness this afternoon, Haunted Walks Inc. If you can please state your name for the record, and you will have seven minutes for your presentation. Unmute, please, Haunted Walks.

Mr. Glen Shackleton: Sorry. I was still waiting for Zoom to let me in. Pardon me. My name is Glen Shackleton, from Haunted Walks. I can go ahead with my presentation?

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

Mr. Glen Shackleton: Thank you all very much for your time today. I'm sure you've listened to a lot of presentations. I'll do my best to be brief.

I started my business as a 22-year-old history student in 1995 with an idea and no money in the bank. My company has since grown into the largest provider of local tour guides in the province. We've been quite successful and we've built up many partnerships across Ontario. We're actively engaged in our industry, and we've provided employment and tax revenues for 25 years.

When the pandemic hit, we had nearly 100 employees in three locations. We had no debts. We had just come out of our best year on record. Even so, I can tell you that this crisis has been devastating to this business. Simply put, the support provided has not been enough. We can't innovate our way out of this situation without financial investment from the province, and that can't come in the form of loans like much of the other support has.

The federal government programs have certainly helped us, but they often make no distinction between a business that has lost 20% of its revenues or 90% of its revenues, or between a business with one location versus 10 locations. The one-size-fits-all approach hasn't worked and it has left the hardest-hit industries like tourism in a no-win situation. Other provinces have already made some substantial investments to fill those gaps, and I hope Ontario will consider doing the same.

Provincial investments so far have been directed toward tourism marketing, which will be a necessary component of our recovery. But if we don't preserve the businesses that make Ontario a place worth travelling to, I feel we're digging ourselves a very deep hole for the future. What are we going to be marketing a year from now if we don't have a tourism industry left to market?

Please consider the fortunate position my company was in when the pandemic hit and where we're at now. If we can't do this alone, think of how difficult it is for small businesses without our many advantages. I can think of at least three or four different occasions over the 25-year history of my company where we definitely would not have survived this even as well as we have. We have not yet begun to see the economic devastation that will come to our province once these businesses shut their doors for good.

Please consider the staggering cost in investment and time it would take to create a replacement for our tourism industry from scratch when this is over. The math to me is pretty simple. I know from personal experience, having built one, that developing a new tourism attraction to maturity takes about 10 to 15 years and substantial financial investment. It takes a lot of time to build the connections, the infrastructure, the human resources, everything else you need to have a business be successful.

Do we want to suffer an economic pause more than a decade long while we wait for that to happen, or do we make the much smaller investment needed to sustain the businesses that we already have? It just makes financial sense. If we don't take action now, what hope will that offer for the current generation of 22-year-olds looking to start a business? If we fail at this, I feel it will have a cooling effect on entrepreneurship in this province for decades. I ask you to consider who in their right mind

would start a business without knowing that the province will have their back at a time like this. I genuinely fear for an Ontario without entrepreneurs, without small businesses and without the cultural attractions that draw tourism dollars to our province.

I ask you to provide stable funding to support tourism and small business for a two-year period, until our businesses can reasonably expect to get back on our feet.

The province had the power and responsibility to make the right decision to shut us all down for the public good, but I feel that now gives you the moral obligation to make every effort to repair the damage that was done. That sound investment will be tiny in comparison to the cost of losing us altogether.

Thank you for your time.

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

Our next presenter is the Canadian Federation of Independent Grocers. If you can please state your name for the record, and you can get right into your presentation.

Mr. Gary Sands: Thank you. I'll be reading this presentation, but I'll try to go as quickly as I can. My name is Gary Sands. On behalf of the Canadian Federation of Independent Grocers, I want to thank you for the opportunity to participate in these hearings.

Just a quick synopsis of our association: We represent independent and franchise grocers across Canada and here in Ontario. Just under 60% of all Ontario's grocery stores are in fact independents. They serve a myriad of communities in this country. What should be of particular note is that many of these stores are located in rural and more remote communities, in which independents would be the only source of food for people in those areas. As such, independent grocers are a critical linchpin in ensuring food security for much of this country and this province.

Yet independent grocers compete, or try to compete, in a landscape that is overly consolidated and dominated, both at the retail and supplier levels. You would have seen the most recent example of that dominance in the media when last month, Walmart sent out a directive to all of their suppliers inviting them to help pay for Walmart's costs for expansion investments in their businesses here in Canada. Let there be no mistake: Those requests, which other large corporate chains have made in the past, have a direct consequence on the ability of my members and other SMEs to compete fairly and to stay on this uneven playing field here in Ontario. CFG has been joined by a number of producers and processors in denouncing this demand and calling for government action.

Retail grocers, chains and independents, operate on margins of about an average of 1.5%. With those kinds of margins, independents have to differentiate themselves. They do so by buying local, hiring local, supporting local initiatives and living in the local community they serve.

Over the last few months, businesses in every sector have been hit hard by this pandemic. We know that many small and medium-sized businesses will not survive. Yes, while our members were able to remain open over the last few months providing what is, after all, an essential service, it has been a challenging one for the food industry.

There has been no playbook or manual that anyone could use as a reference that could have helped guide us through this crisis. In the context of panic-buying, employees testing positive—and in fact, a loss of life—labour shortages and increases in costs through the supply chain, this industry, for the most part, has responded very well to the challenges of COVID.

That being said, there have been issues around the issue of supply that our members have encountered over the last few months that will need to be addressed within industry and governments. Independent grocers have encountered problems getting fair access to some products. We understand that there was panic buying for a period of time. We understand that for some products, there has been a huge spike in demand, particularly when some customers were buying enough toilet paper to last them well into 2021. But when our members cannot access flour, eggs or other essential products, including fair access to PPE such as hand sanitizers for their employees, then not only is the ability of that grocer to stay in business threatened, but it threatens the food security of people in rural and more remote communities. That should be unacceptable to all three levels of government across this country.

Too often in the last few months, we have had conversations with associations representing supply-managed sectors or companies in the consumer packaged goods area—and I'm talking big companies—and with governments who were taken aback when we would explain that what everyone was saying or assuming in terms of supply was not what our members were seeing. They were two different realities. Again, I want to say that the industry responded well, with an exemplary commitment to trying to get access to food and essential products that Ontarians needed, but there are learnings from the past few months and areas where improvements have to be made, assuming that we will see a second wave in the next few weeks.

Part of that improvement should also be a shift in how the ministries of agriculture and food, federally and provincially, view the off-farm sector. Our experience has been that no matter what party is in power—and I've been with CFGI for 20 years and I've dealt with all three parties—the overwhelming and systemic preoccupation within those ministries is on-farm, on-farm, and did I mention on-farm?

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Governments are fond of slogans such as “gate to plate” and “farm to fork,” but the reality is that we feel scant attention is paid to the off-farm retail sector. Even with recent financial supports given to producers and processors to help offset their increased costs of meeting the challenge of COVID-19, there has been no financial support provided to independent grocers for the investments they have made, and we can't make the same demands as Walmart, Loblaws or Metro.

One last issue I want to flag to this committee that impacts all small and medium-sized businesses—I'm wearing now my hat as chair of the Small Businesses Matters Coalition in Canada—is the issue of interchange fees. It's an invisible issue to consumers, but according to

the competition bureau, it amounts to about \$5 billion—that's “billion” with a B—a year that is taken out of the pockets of businesses in Canada.

These are dubbed “swipe fees,” and I think that's probably the most appropriate description given the amount of money that is siphoned out of the pockets of small and medium-sized businesses in this province. Ironically, SMEs pay significantly more in interchange fees than other big companies such as Walmart, Costco and Loblaws.

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

Mr. Gary Sands: Pardon?

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

Mr. Gary Sands: Okay. This puts those SMEs in all sectors at a competitive disadvantage. I know that this is a federal issue, but I know that if this was an issue that affected farmers, Ontario wouldn't hesitate to be speaking up on it.

I'll skip some of my other remarks. In closing, I want to thank the Premier of Ontario and his office for their support and accessibility over the last few months. It's been an immeasurable help to us in helping us provide guidance to our members. When we've had issues, questions or concerns, the Premier's office, Minister Sarkaria and Minister Phillips in particular have been very responsive. The Premier and both ministers have been personally accessible to us, and I would have been remiss if I did not again express the thanks of all the grocers in Ontario for that help. They've always made time to listen to our concerns, and they've helped us through the past few months. We're very appreciative of that.

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

Mr. Jay Rana: Hello, everybody. My name is Jay Rana, and I'm the director and owner of Iron Fitness Strength Club. It's a local gym in Markham.

Just like for everybody, it's been quite a journey. A few of the things that I do want to bring up are that during this pandemic—obviously, it's a learning experience for everybody, including all levels of government; however, it seemed as though the fitness industry was completely pushed aside during this entire pandemic. There was no mention. There were no considerations. In the news, everything was all about how you have a lot of restaurants closing down, the service industry etc. However, fitness was barely considered.

Now, considering my business has been in Markham as a cornerstone for the community for the last six years, and we've been working with a lot of troubled youth, a lot of people who have mental and social issues, giving them a safe haven and a place for community, it was a little bit disappointing. I had reached out to several levels of government until Minister Sarkaria did invite me on his red tape committee for suggestions.

Considering that, the biggest impact that we have had was with rent and the rollout of the entire CECRA program. It was enforced almost 90 days into the pandemic. Before that, it was kind of all talk, no real action. Many

businesses, because of that, did not survive during that first 90 days and had to either shut down or were at risk of or threatened with eviction. The Premier's strong words during his press conferences were not taken very seriously until the actual moratorium on evictions was made a bylaw.

One of the biggest mistakes, I felt, was that the program was made voluntary and the onus was put on the landlords. The statistics clearly show that less than 10% of the planned finances for CECRA applications were utilized. That tells me that 90% of landlords refused to participate and that would have meant that those tenants would have been either shut down or they're really struggling right now.

My personal experience: When we had to shut down on March 17, I initially tried to work with my insurance company, because I have a lease protection clause which would cover me for up to \$50,000, which is actually more than what the CEBA would have covered. However, the insurance company got out on a technicality, saying that, "Oh, it can only be enforced if somebody was infected on the premises," which seemed pretty ridiculous to me. My deductible would only have been \$1,000 and that would have provided me \$50,000 worth of rent coverage. That \$50,000 worth of rent coverage would have been taken away from the strain on the government to provide CECRA.

That's probably one place of improvement or recommendation that can be made, is working with these insurance companies to try and get them to not weasel out on technicalities. Many businesses, or most commercial businesses, would have some sort of rent protection clause and that would have helped significantly. I think this would be a very good opportunity to take and revisit those insurance companies, because we're paying. They're there to collect money, but when it's time to pay out, they are always looking for technicalities.

Furthermore, despite being a tenant in good standing for the past six years, always paying my rent upfront with post-dated cheques, I was actually threatened with eviction three times during the time where the CECRA was not fully implemented. I was trying to discuss with my landlord, letting him know, "Hey, can we work something out?" or some kind of leniency during that time, until the moratorium was put in place. Three times I was pretty much evicted or threatened with eviction, which was probably the most stressful time of the business.

Right now, my business reopened in phase 3, so we reopened on July 27 and we're running at 55% returning revenue, because people are still hesitant on coming out. The news doesn't make it any better; it doesn't provide any comfort. However, to ensure a safe environment, we have increased our OPEX significantly, considering we have installed a multitude of sanitizing stations—

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

Mr. Jay Rana: —wipe-down stations etc. CEBA has been nearly tapped out because of utilities and rent payments, and the bills are still coming in.

Personal recommendations would be that if a shutdown were to happen again, CECRA—the onus needs to be

taken away from landlords. It should be treated something like CEBA where on an application, basically, it filters through the tenants to be able to pay the landlords. Furthermore, CEWS—I know I didn't have time to get to that, but CEWS should be treated the same way, especially businesses who are open in later phases. It wouldn't be fair to have them cut off right away, because if I was closed for four months and I'm just reopening in August, I don't have enough time—or if they're going to be shutting down those programs, that's not fair to the business to even have a standing chance to get back on their feet.

Safety issues and increased OPEX due to sanitization, calls for safety issues: Some consideration should be made to potentially subsidize or assist those businesses who are taking responsible steps in outfitting facilities or their businesses to ensure customer safety, because they're trying to reduce the risk of any further spread. Personally, our operating costs have increased by almost \$4,500 a month, and at 55% of returning revenue, next month CEBA is going to be tapped out and then we will be going into our personal funds or trying to figure something out.

But I think a lot of improvements can be made. I do appreciate the time that you guys have provided, the assistance, especially Minister Sarkaria. Mary Ng had come down to the facility to also—

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

Mr. Jay Rana: Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. We'll start with the questions now, and we'll start the first round of questions with the opposition. MPP Harden.

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Mr. Joel Harden: Thank you to all of our presenters. Glen, it's really good to see you. It's nice to see an Ottawa success story as part of this conversation, but as I've been following what you've been saying in our local media, this is a trying time. A good friend of mine here in the riding is Edward Roué, who's one of your interpreters and really enjoys the work you do.

I'm wondering; earlier in our committee's work today we heard from another Ottawa voice that was talking about some interprovincial discrepancies. We know that for outdoor events, our public health officials—and I respect their advice—have said a maximum of 100 people for events, but across the border, it's 250. So for a lot of the wedding, entertainment and retail industry, that's a very challenging position to be in. Are there any discrepancies like that that you're dealing with?

Mr. Glen Shackleton: Yes, there are. Thanks for asking. In many ways we have Schrödinger's tour right now, because in theory we can have 100 people on the tour, but because of the need to maintain two-metre distancing, the reality is the maximum tour size is maybe nine or 10 people for us. So the big issue we have is our staff are all working and we have a lot of demand, but our capacity is so small that at the very best we might be able to keep 20% of our capacity from the past.

Canada is one of the last hold-out countries that is still going with two-metre distancing. Almost everybody else has moved to 1.5 metres, including Quebec. For these

types of things, they're at either one or 1.5 metres, depending on the circumstance. So that certainly is a challenge. There's a lot of evidence to show that two metres is more than is required for an event when it's held outdoors.

We want to make sure we maintain maximum safety, so we use masks and we do everything we need to do to make sure the tours are safe. That 100-people limit is impossible to physically do if you're actually following the rules and providing the proper distancing. For other types of events, I'm sure that would definitely—the group size is an issue for us. We're not even close to that ballpark of being able to have groups of that size.

Mr. Joel Harden: Right. Thanks, Glen.

Gary, over to you. First of all, thank you for speaking up today on behalf of independent grocers in the province of Ontario. They are beloved here, the ones that we have here in Ottawa Centre.

I was actually surprised, to be honest, at how quickly many of your members kitted themselves up with Plexiglas and PPE, relative to some of the big corporate counterparts that you spoke about. I know that's coming right out of their pocket. That wasn't coming out of the pocket of anybody other than the local grocers. I'm thinking of Cedars grocery in Old Ottawa South, owned by Brian and Marilyn, who are just phenomenal operators. The last number of times I've been in there, they have been expressing to me a significant amount of frustration with what may be happening in the next couple of weeks with the return to school, the second wave.

I've been asking this question and I intend to ask it for the rest of the day. As a business owner, I'm assuming you guys work super hard to keep the contagion spread down, to keep the community spread down. Do you have a message for my friends in government about what they should be concerned about and the impact on business if we stuff our elementary classes too much and we do facilitate a second wave? How would that work for you and the folks you're representing?

Mr. Gary Sands: It's funny; if you want, Mr. Harden, after this committee thing is ended, I by coincidence had two email messages about that issue from Ottawa-area independent grocers and I will flip them to you. They are raising the concern about staffing when the schools go back. They're asking questions about what will happen if a student—does that impact parents, the whole class? They have raised the concern about staffing and their nervousness about the schools going back. They've been told it's a case-by-case basis; that is, the local public health unit or office will provide the guidance to them. So anything this committee can do to provide us with some guidance that we can disseminate to the members, the grocery stores across the province, would be very welcome. But again, I will flip those emails to you, and I'm happy to exchange thoughts with you after this hearing.

Mr. Joel Harden: I look forward to it.

Mr. Gary Sands: Maybe if you want to, you could contact them directly as well.

Mr. Joel Harden: I would love that. And with that, I'll share our contact information.

Chair, how much time do I have?

The Chair (Mr. Amarjot Sandhu): One minute and 40 seconds.

Mr. Joel Harden: Thank you very much.

I want to make sure I get to Mr. Rana. Thank you for your presentation. It's interesting; a lot of fitness centres, athletic centres, community centres, have been saying the same thing to our office. They really want to get back into the prospect of working, because—I mean, the one thing that I've noticed in COVID, certainly as a parent, is there's a heck of a lot more screen time for our youth. We want to make sure that they're out and moving, particularly the disadvantaged populations that you're talking about serving, and thank you for doing that.

Is there any specific help? I heard you talk about the commercial rent freeze or the tenant rent freeze that is coming unglued. Is there anything in the commercial rent sector that you would like to have my colleagues in government see, something that would help you be able to operate? It was really tough to hear about the struggles you've been through with your own landlord, Mr. Rana. Is there anything you want to say on behalf of fitness operators in Ontario to my colleagues?

Mr. Jay Rana: With regard to the whole rent relief program, just if there was a way to encourage either more landlords to get on that program, or even filter that program through the tenants versus putting the onus on the landlords, because, again, the stats—10% of landlords participated, so that tells me that they're either not going for it because of their personal reasons or whatever. But I think if that was the case, if it was filtered through—just like the CEBA or even the wage subsidy program—the actual business operator, that would have helped—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll have to move to the independent members now. MPP Coteau.

Mr. Michael Coteau: Thank you very much, Mr. Chair. Just before I start, can you confirm if there are any other independent members on the call?

The Chair (Mr. Amarjot Sandhu): It's just you, Mr. Coteau.

Mr. Michael Coteau: Okay, thank you so much. First of all, I'd like to thank all of the deputants here today. I think each of your perspectives and insights based on your industry are very insightful. I really do appreciate the fact that you've taken time from your busy schedules to share some information with us here today.

I have a question for Gary from the Canadian Federation of Independent Grocers. Nice to see you, first of all. My question is, you talked a little bit about accessing certain types of products during the pandemic and that the larger, I would say, international or foreign-owned companies like Walmart had more access to products and to distribution than the independent stores—first of all, just confirm that, if it is true. And what do you think we could do as policy-makers here in Ontario to ensure that, if anything like this happens again, the independent stores that are serving many regions here in Ontario have equal access and equal distribution of those products, and in addition to

that, just general products that are needed on an everyday basis?

Mr. Gary Sands: Thanks for the question. Federally, we've been—first of all, let me back up. We've always said that we're not asking for equal supply, because we know in size, yes, we're 60% of the grocery stores in this province, but we're asking for fair supply. For example, in Ontario, the two biggest wholesalers in this province are Loblaws and Sobeys. So 60% of the grocery stores in Ontario are buying from their retail competitor, who happens also to be a wholesaler. You don't have to be a rocket scientist or know much about this industry to understand that if there are going to be issues that affect the supply issue, Loblaws and Sobeys are going to look after themselves first.

Our problem, and what we want to get not just the federal government but provinces engaged on—and I would say Ontario and BC are now looking at this as well—is we have to let the industry know the government is watching this and is concerned about it, particularly about the issue of food security to those rural and remote communities. By the way, in other provinces, too, it includes Indigenous communities. We supply those communities as well.

We have a problem here as a society, and we have a remedy that we've proposed to the federal government, which is to have a code of conduct that exists in other jurisdictions. But if the provinces could speak up to the industry, that would be helpful.

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I have to say one thing about the Premier: When we were bringing this issue to the attention of the government a few weeks ago, he did set up a Zoom round table with a lot of the CEOs of these companies, trying to get them to explain to him what the problem was, why this was an issue, why independents weren't getting fair access. Just having that call resulted in some follow-up discussions with a couple of those CEOs and our members, who were perplexed that even in Toronto independent grocery stores weren't getting flour, for example.

That's a long-winded answer. But I'm looking for provinces and committees like this to begin to understand how this industry works—that it presents food security problems and foreign interests.

Mr. Michael Coteau: Mr. Chair, how much time do I have left?

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

Mr. Michael Coteau: Okay. This question is to Jay from Iron Fitness Strength Club. Going back to the gyms—I've talked to constituents about these issues. Any location or business where you've got a lot of people in a closed-off area—obviously, if there's sweating and heavy breathing from exercise, people get a bit nervous. So I think it's going to be hard for your sector to get back to where it was, and that's a shame, because I agreed with you 100% that good health is connected to mental health and to keeping people active and engaged.

Is the assumption out there by people that a gym is not going to be a very safe place a true assumption at this

point? And if not, maybe you can shed some light on what the industry is thinking in regard to these specific issues.

Mr. Jay Rana: I'm not sure from the larger-facility perspective, but from our personal experience—we've actually sold off some equipment just to space things out, to ensure that people are not crowding around. We've taped off certain equipment and we've marked areas: "If you're working on this equipment, skip the next one and use this one." So we have stickers and everything. That's all there. We've also sent out memos to all of our current members, as well as anybody who's interested, saying how we're operating and what our peak hours have been.

The best thing right now is, every person who has come back has been extremely respectful, extremely cooperative. They've spaced out their own workout times. They're coming in wearing their masks. If they need to remove their masks, they're removing them. They're adhering to—

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

We'll have to move to the government side now for the first round of questions. MPP Pang.

Mr. Billy Pang: Thank you to all the presenters for speaking out for your sectors and sharing your wisdom, so that our government has more input to help Ontarians recover faster from the hard impacts of COVID-19.

My first question is to Gary. May I know how many of your members are in Ontario, of your 6,900?

Mr. Gary Sands: It is about 2,000. I want to stress that 59.7%—that's a Nielsen stat—of grocery stores in Ontario are independents, but that doesn't mean all of them are members. It's a voluntary association. I would say about 60% of those stores would be our members.

Mr. Billy Pang: How is your federation supporting the 2,000 members in Ontario during COVID-19? And how are they doing, generally, after the stage 3 reopening?

Mr. Gary Sands: They've been open since the beginning, basically operating as an essential service, but it has been tough. There have been stores that have had to close due to employees testing positive. Margins in grocery are lower than in other retail sectors.

I don't want to keep belabouring this, but the issue of the Walmart demands, which are going to be replicated already by the other chains, is going to have an impact not just on our sector—it's anyone who supplies those big companies. So this committee needs to be cognizant of the impact it's going to have on those SMEs.

To answer your question, our main goal is to inform our members of what information we're receiving from the government and, in turn, to be conveying back to the government, "Here's the issues, for example, on supply. We're not getting adequate supplies in a number of communities. We need to draw this to your attention." That's part of what we've been doing on behalf of our members in Ontario.

Mr. Billy Pang: Thank you. My next question is for Jay. You mentioned customer safety. As a gym, I know that you have a lot of trainers. How are your trainers or staff supporting members to stay safe and healthy after the stage 3 reopening?

Mr. Jay Rana: Our staff—everybody is wearing masks when they're on the floor. We have the Plexiglas set-up at the front desk. Like I said, we have stickers set up everywhere so people know when they're working out on the floor where—kind of like an idea of where to stand. We've actually invested and switched all of our taps to touchless taps. We've invested quite a bit of money adding 12 sanitizing stations, 12 wipe-down stations, lots of coronavirus-specific chemicals, just to ensure that every hour we have sanitizing happening on the high-traffic areas, as well as just constantly reminding our members to clean up after themselves.

Like I said, right now, since we've opened the facility, in the last month since reopening, it has probably been the cleanest it has been, with the co-operation of all the members as well. Everybody is really respectful of it, and it's been working out quite well.

Mr. Billy Pang: Very good; it's very good to know that the members work with you. I can imagine that there will be a lot of members coming in and out, because I am visiting the gyms around my area. I can see a lot of cars in the parking lot, so I have a little bit of concern because if there's overcrowding—how are you going to manage the numbers of your members in your facility?

Mr. Jay Rana: What we're doing is, all of the members have been advised of what our peak hours have been, and again, we're looking at a crowd that is really focused on their health and fitness. What they've done on their own is instead of coming in, say, between 4 p.m. and 8 p.m., with the luxury of most people being able to work from home, they are coming in earlier. Some people will come in at 2 o'clock; some people will come around noon. At any given time right now within the facility, we probably have a maximum of like 15 people, so it's a really controllable number. It's good for our staff, it's good for the members, and people are happy so far. There are no issues.

Mr. Billy Pang: Thank you. How long do I have, Mr. Chair?

The Chair (Mr. Amarjot Sandhu): One minute and 50 seconds.

Mr. Billy Pang: Okay. This one is for Glen. How is your business after stage 3 reopening?

Mr. Glen Shackleton: Reopening has certainly helped. If nothing else, it's been a morale boost to us for sure, to be able to get out doing the thing that we love again. But even with reopening, we're so limited in so many ways. We normally work with a lot of historic sites around the province, providing programming in the evening at those sites, many of which are closed or are not able to open to outside groups the way that they would have in the past. We also have extreme limitations on our numbers for our groups, for obvious reasons.

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

Mr. Glen Shackleton: I would say that we're certainly doing better than we were before stage 3, but we're at about 20% of where we would have been in the normal year.

Mr. Billy Pang: With those limitations because of health, what's your plan to go forward—

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

We'll go to the independent—oh, we have about 20 seconds, Minister Dunlop, if you wanted to add something.

Hon. Jill Dunlop: Sorry. Is there time for a question then?

The Chair (Mr. Amarjot Sandhu): Fifteen seconds. We can come back to you in the second round.

Hon. Jill Dunlop: Okay.

The Chair (Mr. Amarjot Sandhu): All right. We'll go to the independent members now. MPP Coteau.

Mr. Michael Coteau: Thank you very much, Mr. Chair. I'm fine. I think that the leader of the Green Party was supposed to be joining. He hasn't joined yet, correct?

The Chair (Mr. Amarjot Sandhu): No, he has not.

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Mr. Michael Coteau: Okay. So I will pass.

The Chair (Mr. Amarjot Sandhu): Okay, thank you. So we'll go back to the government. Minister Dunlop.

Hon. Jill Dunlop: Sorry, my apologies. This is the first time I've joined the committee. But thank you to the committee members for all the work that you have been doing, and thank you to the presenters today.

Glen, I must say I have a 21-year-old history major in my household, so I would be very thrilled for her to be a successful entrepreneur such as yourself when she does graduate. Thank you for your suggestions today and the work. With stage 3 opening in your area and across Ontario, how are you seeing the tourism industry in the Ottawa area picking up, outside of your own business as well? Obviously, you're relying on the people who are coming to Ottawa to visit to then come to your attraction. How are you seeing that in your area?

Mr. Glen Shackleton: For now, we're still primarily in the stage of staycations, of having locals come and do our tourism products, which is very important. A big part of tourism is that double bottom line. We're also creating community activities and ways for people to engage with the place where they live. We've always had a local following.

Tourism is going to take a long time. It was the first hit and it's going to be the longest to recover. A large part of my business was doing international tourism, student travel as well. Obviously, those have all been very hard hit and will take probably many years to recover. I think the point I was trying to express in my presentation was that it will take a lot longer to recover if we don't support the businesses that draw that tourism.

Hon. Jill Dunlop: Thank you very much.

Jay, my next question is for you. I am an avid gym-goer as well and attend a small independent gym in my area. Prior to opening, I had the opportunity to tour my gym, as well as several other smaller ones, and see the great work that they were doing in preparation for opening.

My question is: How do you see the future of gyms, post-COVID, and what would a new business model look like?

Mr. Jay Rana: I think it really depends on how the owner is going to be running the facility. Some models

will be via the booking system. Some models will not be via a booking system, and they will have additional measures put in place to reduce the amount of, say, short-term crowding.

One of the things that we've done right now is we've implemented a no drop-in policy right now. There are no drop-ins, no short-term, no guest passes etc. Right now, I know there are a lot of people who are not very happy with some of the set-up of some of the larger facilities, and they're calling in to say, "Hey, we want to come in for maybe a month or two." We're pretty much saying, "You know what? We love the business, but unfortunately not, because our members are our priority right now." We don't want to jeopardize safety and crowd the place to make a quick buck. We want to be in it for the long run. If you want to come in, you can come in for a long term. Otherwise, unfortunately, we can't take you.

So that's one of the ways we've reduced the amount of traffic with non-committed people. That way, the committed people, because they're paying and they want to be there for the long run, they're treating the place with respect and actually cleaning up among themselves.

But the biggest thing is going to be operating expenses for sanitizing and the cleanup. Janitorial costs definitely are going to be going up. Equipment like sanitizing, paper towels, wipe-down equipment: Those things are going to be going up, so you're probably going to be seeing prices go up just to ensure that those costs can be tackled. I doubt that we will be seeing a lot of these discounted \$10-a-month, \$12-a-month places, because it's just not feasible economically to continue that model and have a safe environment.

Hon. Jill Dunlop: You made a good point earlier about everyone being respectful of each other, and that is so key and something that I've noticed. You do feel safe when everyone is being respectful and cleaning down the equipment and following the public health guidelines in place.

Gary, my next question is for you. You had mentioned labour shortages, and I think it was [*inaudible*] in my area. I hear it from many small and medium-sized businesses. I know my own downtown main street is actually—the shops are closed on Mondays and Tuesdays, and that's due to the staffing shortages in place right now. We understand that the federal CERB program has unintentionally caused absenteeism. How will the transition to EI help your members, and what can Ontario do to help with this transition?

Mr. Gary Sands: I'm going to actually say I don't have the answer to that. It's a very good question. We actually raised this in a discussion we had with Minister Phillips, where some of our members—including another member, again, from the Ottawa area—said that, yes, there were unintended consequences from CERB that did contribute to a real staffing issue. But I don't have the answer to that question in terms of what more the province can do.

One thing is we did want to see—

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

Mr. Gary Sands: —more support for mandatory face masks, because it reassured employees. That reduced a lot of stress for our members in the Toronto area, for example,

but we know that in other municipalities it is a concern for their employees. When you don't have the mandatory requirements in place, it falls on the store to enforce and it becomes more of a problem.

Hon. Jill Dunlop: Thank you very much for everyone's feedback today, for your suggestions and comments, and for taking the time to be part of our committee and the presentations.

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

Ms. Catherine Fife: Thanks to all the presenters. Jay, I'm just going to start with you, very quickly, because you articulated the stress of having to navigate rent throughout this pandemic very well. I think we can all agree that the Canada Emergency Commercial Rent Assistance program is fundamentally flawed, because it's landlord-driven, and that the threshold of 70% revenue loss is impossible. This morning we heard from a business that had 62% revenue loss and still didn't qualify.

I don't know if you heard this, but through the Canadian Federation of Independent Business, Saskatchewan's finance minister has asked the federal government to allow the provinces to administer a tenant-driven rent relief program. As the economic development critic, I have also written the finance minister and asked him to do the same thing for Ontario. Would you be supportive of a made-in-Ontario direct rent subsidy support system that is driven through the tenant and not the landlord, removing the landlord from the equation and dealing directly with the tenant? Would you be supportive of that, Jay?

Mr. Jay Rana: Based on my experience, I think that's the best way of doing any rent relief program. Just further on your comment on the CFIB: They have been of immense support. It's sad to say that they've probably been a lot more supportive and have been more open to suggestions than a lot of the political figures I've reached out to, so those guys have done an amazing job.

Ms. Catherine Fife: That's good to hear, and I'm sure that Dan Kelly will be very pleased with that comment, because they have been working very hard on behalf of businesses.

The second issue on the rent support piece came from another delegation—many delegations, actually, over the last while—around the Commercial Tenancies Act and how businesses felt powerless, essentially, within the context of the Commercial Tenancies Act, which was originally updated in 1990. It has been described as the Wild West, and so there are businesses in Waterloo, which is where I represent, whose landlords are adding ancillary fees and security fees, and increasing their rent and/or changing their locks. This all is well within their rights to do so, because the Commercial Tenancies Act is so weak and out of date. Would you support a modernization of the Commercial Tenancies Act so that tenants have rights? And do you see that as a way to stabilize the economy on a go-forward basis?

Mr. Jay Rana: Oh, 100%. I mean, my background is that I am a real estate sales representative, so outside of Iron Fitness, I do deal with commercial rent, as well as

residential rent, and yes, you're right: It is the Wild West. My own landlord, during my five-year renewal, tried something similar, but because I'm a real estate rep, I can see the comparable properties, and I was able to negotiate a much better rate than some other people who were—literally, they were jacking the rent up by 30% because there is no protection for tenants like there is for residential. So 100%, that needs to be updated, because that's really outdated and no business can survive the Wild West. Rent is the biggest expense any business will have.

1350

Ms. Catherine Fife: Yes. I'm glad you said that, as well. One of the most disturbing things is that landlords have been asking their tenants to sign non-disclosure agreements in order for them to even apply for the federal rent relief. So really, it is time: In 2020, we need to update this act and put tenants back in a position of power.

Very quickly to Glen Shackleton: I just want to say I think that your comments around investing in the tourism market, in order to ensure that there is a tourism market, are well said. I'm going to send your comments directly on to the minister, because I think that you're absolutely right. The staggering cost to replace the tourism industry would be prohibitive, so we have to try to ensure that it survives the COVID-19 experience that we're currently going through.

And then, finally, to Gary Sands: Can you tell me more about the swipe fees, Gary? It feels like it's a federal issue, but should the provincial government be advocating to address this? Because it definitely makes the playing field less level.

Mr. Gary Sands: I would say that if this committee was going to look at one single issue that is going to hit SMEs between the eyes—we're already seeing a significant migration away from cash towards credit and contactless payments as a result of COVID, so that has only exacerbated the problems that we have. But for those SMEs that are in the process or beginning to open, they have no idea what they're about to hear. Even with respect to Jay and Glen, this is a huge issue that's going to be hitting everybody hard.

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

Mr. Gary Sands: It's already an issue for small and medium-sized businesses, but we pay almost double what a Walmart would pay as an interchange fee, for example. I can't emphasize enough how important it is for this committee to get engaged on this and to be speaking out.

Ms. Catherine Fife: Okay. Thank you very much for that, because that's something tangible we can take away from this committee, as well, in addition to modernizing the Commercial Tenancies Act and trying to push this government to have a direct rent support which removes the landlord as the power broker in that.

Finally, I just want to say thank you for your time today. This committee is going to be meeting for the rest of this week and all next week, and the goals are to make some recommendations that are applicable to SMEs across the province so that we can actually recover, from an economic perspective, so thank you very much for your involvement today.

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

Before we move on to our next group of presenters, I would like to do an attendance check. MPP Cuzzetto, if you can please confirm your attendance and if you're present in Ontario.

Interjection.

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

Mr. Rudy Cuzzetto: Yes, I'm here in Mississauga—Lakeshore, in my office, and I am present.

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

MAHTAY CAFÉ
CANADIAN ASSOCIATION
OF TOUR OPERATORS
AUTOMOTIVE INDUSTRIES ASSOCIATION
OF CANADA

The Chair (Mr. Amarjot Sandhu): Our next presenter for the 2 p.m. slot is Mahtay Café. If you could please state your name for the record, and you will have seven minutes for your presentation.

Mr. Chris Lowes: My name is Chris Lowes, and I am representing Mahtay Café in St. Catharines, Ontario, in Niagara Centre.

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

Mr. Chris Lowes: Okay, great. I'm sorry I'm not better prepared for this, but as a small business owner, I really just didn't have the time to do it.

I thought I'd tell a little history about who we are before I go into anything greater, since not everybody knows what the Mahtay Café is. We opened our doors in 2011 in downtown St. Catharines. This was just slightly before there was a revitalization in St. Catharines, so we were a few years ahead of the curve and often considered one of the vanguard of the revitalization of our downtown, which so many people worked hard on, on getting us there.

The reason I opened a cafe is basically about the romance of it: providing a place for people to meet and gather, for people to write manuscripts and plan new businesses. We were considered, and are considered, a bit of an artsy cafe. We provide support for the local artists and we rotate visual art on a monthly basis. We have a stage where we have open mikes and a lot of beginning performers start out at Mahtay.

Our core value is to give the world a respite. You come in through our doors and we have no TVs, no newspapers. There are lots of cafes that do that and do a wonderful job at that. But we wanted to provide a spot where people could just be themselves. We didn't know at the time, but now it's more popular in the vernacular—we were a "safe space." We were really proud of providing a spot where people could be themselves and they could be accepted. We've been recognized for that, as well, and that's through the hard work of our staff and our customers.

We've received three Unity Awards, which is something from Pride Niagara, for the support we give to the

LGBT+ community. And we've received arts awards, as well as newspaper awards for being a great cafe, so to speak. That's due largely to having a fantastic community gathering spot. We are blessed with space there.

Those are our beginnings.

We were running along, since 2011, and growing each year and getting better at what we do.

When COVID-19 hit, we thought that perhaps we were a little bit ahead of the curve, to be honest, but that proved to be not true at all.

We serve a large student population. In January, we noticed that a lot of our Asian community was not coming back. Of course, that's when we all had a little bit of an inkling of what was going on in China. So we had our managers' meetings every week, and we'd plan: "Let's grab some more hand sanitizer and some gloves. We want people to feel safe when they're here"—which turned out to be like bailing the Titanic with a teaspoon. We blew through the hand sanitizers and gloves the week after Tom Hanks got COVID-19, and the whole world changed.

At the beginning of COVID-19, a particular customer—I had many customers come to me before we closed down on the Tuesday or the Wednesday after the 13th—came to me and said, "My sports leagues have closed. I've lost my job. Chris, please don't close Mahtay." But we had to close, and it was one of the hardest decisions we've made. We felt like we let down a lot of people.

We got through that. We had to close for four or five weeks, and we made a plan to reopen, and we did reopen. The world, of course, is changing and continues to change. We did the best we could, and we continue to do that. So we opened up and we did some best practices. Many coffee shops around the world were sharing information. It's still early stages for everybody. So we learned as we moved on. Things were tough and, of course, the business was not there. Many of the drivers that made our place successful were not there and have not come back. When you're a community cafe and you're a gathering spot—that has not happened, and we know that will not happen again in the near future; the best-case scenario is that it's a year away or next year.

When we started back, people often asked us, "What can we do for you?" Short of just giving us money—we came up with a coffee for front-line workers. Many of the big places were taking coffee to hospitals etc. We decided that if we could go half and half with our customers, we could provide coffee for front-line workers. So we did it for a lot of the long-term-care centres, animal shelters, veterinarians and treatment centres. People who were having to work in this crazy time—

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

Mr. Chris Lowes: I'd better hurry up.

What I'd like to say is that we need long-term help—not something that is for this month or next week or the week after. We have to be able to plan. Mahtay Café has had to pivot several times; so have many other businesses. But in order for me to invest and take on more debt, which I've already taken on, we need some sort of assurance of, of course, rent, tax relief. Everything can't just be deferred. I would like to serve my community, but I'm going

to have to serve it in a different capacity. Whether we become like a market for our downtown or—there are many other ways. I don't want to bore the committee with how exactly we would do it.

1400

But the thing that we run up against right now is, where is our long-term plan? We can't continue to pay our expenses and ask for relief—

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

Our next presenter is the Canadian Association of Tour Operators. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Pierre LePage: Thank you. My name is Pierre LePage. I'm the executive director of the Canadian Association of Tour Operators. With me today is—

Mr. Brett Walker: My name is Brett Walker, and I'm the chair of CATO.

Mr. Pierre LePage: Thank you for the opportunity to address the committee, especially in this critical point in history, in particular, of the travel industry. We will be making two important requests for this committee to consider—we did distribute this document to the committee members in advance—first of all, for Ontario-based tour operators and, secondly, for Ontario consumers in general.

The Canadian Association of Tour Operators speaks for its members and, by extension, for all tour operators based in Canada. Most of our members are based in Ontario. The economic value to Canada and Ontario brought by tour operators in the travel industry as a whole can't be overstated. The travel industry employs many thousands of Ontario citizens, creating billions of dollars of economic activity for this province.

(1) Why do tour operators need more help than most? Tour operators were the very first to be impacted by COVID-19 and will be the absolute very last to restart to any acceptable degree. Travel restrictions imposed on Canadians and international travellers into Canada have virtually halted all travel. With little or no easing in sight, there is no horizon for any real recovery. Emergency out-of-country medical insurance is effectively unavailable for COVID-19 coverage. Without effective vaccines, any increase in travel will be exceedingly slow, requiring tour operators to expend double the resources to produce travel experiences in such a safety-conscious environment. Revenues produced by these limited experiences will be insufficient to cover the added costs incurred for a very long time.

Tour operators face unique business challenges:

- long lead times with no revenue from booking date to travel date;

- cash flow restrictions from trust accounting requirements and a need to hold any deposits; and

- a need to offer passengers very flexible cancellation and change policies, offering operators very limited assurance of the reliability of any travel bookings.

Fixed costs have continued unabated since mid-March and will continue well after the current anticipated termination of the wage subsidy program. Without government

support from the Ontario government, the extended wait for any recovery will be the ultimate blow to many tour operators and thousands of jobs. These are critical concerns that cannot be ignored and desperately need to be addressed. Tour operators require financial assistance and relief in order to survive.

(2) How will this affect Ontario consumers? The consequences of this last point mentioned bring us to another critical point which will directly affect Ontario consumers as a result. Ontario travel sellers are regulated by TICO, the Travel Industry Council of Ontario, which has a very inadequate consumer protection fund. It currently sits at roughly \$24 million, which is accumulated from fees collected from tour operators and travel agents. Despite submissions, consultations etc. with different governments, pleading for change to the funding model, successive governments have ignored our input and missed the opportunity to properly protect Ontario consumers.

CATO believes the Ontario travel industry is in great danger. Administrative penalties and governance improvements are well intended, but they don't do anything for the consumer. What needs to be done is, we need a significantly more robust consumer protection fund that cries out for a different funding model. An actuarial study was done by Deloitte, and it showed that a large registrant failure would significantly impact the fund and expose TICO to financial, consumer, political and reputational risk. The fund is, as I said, somewhere around \$24 million. It's predicted to be depleted in the next 15 years. It may happen a lot quicker than that. The report warned that a large registrant failure in March of any given normal year would affect as many as 135,000 passengers and could result in claims between \$20 million and \$183 million against the fund.

We have here a situation, especially given the current unprecedented circumstances, where massive failures can, may very well and probably will happen. Adding regulations and giving TICO greater compliance do absolutely nothing for the consumer in the event of a large registrant failure: airline, cruise line etc. These have happened before.

The inadequacies of the fund are multiplied by its current limits on consumer claims of \$5,000 per person, or a total \$5 million cap per event, plus \$2 million for repatriation. Cruises, safaris, adventure trips and trips to Australia and New Zealand easily surpass these low protection caps, and consumers have to wait six months to find out how many people there would be claiming in order to see how many cents on the dollar they might possibly receive—all this, by the way, only after having proven that they have tried to obtain and were refused a chargeback refund from their credit card company.

This ticking time bomb is now in the process of exploding. In the event of a catastrophic failure, the government will have to explain to consumers and to stakeholders such as ourselves and the industry why it failed—

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

Mr. Pierre LePage: —to fix this problem. Now is the time to fix it. Travel is at a virtual standstill, and

consumers will understand the need to change the way we do things.

There is a simple solution. Quebec instituted a consumer-funded model, which currently sits at over \$150 million, to the point where the fund is self-funding from investments. The amounts consumers would pay in Ontario are minimal compared to the advantages achieved. Deloitte suggests that \$1 per \$1,000, or 0.1%, would quickly reach the objective and well beyond.

As I said, hidden limits and caps are not disclosed by TICO. There is no better time to fix this problem, and CATO is willing to help. CATO remains committed to working with government on a plan to provide more and better protection, not less and definitely not the status quo. We urge the Ontario government to pay special attention to this vital industry, which employs over 40,000 Ontarians and provides a vital link to Ontario, Canada and the world.

Thank you, and you'll notice that I've added—

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

Our next presenter is the Automotive Industries Association of Canada. If you can please state your name for the record, and you can get right into your presentation.

Interjection.

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

Mr. J.-F. Champagne: Thank you very much, Mr. Chair, and good afternoon, committee members. For the record, my name is J.-F. Champagne. I am the president of the Automotive Industries Association of Canada, and we're also known as AIA Canada. We are the national industry association for the automotive aftermarket; I guess that's the other half of Ontario's auto sector, which includes repair parts, manufacturers, wholesalers, distributors, as well as retailers. That would include the likes of Canadian Tire, NAPA Autopro and Mister Transmission. Our members are in each and every riding in Ontario, and we employ in our sector over 131,000 people.

First I'd like to commend Premier Ford and the government for deeming businesses in the automotive aftermarket industry an essential service during the COVID-19 crisis. Our workers were involved in the COVID-19 response, really, in two ways: First, we ensured the safety of front-line workers by ensuring that their personal vehicles were properly maintained and repaired. Secondly, we also maintained vehicles for other essential services, and that included energy and utility vehicle fleets and transport trucks used in the distribution of goods, as well as emergency vehicles.

Despite being deemed essential, our industry has certainly felt the impact of the pandemic. A survey of our members conducted in May revealed that 45% of our members reported a decrease of business greater than 30%. Additionally, many respondents indicated a high degree of interest in the use of the Canada Emergency Wage Subsidy as well as the Canada emergency bank account, with 52% of the respondents taking advantage of these programs.

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A challenge encountered by our industry during the early days of the pandemic was the ad hoc nature of the

essential services designation by provincial governments. This patchwork approach resulted in a lot of confusion within the industry, lost revenues, a lot of consumer questions about whether or not we were open, and obviously, some business decisions that were made without really having the full information available.

As with other industries, we've also had to quickly adapt and implement new health and safety precautions, which came at an increased cost to our establishment. Over 85% of our members introduced new safety and sanitation practices in response to COVID-19. Even faced with these challenges, I'm very pleased to say that our members rose to the occasion to provide services to the customers who need it the most, including essential workers and those transporting essential goods.

COVID-19 has disrupted the economy and society and has changed consumer behaviour, for sure, and we still don't know exactly the full impact on our industry and others as a result. The biggest concerns at this point for our members are of two fronts. The first one is the fear of economic recession, and the second is a second outbreak that would close businesses once again. Significant investment needs to be made to stabilize and then stimulate Ontario's economy. We believe the objective of stimulus should be to build an economy that is tomorrow-ready.

We believe this is also true when considering how to support the automotive industry—and when I say “automotive industry,” it's including the automotive aftermarket. AIA Canada recommends the following measures to support the aftermarket industry post-pandemic:

One, ensure consistency with essential service designations; establish harmonized protocols on how the automotive industries will function in times of crisis similar to the pandemic. If businesses can be kept operating during the next crisis, we know it will reduce the need for government support.

Second recommendation: Upskill and increase training to service today's and tomorrow's vehicles that are increasingly electric, connected and, one day, autonomous. Vehicle technology is changing rapidly, and the skills of those who repair and service them need to follow suit. For most people, a bumper is a bumper, but in cars sold today, your bumper will now include a radar, a lidar; it will have infrared detectors, sonar, camera and other sensors. While in the past an apprentice would be trained in bumper replacement, today they must have the skills and the knowledge to replace, calibrate, connect and program the bumper's parts to the vehicle computer system.

Our third recommendation is to certify collision repair shops in Ontario. Regulations and certification of the auto collision repair marketplace would improve consumer safety and confidence, lower costs on the insurance industry and reduce fraud. Auto repairs are becoming more costly, and we need to ensure that those repairs are being done correctly on the first try.

To conclude, Ontario's automotive industry is more than just auto manufacturing; it is comprised of the aftermarket and integrated supply chain. Unfortunately, when the government enacts policies targeting the automotive industries—

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

Mr. J.-F. Champagne: —it is strictly focused on manufacturing and ignores the other half of the industry. While we are the aftermarket, we shouldn't be an afterthought. We are small businesses in every riding in Ontario. We are the sponsors of local youth sports teams and active members in our communities. We encourage the government to keep that in mind when building automotive policies in the future.

I do thank you for your time, and I'm happy to take any questions you may have.

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

Before we go to questions, I would like to do an attendance check. Minister Downey, if you can please confirm your attendance and if you're present in Ontario.

Hon. Doug Downey: I am present in Ontario.

The Chair (Mr. Amarjot Sandhu): Thank you. MPP Gates? Unmute, please.

Mr. Wayne Gates: Yes, I'm here in Niagara Falls.

The Chair (Mr. Amarjot Sandhu): Thank you. All right. We'll start this round of questions with the government. I'll go to Minister Downey for the first question.

Hon. Doug Downey: Yes, thank you. I'd like to ask Jean-François a question about the aftermarket. Of course, we all have friends and colleagues who are in that industry in some fashion, and the way they're doing business has changed. Are you seeing anything different between commercial and personal vehicle aftermarket business flow, if I can put it that way?

Mr. J.-F. Champagne: My first inclination would be to say no. I think that whether you're repairing a commercial vehicle or whether you're repairing a personal vehicle, technology evolves on both fronts but they're still built essentially the same. The skills needed to repair are similar. There may be a slightly different business relationship, obviously, if you're dealing with an individual versus a fleet operator, as an example. But I think we see both commercial and personal vehicle evolutions following similar paths.

Hon. Doug Downey: So I have Georgian College in my riding, which is obviously critical in terms of training for hands-on, and the auto industry is well served by them. We have some other innovations about autonomous vehicles coming online. We did an MZO for a property just north in Oro-Medonte, also in my riding. I'm wondering if, as we see young people go back to school, in terms of training—we changed the apprenticeship ratio; we changed a whole bunch of things. What do you foresee coming in the fall in terms of students going back and staying in this industry so that we have the skill set there, with no bumps?

Mr. J.-F. Champagne: The answer to that question probably changes by the week as we see the pandemic stretching out a bit into the fall. Your riding is home to Georgian College, where the Automotive Business School of Canada is also based out of. We're building the skill set of the future for the automotive industry.

I think we need to continue, at the government level, to invest in the upskilling of people already in the trade. I

think we need to continue to highlight the importance and the great opportunities that exist in the trades. There are very rewarding careers in the automotive aftermarket, and I think we need, in Ontario, to continue to highlight these opportunities. Any programs of support to the industry that help people upskill and get the knowledge they need to fix the cars of today and tomorrow will go a long way to help, I think, in attracting the younger generations to also join that industry.

Hon. Doug Downey: Minister Romano has come out with a curriculum change in terms of getting things certified in a much faster fashion, so where it would take three years to certify for a program or a course—streamlining that so it can be as short as six months. I don't know if your industry has been part of that conversation about pivoting so that we can meet the current demand.

I guess I'm partially concerned about things that are unknown in terms of the border. We know that a car moves across the border seven times before it's built. MPP Cuzzetto would know more about that, with his background with Ford, and of course, Wayne Gates is going to tell me something when he gets a chance to ask a question. But do you see the pattern changing, the pattern of where you source parts? Do you see us having an opportunity to do more manufacturing in Ontario because of COVID, because of border challenges?

Mr. J.-F. Champagne: I think we all want a vibrant manufacturing sector in Ontario. As you know, we've tried hard to attract new manufacturing plants, and we've had difficulties across Canada, not just in Ontario, to attract new manufacturing plants. The automotive aftermarket has also seen that decline over the last 20 years, probably, of made in Canada and in Ontario. Will COVID provide for more opportunities of built here in Ontario? I think it's too early to tell, but I think we have got that sentiment of wanting to buy from home. But, you see, the difficulty that we're faced with, to your point, is—

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

Mr. J.-F. Champagne: —seven times across the border. It's a highly integrated supply chain, and when you think about the automotive aftermarket, we're mostly focused on the whole supply chain of distribution, delivery of parts and, obviously, making sure that these parts get properly installed on the vehicle. I think the supply chain will continue to be somewhat disrupted. We'd love to see more manufacturing in Ontario, but for sure it's going to be tough moving forward.

1420

Hon. Doug Downey: So in terms of the small businesses—because most of your members would be small businesses; at least the ones that I know are—we've put \$11 billion into supports for people and jobs. We've put deferrals on for remittances. Are your members taking up those opportunities, or are there structural barriers that we should be looking at?

Mr. J.-F. Champagne: The issue we're faced with a bit in some of the initiatives around the focus on automotive in Ontario—it is mostly focused on, again, the manufacturing sector for new parts and the building and

sale of new cars, which is important to the economy, but the aftermarket is a bit of an afterthought in these programs. We often look into the focus of manufacturing and new-car sales, and I think we could definitely make sure that future programs, as I mentioned in my opening remarks, are more inclusive of the entire automotive sector in Ontario.

To speak to your point: We haven't been a part of the specific conversation on these programs, as they are geared towards more automotive manufacturing.

Hon. Doug Downey: So in terms of where we go from here, I'm gathering that a lot of your members are now functional. They're fully functional; they're doing a lot of delivery—they were before. They were doing a lot of delivery to mechanics and getting the product out the door. Are there any specific red tape or regulatory barriers to business that you're encountering, either that persisted from before—because, we all know, tons and tons of red tape—or things that have become highlighted during this process of dealing with COVID?

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize, Minister. The time has come up. We'll come back to that in the second round.

Now we'll have to move to the opposition side. MPP Fife?

Ms. Catherine Fife: MPPs Miller and Gates are going to share this first set.

The Chair (Mr. Amarjot Sandhu): Sure. MPP Miller?

Mr. Paul Miller: Can you hear me okay?

The Chair (Mr. Amarjot Sandhu): Yes, we can.

Mr. Paul Miller: Okay. Thank you. I guess my question will be to the Canadian Association of Tour Operators. Obviously public support is a major component of the survival of your industry. I've had a lot of friends, colleagues and constituents who are asking me for updates on their ability to travel to foreign places like the Caribbean and Europe, and people seem reluctant in many cases to travel domestically when their heart is set on the sunny south or historical Europe.

I've seen some advertisements promoting local or domestic tourism, but do you believe that enough is being done by our government to promote local tour packages? I'd love to see an advertisement about museums in Ottawa, Hamilton and various places in Canada competing with Paris. Do you feel that more action by the governments would help the industry as a whole?

Mr. Pierre LePage: It definitely would, but here's the reality: The vast majority of tour operators—not just our members, but also most tour operators in Canada, especially if they're counting on selling a domestic product in Ontario or elsewhere in Canada—essentially depend on foreign travel from the US and from Europe and other parts of the world. The Canadian market itself, although in some small way as far as coach operators and those kinds of operators—they can definitely continue to and will definitely try to promote that kind of thing, and you've seen already some of them trying to do that.

In spite of all of this, because of COVID, there is a great reluctance of people sitting on a coach next to, possibly,

someone they don't know—or on an aircraft, for that matter. The restrictions that are being imposed—withstanding the international restrictions, the simple fact that passengers from Canada are basically forbidden to travel anywhere else right now, and if they do, if they fly somewhere for a particularly specific reason, even though they're not supposed to, for non-essential travel, then they must, on their way home, quarantine for 14 days.

This is also the reality, for example, if you wanted to go visit someone in the Maritimes. By the time when you come back—first of all, you'd have to quarantine 14 days when you get there, unless you decide to leave earlier than that. So the restrictions right now and the problems really multiply and make travel pretty difficult, other than in your own car. And I agree with you; this is why it's important for—we'll see, for example, that operators of resorts in Ontario etc. are doing very well because people are, in fact, travelling domestically; in particular, within the region.

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

Mr. Wayne Gates: My question is for Chris.

Chris, you're one of the more prominent restaurant cafes on St. Paul Street in St. Catharines, and you have been operating successfully for a number of years. Your story is really concerning. I know, unfortunately, that many other businesses like yours in Ontario are facing a similar future.

We've called on the province to work with the federal government to release the 50% portion of the rent subsidies for commercial tenants of landlords who decide they are not willing to participate and sign up for the program. Would this be something that would help the future of your business and other businesses along St. Paul Street?

Mr. Chris Lowes: Certainly, it would be helpful. The rent subsidy is mind-bogglingly difficult for what should really be a simple task. There are a lot of things that would definitely help out businesses. As the sole person here who is a small business owner and not an association, I can speak directly about—we're all in tough shape. Just this morning, I was reading about a cafe that's on the other side of the 406 that has shut down. When that shuts down, that's somebody's hopes and dreams, and employees who have lost their jobs. Similar to many, if we are to exist beyond COVID-19, we need help for sure.

Mr. Wayne Gates: I have another question, for Jean-François. In your presentation, you mentioned the importance of upgrading skills in your industry. We know that the technology of cars is also increasing—

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

Mr. Wayne Gates: —and thus the knowledge needed to replace or repair increases. What role do you believe the government can play in ensuring that members of the industry are properly trained and that you as an employer have access to a large-enough pool of highly trained individuals?

Mr. J.-F. Champagne: That's a great question. I think we need the government to really invest in the programs where we can help, again, those small and medium-sized

businesses to invest in the training. The industry already provides a wide range of training opportunities on the latest technologies. So people already in the business would definitely be able to benefit from any kind of support program by the government that would entice them and support them financially to take on this industry program training that gives them those additional skills they need to fix today's and tomorrow's cars.

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

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

Mr. Michael Coteau: Thank you to the deputants today. I appreciate the fact that you're here to provide us with this great feedback.

I have a question for Jean-François from the AIAC. I really like the recommendation you made in regard to having a consistent response to protocols. That was a really good suggestion. I don't know if the government is on this pathway, but if they're not at that point, I think it's something they should be doing right across the board in some type of committee—to really look for ways to standardize protocols if anything happens like this again in the future. Maybe you can talk a little bit about that and what it would look like in your industry.

The other thing—I believe it was the fourth recommendation or the third recommendation you made in regard to the certification of repair shops and mechanics. I think was one of the two. I've been championing the right-to-repair movement here in Ontario and in different parts of Canada, and there is a big concern that third-party manufacturers don't have the ability to have their parts accessed by or used within new cars because of the software configuration being restricted, so it wouldn't allow for third-party development of parts to continue, and also different types of schematics and manuals not being provided back to the person who's repairing that car.

1430

Back, I would say, 30 years ago, across North America, there were right-to-repair movements in the automotive industry, and I just wanted to find out if your organization actually has a position on that in relation to the certification of these shops. Thank you so much.

Mr. J.-F. Champagne: Thank you, MPP Coteau. The first question, really—there's nothing about being prepared about those kinds of situations like COVID. What was very challenging for our industry is various provinces moved to close non-essential businesses, but the description and/or a specific outline of what would qualify as an essential business varied widely.

There was a broad consensus around the world already built. Italy had already highlighted that the automotive aftermarket had to be deemed essential. There were already some positions out of the US that were very clear about that. And there was a fairly good endorsement, I'd call it, from the federal government to say, "Yes, we need to continue to be able to fix cars." Because not just a doctor, a first responder, but also the person who is going to make sure that the grocery store stays stocked is going

to need to be able to drive from his home to the grocery store, so we recognize that we need to support the maintenance and repair of vehicles.

But we are a highly integrated supply chain. If we don't make the parts or the distribution centre that distributes those parts is not deemed essential, it doesn't get into the hands of the wholesaler who moves it to the repair centre. Without parts, there are no repairs. So while I think in Ontario we had a pretty good position, it wasn't very uniform across the provinces. I think more collaboration between the provinces on a unified protocol would go a long way.

Again, we're the people who allow those first responders to stay safe in their vehicles, but it also extended to people putting cans on a shelf in a grocery store. We need to understand that, but also understand that it's an integrated supply chain. You can't shut down some pieces of it and expect that we're going to still be able to repair cars, so some form of realization or recognition that the automotive aftermarket is an integrated supply chain, and if you're going to deem one piece essential, you have to deem the whole thing essential in order for it to function.

The second part of your question related to right to repair. Ten years ago, it was on the ballot in Massachusetts, and this is where the right-to-repair bill on automotive repair was passed. You should note that going into November, question 1 on the ballot in Massachusetts is an extension of the right-to-repair question that asks people in Massachusetts if they believe that the wireless data on their vehicle, telematics, should still be accessible to consumers to share with the automotive aftermarket in order to get proper repair.

Our position is we need to maintain consumer choice. We need to ensure that the information and data that's necessary for someone to repair a car shall be made available to the repairer of choice. We know that Canadian consumers, for the most part, will choose the aftermarket as their preferred repairer, and as Canadians continue to have access to choices when it comes down to the repair of their vehicle, all the information in their vehicle that's necessary to do a proper and safe repair shall continue to be made available.

This really aligns with an announcement at the federal level by Minister Bains when he introduced the Digital Charter for Canada. We believe in the principles of the Digital Charter. When you apply them to the automotive space, it reinforces that a consumer or a car owner owns the data—

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

Mr. J.-F. Champagne: —on the vehicle and should be able to control and direct that data to whomever is able to repair their cars.

Mr. Michael Coteau: Well, I'm happy to hear that, and it's something that I can really get behind. I know that the automotive sector has been a leader in regard to open access to repairing and making sure that that consumer does have a choice, so thank you. I appreciate your deputation today. It was very insightful. Thank you so much.

Thank you, Mr. Chair.

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

We'll start the second round with the opposition now. I'll go back to MPP Gates.

Mr. Wayne Gates: Can you hear me?

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

Mr. Wayne Gates: All right. As the manufacturer critic for the opposition and a former auto worker, which Doug talked about a little bit, I have regularly called on the government to put together a fully comprehensive auto strategy. You mentioned in your presentation that you are the other half of the industry that can sometimes be ignored. How would you picture your industry fitting into the full provincial auto strategy?

Mr. J.-F. Champagne: Thank you. Once we establish policies by the Ontario government, let's make sure that we talk about an auto strategy that is inclusive of all the aspects of repairing vehicles. As I said earlier, most Ontarians choose to go to their local Canadian Tire, Napa Autopro centre or Mister Transmission for their repair needs, and those are small and medium-sized businesses. I think they need to be included in the policy discussions about how we better equip these small businesses to get upskilled, to have access to the tools they need and be able to continue to provide the services to all Canadians.

We just need to make sure it's a wholesome approach, not just looking at the manufacturing—which, quite frankly, we support; we want a positive and vibrant manufacturing sector. Let's make sure, though, that when we think about the auto sector, it's inclusive also of the aftermarket.

Mr. Wayne Gates: This is going to go back to Chris again. Chris, I know that the performing arts centre and the Meridian Centre drive a lot of the business in the downtown core. Arts and culture have been a major tool for the downtown core to rebuild itself and sustain businesses like yours. How badly has the closure of these locations affected your business?

Mr. Chris Lowes: Thank you, Wayne. Quite frankly, it has been devastating to us. For those of you who don't know, we are located directly across from the performing arts centre, so not only do we gain from performances and people attending it, but also from the staff that work there. We've become their daily coffee shop, but those drivers in the downtown are gone for the foreseeable future for this year.

The Meridian Centre, for those who don't know, hosts the IceDogs and a bunch of other events. There's nothing happening there, as well. It's sort of shuttered. At the ministry building that's another block away from us, everybody is also working from home. For the downtown food service, we cater these events. You don't typically cater a Zoom meeting, but we used to cater a lot of coffee meetings. And the university moving downtown is also no longer there for the rest of the year, perhaps into 2021.

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

Ms. Catherine Fife: Thank you, Chair, and thanks to all the presenters. It's been a very informative session.

My question actually is for you, Chris. The description of what you went through as a business owner as COVID-19 unfolded was very powerful, because there

were definitely some gaps in support that could have been there for small businesses. One thing we've heard consistently from SMEs throughout these delegations is the need for direct rent support that does not go through the landlord, and is tenant-driven. There's also the fact that in order to access some of that federal money, you had to lose 70% of your revenue; when people lost 60%, they still were deserving of some support.

Can you speak to some of those challenges, how you navigated through them and how you see the provincial government coming to the table to support SMEs so that they can not only survive, but will thrive after this.

Mr. Chris Lowes: Sure, I can definitely speak to it. I'm in the fortunate position of having a landlord that is working with me, but I can speak to having jumped through those hoops.

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

Mr. Chris Lowes: It just seems needlessly complicated to have it go through the landlord. I know on our street, as Wayne has pointed out, on St. Paul, there are people who had to close their business because the landlord did not want that extra hassle to have to apply for this, where the tenant was like, "Yes, I'll definitely do it, if we can get it going." I can't speak to which level of government and a better way of doing it, except that I think it should be based on the tenant and the tenant turning over the money to the landlord, just to streamline it, since they are the person who would normally be paying the rent.

1440

Ms. Catherine Fife: Yes, we definitely heard about the bureaucratic hoops that landlords have to jump through, but also the fact that the Commercial Tenancies Act is so out of date so that tenants—I mean, you're fortunate that you had a good landlord who was willing to come to the table.

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

Ms. Catherine Fife: However, if only 10% of small businesses across the country access that federal rent relief program, that demonstrates that it's fundamentally flawed.

Finally, I just want to say to you, Chris, in your description of how you view your employees, and how you envision your customers and community, I think that you really spoke to the importance of SMEs in the province of Ontario. If SMEs can survive this, then our economy can bounce back, so I just wanted to thank you for your feedback.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go back to the independent members for their second round. Any questions?

Mr. Michael Coteau: Is it my turn? Sorry, I just couldn't hear you.

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Michael Coteau: Thank you so much.

I have a quick comment and question for Chris. Your story is very compelling. It was very sad to hear that your business is being so disrupted because of COVID-19, especially considering the description you gave that it was a safe space for many people and it was a real community retreat for many.

You said you discussed with other cafes around the world and across the country. There has been a bit of a connection between those companies to share best practices. I was wondering, is it possible for you to share some of the learnings through this experience for these cafes?

And going into the future, I really did like the protocol suggestion by the AIAC. In your sector, are there things that we could do differently in the future to mitigate some of the challenges that you're facing today?

Mr. Chris Lowes: Thank you. Not to bore people too much with the actual detail, but in the coffee shop industry, and food service in general, although we compete with each other, there is a good sharing of resources and lessons learned, especially within the coffee industry, I have to say. We were learning from other cafes and trying things in best practices to make our staff feel comfortable and make customers feel comfortable.

A simple one was the reusable mug thing went out the door. We worked so hard to get people to reuse a coffee cup, and unfortunately now—but most independent coffee operators are usually working with compostable cups now anyway. That was one of the lessons in sharing information on how to start doing things. For us, again, we were a sit-down gathering place, so we really had to learn quickly what would make people comfortable. Of course, in today's social media, if you make a misstep, people are really glad to point it out for you. We had gentle customers who allowed sharing information with us as well.

Mr. Michael Coteau: Chris, do you think it would be a good idea, maybe some time in the future, for the provincial government or the municipal governments to invest a small amount of money for coordination to bring people within your sector—if it's the cafe, if it's the restaurants; whoever you deem as connected, and you experience the same challenges—to maybe have a community response to building a series of recommendations for protocols that can be accepted by the Ministry of Economic Development?

I think, going into the future, it would be really beneficial for the government to go through an exercise to really learn what took place at the local level, what protocols and standards they can put in place through regulation or legislation or even just support programs in general for the future.

I think that's something that I may recommend back to the minister responsible for this file, because sitting in on these calls over the last couple of days, it's been very insightful in regard to the feedback we're getting from people. Maybe that's something you can advocate at the local level, at the municipal level, but also at the provincial level, because I think there's a lot for us to learn, and they're very sector-specific.

Thank you, again, for being here and for sharing your experiences with us. I'll end, unless you have something else to say, Chris?

Mr. Chris Lowes: I'll just say thank you, Michael. I think that's an excellent suggestion. As small businesses, it's really hard to access resources, especially when you're trying to run a business and change all at the same time. So I think a unified resource would be fantastic.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll move to the government side now for their second round, and I'll go to Minister Downey.

Hon. Doug Downey: I think MPP Cuzzetto is going to take over. Thank you.

The Chair (Mr. Amarjot Sandhu): Sure. MPP Cuzzetto?

Mr. Rudy Cuzzetto: Thank you, Chair. This question is for Chris here. Being a small business owner since 2011, especially down here in Port Credit—I don't know if you know the Port Credit area very well; we have a lot of small business owners. During the COVID crisis, did you have problems getting staff in to work for you?

Mr. Chris Lowes: Yes, we certainly did—rightfully so. There were different levels of comfortableness for people. I think the short answer is yes, we did, to a certain degree.

Mr. Rudy Cuzzetto: And the reason behind that—I've had a lot of these small store owners telling me it's because of CERB. They were getting paid more to stay at home than to go to work. Was that an issue for you?

Mr. Chris Lowes: I don't think that became an issue for us, in particular. I have heard that for some. We had a dramatic fall in business. Just to give you an idea, we employ from 16 to 18 people on a regular basis, and when we started back, we started with two people. I actually had staff who were volunteering to come in to clean and do whatever because they were so invested in what we were doing.

Mr. Rudy Cuzzetto: Thank you.

The next question is for Jean. Jean, I've been in the automotive industry for 31 years. I worked for the Ford Motor Co., starting off as a line welder to a vehicle auditor at the end, before I left and became an MPP. As you know, 85% of our vehicles go across the border and to Europe, as well, and to Asia. How can we get our aftermarket parts over to those countries more easily?

Mr. J.-F. Champagne: I want to make sure I understand your question. So if aftermarket parts are manufactured here in Canada, how can we ease the—well, before we get into bigger conversations about the whole renegotiation of NAFTA—obviously, we've had some trade barriers that have been an impediment to some of those manufacturers, but I'll be very honest: There's now little left of manufacturing of aftermarket parts in Canada. For some of them that are still here, for sure trade barriers and the likes of uncertainty around NAFTA—we now have issues, obviously, around aluminum as well. Those are the kinds of things where the government needs to step up and speak on behalf of Canada. I think those are probably the biggest impediments for goods exports from Canadian manufacturers.

Mr. Rudy Cuzzetto: Another thing is, as you're aware, the automotive industry is not investing in the combustion engine anymore. We export pretty well all our nickel to the US and we're not producing the batteries here. What do you think we could do better to produce batteries here instead of exporting the nickel out to another country and then bringing it back in as a battery?

Mr. J.-F. Champagne: Quite frankly, I wouldn't be able to provide you with real feedback on that. Our sector is not really involved in the manufacturing of batteries and the fabrication and assembly of new cars that are EVs, so I really wouldn't be able to speak to that particular issue.

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

1450

Mr. Rudy Cuzzetto: Sorry. Myself, I love to work on vehicles, so I continue working on vehicles. I always lean to go to the OEM part over the aftermarket part. What can we do to convince people to buy more aftermarket parts with the same quality as the original part?

Mr. J.-F. Champagne: I'm not surprised you say that, working for Ford your entire career; I guess you have an inclination naturally to the manufacturers who made the parts. Quite frankly, we continue to have what we call a vibrant industry. There's good competition, there's a great level of choices, and the aftermarket continues to provide good alternatives. I think it comes down to consumer choice. Frankly, our data shows that as you service older vehicles, the majority of Canadians in fact will choose aftermarket parts over OEM parts. I think, for any application, depending on the age of your vehicle and how it goes, it will be recommended to use an OEM part sometimes, but very often it's recommended to use an alternate aftermarket part that will provide for the same fit and function as its OEM equivalent.

Mr. Rudy Cuzzetto: Another question for you as well: You were talking about a bumper, to re-and-re a bumper. I know in the old days, you would just rip off the bumper and put on a new, but now with the technology that is involved in bumpers and every—pretty well from your mirror to whatever on your vehicle. We need more technology and our youth to go into trades. What can we do better to attract more of our youth into these trades?

Mr. J.-F. Champagne: We need to continue to tell the younger generation—

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

Mr. J.-F. Champagne:—that there are good qualified careers in the trades. We think we need to be very forthcoming about that. We often say in our advertisements that you cannot fix a computer with a wrench. So the fixing of a bumper with a wrench is not what it was. We're no longer working in dirty, oily garages; now it's almost labs. There are clean spaces where women and some groups that may not necessarily have been attracted to the automotive space before can really work and get rewarding careers. I think that's the message we need to convey, and we should do our best part to do so.

Mr. Rudy Cuzzetto: How much more time do I have there?

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

Mr. Rudy Cuzzetto: How much?

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

Mr. Rudy Cuzzetto: It's okay, then; I'll leave it alone. Thank you.

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

DRIVEWISE AND KNOWLEDGESURGE
INSTITUTE

MR. LARRY O'BRIEN

TOOMEY PARALEGAL SERVICES

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

Ms. Lesley de Repentigny: My name is Lesley de Repentigny. I'm the president and CEO of DriveWise and KnowledgeSurge.

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

Ms. Lesley de Repentigny: I'm going to share my screen, if that's all right; hopefully I am. I shouldn't say I'm a computer whiz, but perhaps I am. First, I want to thank you for giving us the opportunity to have a chance to chat with you today. I thought perhaps I'd just share some responses and lessons learned.

A little bit about ourselves: We're a road-safety education and training company, primarily. We have three strong business units: One's for personal motor vehicles—that's your class G for the general public—and it's MTO-regulated. Our other is commercial training for drivers, which is trucking school, which is MTCU-regulated, as well as fleet recurrent training. We also build and sell driving simulators and incident command simulators, the majority of which are for export.

So we've crossed a lot of different hurdles and government ministries in order to do business continuity. We had pre-existing infrastructure to do virtual work, so that was a big asset to us. We have very engaged staff and we have a diversified stream of income. So we were able to very, very quickly pivot and adapt to what everyone calls the new normal; only, I hope it's only the short-term new normal.

Some of the challenges we had were we did not, like probably 99% of businesses, have any sort of a continuity plan for anything like a pandemic. We have quite a few older workers who are driving instructors who were technology-challenged, we'll call it. We did a lot of our work through Zoom, so adapting them to a new thing was something we had not foreseen as something possible in our future. It was a bit of a hurdle for us to overcome.

The government programs are fantastic. They've done a lot to help us bring our business back to—we were having a record year, and we're going to continue to have record years in both of our companies. A lot of that is due to the support we received from the government and the way that the MTO was able to get rid of red tape and allow us to instantaneously go to virtual without any drop in business. So I think, for myself and for other companies within this industry, that was absolutely huge, that the MTO took away that hurdle that we faced.

One of the challenges, though, was the lag time it took to get some of the programs up and going. We never laid off staff, so we had to cash-flow it out of our reserves for a few weeks until everything got up to normal. It was

something that we foresaw was probably going to happen as we were making our decision that rather than lay off and such, we would pivot and use it as an opportunity to expand our business.

Another challenge that we faced was there was a bit of interministry mixed-messaging that we were receiving. Sometimes the information we were receiving and directives we were receiving from the MTO for new driver training were contrary to what we were getting from the MTCU for in-truck training. There didn't seem to be a lot of commonality as to what was going to be an acceptable environment, so that was definitely a bit of a problem for us to overcome, and I think everyone was working with their best intentions, both in government and in business, but it was a lack of pre-planning by all for something of this magnitude.

A little bit of return-to-work hurdles for some staff that we hadn't anticipated: We have a driving instructor with hearing loss, so wearing masks in-car was not really something she—it was a safety concern, because she can't hear students, so we had to accommodate her with a different position within the company, so nothing that was unmanageable to do. I think that, overall, businesses and the Canadian government, and the Ontario government in particular, have responded significantly well to all of it.

So that was what our mantra became: "Be nimble and pivot." We reimagined our strategic plan. We kept staff on full-time; we converted traditional forms of delivery from live, in-person to remote, virtual experience; we rewrote all of our courseware as well as company policies and procedures; and we started day one to prepare our re-opening plan.

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

Ms. Lesley de Repentigny: We kind of assumed, "It's never going to happen." Our results were on track to achieve the same revenue targets as we had made for ourselves at the beginning of the year, pre-COVID. We might have even surpassed them. We're hiring a lot of people, and all three aspects of our business are exploding right now.

We made life easier for our team during a period of epic stress, which has made team morale in our company never higher. We have very low attrition, and basically everyone returned to work. A few we've had to do accommodations with over hours and such so they can fit in child care, and still quite a few working from home if they choose to, if it's a possibility in their job. You just have to be more flexible in your business. The old 9 to 5 mantra is gone. It's whatever you can fit in to get the job done. We're doing a lot of pre-planning to enable us to react proactively next time, rather than reactively, if there should be a subsequent event of this nature.

And that's it.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is Lawrence O'Brien. If you could please state your name for the record, and you can get right into your presentation. Unmute, please.

Mr. Larry O'Brien: I certainly appreciate the opportunity to speak to your committee today. Thank you very

much. I am speaking as a private individual today, but a private individual who has had a fair amount of experience in both government and business.

1500

I started my first company in 1979, and in six short months made every mistake possible to make. I took the company into bankruptcy by 1979. After two and a half years of trying to figure out how a person who was as smart as I thought I was could fail so badly, I started Calian Technology, which is now a \$400-million-a-year technology services company that is publicly traded on the Toronto Stock Exchange. It has been a very successful enterprise, and in the transition from the failure to the success I learned a fair amount about the workings of the entrepreneurial mind and the value of the entrepreneurial mind, as is illustrated by my fellow presenters here today and presenters who have presented to your committee in previous days.

In 2006, I became mayor of the city of Ottawa and dug deep into the local economic environment. I enjoyed seeing what an important part entrepreneurship and SMEs were as they relate to the success of a municipality. Ottawa is a million-person municipality, and certainly a great number of jobs and a great amount of the potential future for the city comes from the entrepreneurial spirit of the SMEs.

In the last six months, I've been involved in two think tanks that are spending their entire time studying the impact of COVID on SMEs. We've looked at it from a lot of different angles. We spent a lot of time wondering what the accounting issues were, what the economic issues were, how the people were going to survive a pretty depressing situation for an entrepreneur. Nobody likes to accept the fact, but the last six months has probably upped the ante on personal depressions in a way that none of us could have forecasted.

One of the things that we have concluded in these think tanks is that almost every single SME, every single small company, every single small organization will likely come out of COVID drastically offside with its banking covenants. After they're offside with their banking covenants, it's going to be hard to get additional credit that will enable them to continue to grow their business.

I'd like to say that I am a free enterpriser, and I don't believe that governments should come to the support of businesses all the time. However, having said that, I think we're in profoundly unique circumstances now, as a country and as a province. My recommendation today and my input today is going to be very specific on a very small fragment of the fallout of COVID, and that is that I want to talk about what will likely become a leading cause of bankruptcies for entrepreneurs over the next 24 months, and that is their personal covenant, their personal guarantee on loans, and also their personal guarantees on tenants.

I'm going to make it even more specific. My recommendation is going to be even more specific, and I'm going to talk about the very interesting cases of tenants who are faced with landlords who will not participate in the rent relief programs. I am both a tenant and a landlord, so I understand the mechanics of this.

I've talked to a number of landlords who are not participating in the relief program, and they're doing so for a number of different reasons: (1) They don't want the government to get involved in their personal business; (2) they believe in free enterprise, and if a company goes bankrupt, it goes bankrupt; and (3) sometimes they just get a little bit confused by the paperwork. The larger landlords don't seem to have that problem; they seem to be able to eat that as a small meal and get a 50% support for their leases.

I've heard before that other people who have presented to this committee have asked for bankruptcy relief. I don't think that's valid, but under the Canadian Constitution and seeing that the provinces are ultimately responsible for business, I think it would be worth studying if the province could limit the exposure that entrepreneurs have to their personal guarantees on leases: perhaps a number like three months, specifically as it relates to landlords that will not participate in the rent relief programs. I would ask you to take a look at that potential. I don't think you should forgive the personal guarantee, but I think the province has it—

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

Mr. Larry O'Brien:—within its mandate and within its jurisdiction to limit the amount of money that can be pulled out of a personal guarantee in these very unique times that we have.

A lot of people talk about force majeure, and we found out that many of the force majeure clauses that have been put in recent leases have 90-day or 180-day limits. I think you should review the option of making that a law so that people who are up against it—and I think you've probably heard of a number of cases so far where people are in awkward positions—can get some relief, because we don't want to lose the entrepreneurial class in Canada, and we don't want to lose them in Ontario. I think you can take the wind out of the sails of a lot of millennials and a lot of other young entrepreneurs if their first experience as an entrepreneur is to have their head handed to them on a plate.

With that, I turn it back to the Chair.

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

Our next presenter is Toomey Paralegal Services. If you can please—

Ms. Stephanie Toomey: Hi. Thank you, Chair, and thank you, members of the committee, for this opportunity to appear before you today. I am Stephanie Toomey, owner of Toomey Paralegal Services, located in Barrie, Ontario. As a licensed paralegal, I offer legal services and act as a representative in matters falling within the jurisdiction of Small Claims Court and provincial offences court, as well as most tribunals. I have over 20 years' experience in advocacy and sales. The years that I invested in sales and marketing provide vast experience working with both individual clients and with small business owners.

I appreciate the fact that as a paralegal, I have been deemed an essential business during COVID-19. However, with court closures, I have been unable to adequately

advocate for my clients or earn the required income to support my family as a single parent. As you may be aware, this pandemic has been a stressful time for most people in Ontario and across the country. Adding the stress level of a legal matter and the uncertainty of when that matter can be resolved only adds to my clients' stress.

On July 2, the government updated the notice regarding paralegal court matters, and stated that "The court is working closely with its justice partners, including the Ministry of the Attorney General ... to determine if technology can be used to increase ... courthouse services using remote means, such as ... electronic filing..., remote scheduling processes, and remote hearings."

As of July 6, early resolutions may proceed remotely by audio or video conferencing. However, all early-resolution phone lines have remained closed. Provincial court clerks are not working and therefore not accepting any files. I personally have court dates from March that have been adjourned to September, and the provincial court in Barrie, which is set to open in September, notified me just last Friday to call in the first week of September to verify that those dates will even be standing. Barrie hasn't rebooked any adjournments from July or August to this date, either, and some rural-area provincial courts are not planning on opening until January 2021.

The Landlord and Tenant Board continues to remain closed, with the exception of emergency video hearings for evictions, and although the LTB is accepting applications via fax, they are only providing one fax number for all of Ontario, so we have approximately 2,000 to 3,000 paralegals plus approximately 8,000 self-represented landlords all trying to fax applications and forms to one phone number. It has taken my colleague two weeks to get one form faxed through to the LTB.

As paralegals, we are grateful for the advocacy the Ministry of the Attorney General has displayed in working to allow paralegals in Ontario to become notaries. This does open a new stream of revenue for us. However, as a small business owner, I cannot bill my clients for services not completed due to court closures.

1510

We are asking the provincial government to step in and, one, instruct municipalities to open up early resolution lines. As of now, Toronto doesn't even have their early resolution phone number line open. These are matters that, if dealt with now, can help alleviate the pressures on the system when the courts are up and running. This can prevent important matters from becoming stressful situations because they have been waiting in the queue for so long.

Secondly, providing the funding required so courts have the ability to provide online filing of all court materials, including traffic tickets. Currently, we have to wait to file traffic tickets in person.

Third, hiring more justices of the peace to avoid lengthy backlogs within the system. This was an issue prior to COVID-19. I have personally witnessed JPs running back and forth between two courtrooms as they were the only JP on duty. We have entire dockets being adjourned for

the day as no JP has shown up. Even hiring them on a contract basis at this point and providing each courtroom with a JP to cycle through the backlog would help.

If there is a silver lining to this situation, it's that it has clarified the inefficiencies and flaws within the system. A system which has not kept up with technology is of limited use to us. It imposes unnecessary and cumbersome limitations upon us. It requires some updating and adequate use of resources, and then grants for small businesses who can upgrade our technology to better meet the needs and demands of a revised court system, thus allowing us paralegals to get back to work, advocating for our clients and providing for our families.

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

Ms. Stephanie Toomey: I thank you for allowing me this opportunity to present my position, and I welcome any questions.

The Chair (Mr. Amarjot Sandhu): Thank you. All right, we'll start with the questions now. We'll start the first set of questions with the independent members. MPP Coteau.

Mr. Michael Coteau: I'm having a little bit of technical difficulty. Can you put me near the end? Is that possible?

The Chair (Mr. Amarjot Sandhu): Sure, we can do that; yes. All right. We'll go to the government side now. MPP Roberts.

Mr. Jeremy Roberts: My question today is for Larry O'Brien. Larry, great to see you today. Thank you so much for presenting to the committee. I know our office has been in touch with you and you've spoken a little bit to us about the issue of force majeure and how that's impacting some of our small businesses in Ottawa and around the province. I'm wondering if you can do a deeper dive into that for the committee and talk a little bit about how this is impacting small businesses and how the government could take action to rectify this particular issue.

Mr. Larry O'Brien: Thank you, MPP Roberts. It's a pleasure to be here today. I certainly appreciate all the support your office has been giving the local community. As a former mayor, I do still have people reaching out to me on a regular basis with a single word: help. I'm just so delighted to see how active the Conservative government has been and how active your particular constituency office has been in helping people.

Force majeure is—first of all, I'm not a lawyer, so I'm not going to get into the details of it. Having said that, I have a couple of examples where there were limited force majeure clauses put in to different contracts, limited to times as small as 90 days. In other contracts, it simply doesn't exist.

I think where force majeure could be applied to assist people and where it is available on a contractual basis—absolutely. Having said that, people have become a little bit smarter and maybe entrepreneurs a little bit more lax, if you wish, in negotiating their leases over the last five or 10 years. We're not seeing as many clauses like that put in to leases, at least from my limited sphere of observation.

What I'm suggesting, I guess, is limiting the take on a personal covenant to two or three months' rent is probably

the equivalent of a modified force majeure, as you're limiting the exposure to the young entrepreneur.

There are a lot of reasons, MPP Roberts, that people don't want to participate in the rent relief. Quite frankly, I don't quite understand them, but they range from just not wanting the government to have an insight into the operations of their business to believing the government shouldn't even be involved in the management of business. It really doesn't matter, because most of the time, these small landlord companies or small companies that have buildings are probably running tight to their mortgage requirements anyway, so they're struggling a little bit to survive.

Having said that, they have to equally take some of the hit going forward. When an entrepreneur has a personal guarantee on a lease, they have no negotiating room. Let's face it: The value of retail spaces such as restaurants or small retail spaces dropped dramatically as a result of COVID and will likely not return to where the values were for two to three years, four years. The small entrepreneur has very little negotiating leverage. I suspect that if you put something on the table that would enable a tenant to say, "All right, three months and I'm out of here," the landlord might be a bit more open to doing a percentage of the sales, to doing a reduced rental rate for two or three years—because let's face it, it is going to take, for many companies, two to three years to recover from this. So that is where I'm coming from, MPP Roberts, on this whole issue.

Mr. Jeremy Roberts: Perfect. Thank you so much.

I know we're fortunate to have our Attorney General, Minister Downey, on the call today as well. Minister Downey may have a couple of questions for you in the second round.

I want to change directions a little bit and pick your brain on two other areas that you have some experience in. The first is high tech. Obviously, Ottawa's high-tech sector—I think it has been particularly resilient throughout COVID, because a lot of the companies were able to retool to provide virtual services. But I'm wondering, what do you think are going to be the key challenges for our high-tech industries in Ottawa and Waterloo and around the province? Is it going to be the recruitment of new talent coming out of this, or where do you see the vulnerabilities?

Mr. Larry O'Brien: Thank you, MPP Roberts. I actually think this is going to be one of the most freeing situations that technology entrepreneurs have ever seen in their whole careers. Venture capitalists hate the idea of putting 25% of their venture capital into a company knowing that 25% of that venture capital is going to rents. Now that we fully understand that people can work from home—

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

Mr. Larry O'Brien:—and I have numerous examples of companies I've invested in—you will be able to start a company with a lot less capital and a lot more good ideas. It's almost like going back to the 1970s or 1980s.

So personally, I think this is going to be an explosive, wonderful boom for the technology sector. I don't see it as

a negative for the technology sector at all. Again, I think it might be a little negative for the people who own a lot of industrial buildings, but ultimately, I think you're going to see a very positive impact.

On that, about working from home, I am still waiting for a Premier of a province to get up in the morning and say, "You know, a lot of those feds in Ottawa have been working from home. Why can't they work from home in Ajax, Ontario? Why can't they work from Saskatoon, Saskatchewan?" So I can see a lot of wonderful opportunities to spread the wealth around our great country. I think, if anything, COVID has opened up our eyes to those opportunities.

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

Mr. Jeremy Roberts: Thank you so much.

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

Mr. Ian Arthur: Good afternoon. Thank you so much for the presentations, all of you. Lawrence, I know you've spoken quite a bit and I will come to the other presenters quickly, but I just want to touch quickly—I'm happy to see the Attorney General is on this call. I think some of your ideas were important for him to hear.

In terms of limiting personal exposure in the form of bankruptcies that you were talking about, can you speak to how that actually interacts with the rent subsidy program? Because limiting your personal liability over the long term if there just isn't the money there because the bills are so huge—we heard from a woman yesterday whose cumulative rent was in excess of \$100,000 in terms of what she owed, and she had zero revenue. She's still not allowed to be open; she's one of the last possible ones. How do we rejig the rent support program so that that money can actually flow? It has extremely low uptake. I think you hit on something that's really important, but it's only half the story.

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Mr. Larry O'Brien: Absolutely, it's only half the story. I was trying to be very specific in my recommendation. I'm recommending this only in the cases where the landlord is not participating in the rent relief program. I'm a real believer in being a country of laws and being a free-enterprise country. Some companies were in trouble before COVID, and they were probably bound for failure to begin with. Personally, I wouldn't want to move too far into the socialization of industry. But I think in certain cases where landlords are being stubborn and not participating in the program and they make that clear decision not to participate, I don't think that we should handcuff the tenants. I am not addressing the issue relating to someone who's already in trouble. My comments were not aimed at those companies.

Mr. Ian Arthur: Perfect. I'm going to shift gears a little bit and ask some questions of the other presenters.

Lesley, you talked a lot about being able to pivot and shift online in terms of your course content delivery. I imagine some of it is impossible to shift online; there's very little actual experience driving to learn how to drive, especially with the larger vehicles. What percentage are

you operating at right now? Are you graduating anyone at this time, or what does that look like?

Ms. Lesley de Repentigny: Right now—I'll speak to the industry in general—the biggest is a backlog at DriveTest to be able to get people licensed. For a class G, currently they're booking into December. So if you've been waiting from March for a test, you're now going to wait until December. On the commercial side, the AZ and DZ, the trucks, it's quite a bit better, quite a bit faster to be able to—I think their ramp-up is probably not going as smoothly as some of the schools. Our biggest problem is that we were allowed to do virtual in-class but, as you said, there are aspects of the program that had to wait for an entire reopening before you could do it, which would be the in-cabin and in-vehicle portion. Keeping your staff on creates a great amount of loyalty. They're helping with extra time, which is limited—how much extra we'll let an instructor do, because there's always the overriding safety as the main concern. But the biggest is trying to get through the backlog that we have. We're over 100% busier than we were before the shutdown.

Mr. Ian Arthur: In terms of how many tests you can do in a day with the safety precautions that are in place, how much has that shifted? What capacity are you operating at right now?

Ms. Lesley de Repentigny: An instructor, originally, would be limited to eight lessons per day, which are one hour in duration. So it creates about a nine-hour work day for them. That would be the upper end. Usually, it was around six or seven. Now they're doing nine lessons a day, which doesn't sound like a lot, but with all the cleaning protocols that we've put in place in our vehicles and trucks and that, it creates a longer day for them.

Mr. Ian Arthur: Absolutely. I would imagine 10 hours-plus a day to fit that in with proper cleanings in between.

Ms. Lesley de Repentigny: Yes. But we also have hired a lot of additional instructors at all our locations already, and we're still hiring instructors.

Mr. Ian Arthur: In terms of an ask—you've come before this committee to testify—what is it you're looking for from the government? What do you need? You talked about planning, and I think that's really important going forward. Things have slowed down a little bit. We can give industries more warning before the government implements policies. What is it you need to continue operating and have that path forward into the new year?

Ms. Lesley de Repentigny: We're actually in a growth phase, so I think we've been extremely lucky—

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

Ms. Lesley de Repentigny: —for what we've been able to do. For our industry in general, I would think one of the biggest things that people would want, moving forward, would be a little more coordination between the agencies—or the different ministries; excuse me—when a situation does arise.

For example, for the MTCU, when we were first allowed to reopen the trucking schools, we were only allowed to do in-cab. For the MTO, when we were first allowed to open the driving schools, we were only allowed

to do in-class. And the class sizes are exactly the same. So it's a little confusing as to why the classroom environment is safe for class G, but the in-vehicle wasn't safe for class G, and a little confusing why, for an AZ driver, it wasn't safe to go into class but you could get in a truck. I guess the perfect solution was sign up to take class G online and then go in-vehicle and learn in a truck.

The Chair (Mr. Amarjot Sandhu): Thank you. All right, we'll go to the independent members now. MPP Coteau.

Mr. Michael Coteau: Thank you very much, Mr. Chair. I'd like to go back to Mr. O'Brien. Lawrence, thank you for your insight today. I agree with you that we've got some massive challenges in front of us, but we also have some opportunities as Ontarians. Over the last several deputations, we've heard different ideas that have come forward.

Really, I think one of the biggest things that keeps coming forward—and it may not sound directly like this—but it's the alignment between policy-makers and the regulations and legislations they build, and where people are today. I think that there is a disconnect between—and this is not a partisan thing. This is across the country, in many different legislatures and around North America, where legislation and regulation are not really up to speed with the transition and the speed necessary to really capture those opportunities that are out there.

In addition, I think that our intellectual property, as Ontarians—that the legislative framework around it doesn't allow for companies to feel confident in investing and developing the IP, and it being monetized in the future and being protected. Do you have any thoughts on any of those insights into the alignment between government and business?

Mr. Larry O'Brien: Thank you very much for the question, and yes, I do. I'll go back to the days of starting Calian Technology as a one-person consulting company in 1982. Quite frankly, I paid zero attention to the rules and regulations relating to Canada and the province, because my focus was strictly on what's going on outside of the country. I think the old statement being, "You've got to dream big"—what is it? "Dream like you're going to drink champagne, but keep the money for the beer." So we focused completely on what was going on internationally. As a result, we never ran into limitations relating to that.

Now, that was back in the 1980s and the 1990s, and I'm sure as things developed, there may be some limitations today, but none that I am intimately aware of. I think we want to encourage our entrepreneurs to look internationally. We want to encourage our entrepreneurs to think big and not let their dreams be their limitations. If we do that successfully, I think they will find ways around any of the laws and the regulations that might seem like an impediment. But if you have a hard-driven entrepreneur, they only seem like an impediment. You'll work your way around it.

Mr. Michael Coteau: Right. Do you see any other major shifts taking place? You talked a bit about the work-place, the shift of not necessarily relying on the traditional

workplaces as a means to produce. Do you see any other big shifts that you may have been aware of already or things you may anticipate, in regard to the future and the opportunity that presents itself, as Ontarians?

Mr. Larry O'Brien: I think the shifts are pretty obvious now to almost everybody, in terms of the retail sector. I think the shifts are—in terms of technology companies that will work from home, a situation where your office and work is a moment in time; it's not a location. Those things, I think, are very clear. You get exceptional growth from companies like a Shopify that have just blossomed in this. Their whole business plan has been accelerated by five to 10 years because of COVID. I think those are the big ones, by the way, but other than those two massive shifts, I don't see anything.

1530

I do see some risks, though. I see the risk if we don't look after this young entrepreneurial class, if we don't show them that this is an absolutely, incredibly unforeseen black swan smashing an entire class of small business people. We have to have our gloves on and we have to treat them very, very gently, otherwise we stand to lose the entrepreneurial spirit from the people who are going to make our future.

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

Mr. Michael Coteau: Sorry, did you say two minutes or one minute?

The Chair (Mr. Amarjot Sandhu): Two minutes—less than two minutes.

Mr. Michael Coteau: Two minutes? Okay, thank you—double the time.

I appreciate what you're saying. I was shocked to see that Shopify—I believe it just beat Royal Bank as the most valued company in Canada. I may have read that wrong, but that's what I thought I read, and they're actually transitioning their entire workforce to work from home, which is just astonishing.

But going back to your point around small businesses: Small businesses are the majority, right? They're the driver of our economy, and I think you're right: We need to be very sensitive to the challenges that they have.

One of the statements that our previous presenter made—he owns a cafe, and he said that he wants to be able to invest into his business with some assurances, so that at least it has the chance. He didn't say it exactly like that, but I think that was his point. There needs to be a balance between being willing to invest and being completely caught off guard, like COVID has done here in Canada.

Thank you for being here. Can I ask one more question? What motivated you to join this deputation today?

Mr. Larry O'Brien: Thank you for the question. As I mentioned earlier, I'm on two think tanks that are focused on SMEs, how they are going to respond, and how we are going to define business models that will survive post-COVID, so I've been very active in this. I was approached by a number of people, including a family member who was having landlord problems. I looked into it, and their particular problems have disappeared, in terms of the

landlord participating in the rent relief program. But that got me interested in it.

I would like to put whatever background I have onto the table for consideration by your committee, because I know—

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

We'll move to the government side now for their second round. I'll go to Minister Downey, please.

Hon. Doug Downey: Wonderful. Thank you. I guess I'm torn, because Lesley has a Barrie presence, which is my riding, and so does Stephanie, so I hope to get to all three of you.

Lesley, if I can start: I'm very curious, because you're obviously an entrepreneur and a small business. What allowed you to shift so quickly? Don't be bashful. Was it the demand of the clients? Was it the leadership of you and your husband? Was it the employees? What made that possible so quickly?

Ms. Lesley de Repentigny: I think kind of a mixture of everything that you said. My husband and I are veterans, so we're pretty used to having to shift instantaneously, and we had set up an infrastructure. We're a technology-based company for our industry. Everything we do is technology-based, so we already had a lot of the infrastructure in place. The hardest part was the in-vehicle and in-cab driving instructors, keeping them gainfully employed doing something productive during the closure. But everything else, all the infrastructure was in place to do a pivot and switch to virtual and online.

Hon. Doug Downey: Did you come across anything—again, I'm always interested in—we call it “red tape,” but it's really just barriers, things that have slowed you down. You've already mentioned some stuff that didn't make sense to you in terms of coming back online. Were there any rules, regulations or processes that you came to where you really wondered, “Why is that there?”

Ms. Lesley de Repentigny: I guess we found that for our manufacturing—we have a small manufacturing facility that makes virtual reality simulators, and we're kind of thrown into the same pot as major auto manufacturers. It didn't matter that we were a manufacturing group of five to 10 people in 10,000 square feet. We were shut down, even though they couldn't see each other all day. And I understand why; it was just a global shutdown of everything at the time.

Understanding sometimes the scalability of things, I agree with restaurant owners, and I think it's the same for school systems: Why are you making it a number of people and not foot percentage per person [*inaudible*]? So I found that some of the ways they opened back up seemed hurried rather than thought out.

Hon. Doug Downey: Interesting.

Because we're limited on time, I want to ask Stephanie a couple of questions as well. Obviously, we're in the same world to a large degree. You talk about more filing online. You would have seen that on August 5, we had 400 more forms that you can do online. Just this week, we've unrolled some web-based checking for files; we've brought in case lines for e-filing. We're doing some assessments,

and you'll see some significant change through landlord and tenant in January, actually. I was in BC back when we could meet people in person and struck a deal with the Attorney General in BC that we can use their tribunal system. The deal is effectively, any upgrades we do, I share back with him. So there's tons of change coming.

Really, as a front-line practitioner, outside of getting the courts opening and functioning, what's on your wish list, so that I understand that?

Ms. Stephanie Toomey: I think financial support obviously, because like I said, with the courts being closed, we're not billing clients for work we can't do. With the emergency response being phased out, we're not eligible as self-employed for any other benefits. So we're kind of caught in that in-between of being self-employed and not being able to advocate for our clients and earn any income.

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

Ms. Stephanie Toomey: That's why whatever we can do to start doing more and more online with the courts—then we can at least bill our clients for that work that's done.

As a new start-up business, having grants available to get the technology for my own business to be up and running and be able to do things online with the court is a big thing as well, because we haven't been working for five, six months. We don't have the extra revenue to put into upgrading our own technology to do video conferencing with the courts as well.

Hon. Doug Downey: Stay tuned for POA, because we've just changed the law on that so that that can be done remotely. It's going to be a very different experience as well.

I want to touch on one issue that Larry brought up as well. If we limit personal exposure on a covenant, like on a lease, what I worry about is that banks will lend less into it and that landlords will demand more on other parts to compensate for that. Have you given thought to that balance?

Mr. Larry O'Brien: As a matter of fact, I'm only looking at this through the rear-view mirror. I don't think anyone could have foreseen what happened in the middle of March. I think this is a very special circumstance. I wouldn't want to change the system going forward. I like the system that we have. I'm only looking at some sort of emergency relief for people who have been caught in the crosshairs between a rock and a hard spot.

Hon. Doug Downey: That's very helpful. When I first heard it, I thought you were saying a systemic change on a go-forward basis. Thank you for clarifying that.

I suspect I'm down to a matter of seconds, MPP Amarjot?

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

Hon. Doug Downey: All right, I'll let it go. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go back to the opposition now. MPP Fife.

Ms. Catherine Fife: Thank you, Chair, and thanks to all the presenters. I'm the MPP for Waterloo. I'm going to start with Stephanie, I think, because we're of the opinion

that paralegals are a key part of the justice system, the court system. My office, in particular, reaches out to them quite a bit.

1540

Stephanie, you said in your comments that there was one fax machine number that paralegals were trying to access, and I think you mentioned that it took two weeks to get one form in. It's a little bit ironic, but also painful I'm sure, that the government made a big deal about getting rid of fax machines here at Queen's Park and now we find out that there's one fax machine number. You mentioned that one of your asks for the government to act on would be an early resolution line. Can you talk a little bit about what that means and why it needs to happen?

Ms. Stephanie Toomey: Yes. In provincial offences, typically with the Highway Traffic Act, we use the early resolution lines, either as practitioners or the public themselves can call in and they can deal with their matter with the prosecutor over the early resolution line so that they're not having to attend court and bog down the court system with matters that can be dealt with and resolved quickly.

Right now, those lines are not operating. The prosecutors are not there. The early resolution lines are not open and operating, so they're not dealing with any of those simple matters. Those matters are just going to be added to the backload when the provincial courts do open. It's not necessary for them to be out of operation right now, because you're not meeting face to face with people and you could have those issues dealt with and alleviated from the backlog.

Ms. Catherine Fife: Okay. That makes a lot of sense. It's good that the Attorney General is on the line and hearing it first-hand. I have constituents in my riding who have been waiting three years to have their court date, and it's the emotional labour of waiting that long to have justice and now everything is just frozen up. It can't be understated, and it has a long-term impact on communities. So thank you very much for that recommendation around the early resolution line. We'll try to get that into the recommendations that this committee puts forward, because it makes a lot of sense.

I want to go to Larry O'Brien. Larry, I want to just be really clear with you around what you're proposing around rent relief and rent support. I'm the economic development critic for the official opposition, and my inbox is overflowing with businesses that were successful before they had to shut down and are inundated with, of course, the inability to pay their rent, but also they're dealing with landlords who are having them sign NDA. They are increasing their ancillary fees, like around security and maintenance. They're increasing their rent, in some cases, by 30% during a pandemic, and there was nothing to stop them from doing that.

When the Attorney General says that you're not looking for systemic change, is that accurate? I'm sure you would know this from your municipal years, that the Commercial Tenancies Act has not been updated and it favours landlords to the degree that tenants are basically powerless in that relationship. So I just wanted to give you a moment to speak to that, if you could.

Mr. Larry O'Brien: Thank you very much for the question, MPP Fife. I have tried to limit my comments in this particular discussion for very much that purpose. If you're going to make systemic change in a program, you don't want to do it around a single event like COVID. We know COVID is here, and we also know that it's going to be going, whether it's 12 months or 24 months. Whereas I might agree with you that we need to look at the landlord-tenant relationship and do some things in the due course of time, having been a politician, I know any decision you make in a rush because of a panic is, with 80% certainty, going to be wrong and it's going to be either an overreaction or an under-reaction. I would leave it to this committee to make the solid incremental changes over a period of time and just look at emergency relief for certain companies.

I certainly have had a lot of calls as well from people who are in trouble, and one of our think tanks is focusing on examining the business models of those companies and asking the question, will they survive post-COVID? It's a pretty brutal environment that we're in right now and not every company is going to survive.

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

Mr. Larry O'Brien: I think we have to get our heads around that and, where possible, provide some relief, but also be fully aware that the free enterprise system is based on success and failure, and you are going to have companies fail out of this. We already have.

Ms. Catherine Fife: I hail from Waterloo, so Communitech has been one of those organizations which has tested business resiliency. But when we are thinking about the economy in the long term, our economy and our ability to bounce back actually require some businesses to stay in business, and I don't think that rent should be the number one reason they fail. So we're going to look at the Commercial Tenancies Act. It was last updated in 1990. It does need to be updated again.

I thank all of you for your feedback today.

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

Mr. Michael Coteau: Just checking in: Are there any other independent members that have joined us?

The Chair (Mr. Amarjot Sandhu): No.

Mr. Michael Coteau: No?

The Chair (Mr. Amarjot Sandhu): You're the only one.

Mr. Michael Coteau: I'm the only one. I'm fine. I think I've asked all the questions, or the questions that I was thinking have been answered, so I'll pass, Mr. Chair.

The Chair (Mr. Amarjot Sandhu): Thank you so much. All right, so this is the end of the presentation. I would like to thank all three presenters for your time and for your presentation.

We're running a bit ahead of time, so we will recess for five minutes and we'll come back in five minutes. Thank you.

The committee recessed from 1547 to 1557.

CAMPING IN ONTARIO
ONTARIO MOTORSPORTS PROMOTERS
SPRING VALLEY CORP.

The Vice-Chair (Mr. Jeremy Roberts): Okay, we'll get started again, folks. We'll be moving on to our next round of presenters. Each of you will have seven minutes for your presentation, and we'll give you a warning as you're approaching the end.

We're going to be starting with the organization, Camping in Ontario. I would ask you first if you are able to state your name, or names, for Hansard, and then you may begin.

Ms. Alexandra Anderson: Alexandra Anderson.

Ms. Susan Moelker: Susan Moelker.

The Vice-Chair (Mr. Jeremy Roberts): Excellent. Please get started.

Ms. Alexandra Anderson: Good afternoon, committee members. I would like to thank you all for your time and interest in small and medium enterprises during this pandemic, and by which urgency this government and Ontario's respected politicians reacted to ensure public health was protected. Ontario strived, whenever possible, to make sure business owners were given the opportunity to provide input on how safely to reopen our economy.

My name is Alexandra Anderson. I am the executive director of Camping in Ontario, a non-profit trade association that represents over 440 member campgrounds in the province. Our membership represents approximately half of the industry. Our membership is as diverse as the province itself, with our smallest campground having three sites, to our largest with over 2,000. Many of our campgrounds are run by two people, however some of our larger campgrounds can have a staff of well over 100. Geographically, we represent businesses from the Manitoba border to Quebec, and south to Michigan.

Accompanying me is one of my members, Susan Moelker, chair of the board of Camping in Ontario. Susan, along with her husband, own and operate a 300-site campground in Flamborough, Ontario. She directly experiences the daily challenges of running a small business during these times.

We are in frequent communication with this government, ensuring our issues are aligned with the economic needs of both the tourism industry and the province. That being said, our sector, our members and our clients are looking at a myriad of issues facing Ontario campgrounds.

The biggest issue right now facing our industry is a plan of action regarding Canadian snowbirds who have chosen to live without a primary residence. The industry has taken many steps and worked hard over the past decade to ensure that we are recreational businesses, and not residential.

Despite our best efforts, we still find ourselves with a snowbird problem. We have already witnessed a housing crisis in March and April, as snowbirds returning to Canada found difficulty finding accommodations as campgrounds were ordered closed. Thanks to this government, we were able to find a working and viable solution that

provided much-needed shelter for our returning Canadians, while keeping public health at the centre of our ambitions. However, that was in the spring, when we were able to turn on the necessities of life. With summer ending, the window of opportunity for proactive legislation is quickly closing. Our options to protect our most vulnerable populations are dwindling, as thoughts of building the necessary infrastructure are becoming infeasible.

This is why I'm addressing you all today. On behalf of the over 60,000 campers in our campgrounds in Ontario and over 440 businesses, I am asking you all to please give some consideration to the structures necessary that will provide safe shelter for snowbirds this winter.

I must forewarn this committee and government that mandating campgrounds to remain open for the winter is not a viable option. Despite frozen water pipes and inaccessible roads for plowing in some areas, most trailers in these campgrounds are for three-season use, which means they will not be adequate for living in and daring to brave the Ontario winter. In addition, municipalities zone these campgrounds to be seasonal businesses for many reasons: to limit municipal resources being used through the winter, to ensure safety to all constituents and visitors in their regions, and to ensure that the people camping are not becoming residents without paying proper taxes and contributing to their respective municipal systems. If municipalities wanted to have people living in campgrounds, they would be zoned as mobile home parks and the businesses would fall under a different set of rules and regulations.

I anticipate that approximately 5% of the camping sector is snowbirds with no permanent address. That should account for roughly 6,000 people in the province who will be without shelter. This is a very conservative guess, as we are in the process of learning how many snowbirds are actually in Ontario to properly understand the issue, but my fear is that we could be looking at a number double our initial estimate. Again, the industry is not able to accommodate snowbirds during the winter. However, we wish to assist the government in any way to help address this issue with solutions going forward, considering how much risk it creates with the spread of COVID-19 and its impact on the broader communities.

Another note: We witnessed a record high number of campers across Ontario this year. As Minister Lisa MacLeod has said a number of times, tourism is the backbone to the economy. When the economy is strong, people travel and tourists come in from around the world to witness what Ontario has to offer. When the economy slows, people stay local. They go camping. They do wine tours, golf and go on road trips, and look for areas of Ontario they've never seen before.

Ontario campgrounds saw an interest in camping not seen in the past decade. From tents to RV purchases, our sector was a bright light in the tourism industry this summer. However, our concern is the lack of camping sites available to accommodate this upswell in interest. Given the challenges of expanding campgrounds, Ontario has not kept up with other states and provinces in product

offerings. Our concern is that if we have a similar summer next year, with demand for sites far outweighing the supply, people might choose to give up camping and not return.

Our industry could, would and should expand to become a leader in product offerings in North America. However, given the current regulations, most small business owners simply cannot afford to undertake the financial burden of years of waiting for the necessary approvals. Campgrounds are asking for assistance with red tape reduction to help move the way forward so that expansions of existing campgrounds can be done in a timely manner, and that we can take advantage of the new interest in camping by having sites to accommodate new campers. This would help in the economic recovery of Ontario.

COVID-19 has shown Ontarians—

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

Ms. Alexandra Anderson: Sorry?

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

Ms. Alexandra Anderson: Yes, okay. COVID-19 has shown Ontario how integral tourism is to the local, provincial and national economies. Our member campgrounds are proud that they have been able to contribute to the economy during these challenging times.

Thank you all for listening to our industry's concerns, and we look forward to your questions.

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

Our next presenter is the Ontario Motorsports Promoters. Just to let the members know, one of the presenters, Mr. Lou Rinaldi, is the former member of provincial Parliament from Northumberland–Quinte West, so we welcome him to the finance committee. Please state your name for the record, and you will have seven minutes for your presentation.

Mr. Lou Rinaldi: Good afternoon. It's Lou. Thank you for allowing us a few minutes to speak to you. My son is going to do the majority of the presentation.

We've been trying to work with government, with the promoters, and it's certainly been a challenge. I just want to highlight that it's such a very short season we're talking, with the majority of the tracks in Ontario only having maybe four or five weeks out of the whole year, and they still have to pay their taxes and everything else coming with it.

I'm going to turn it over to my son, Mark. He will go through some of the specific challenges.

Mr. Mark Rinaldi: Hello. Thank you. Thanks for [inaudible]. As alluded to by my father, we're both motorsports promoters in Ontario and in Northumberland county. Our family has been promoting the motorsports industry for more than 40 years, and not just in Northumberland county, but we've also been involved in many motorsports promotions across the province and even outside of the province.

When COVID hit, we all knew that there would be an impact. I was actually at a motorsports show in Toronto on the weekend that events started to get shut down, and we knew there would be an immediate impact to our industry. Obviously, we all promote live events, and the impact has been [inaudible] quick.

In May, when stage 1 came around, we worked together. There are 35 motorsports facilities in Ontario that banded together, put a plan together that would allow us to open up and at least do practice days, or for some events, it made sense for them to race without fans, without spectators. We submitted that plan in May. Lo and behold, fairly quickly, motorsports was mentioned as part of stage 1, so we were happy with that at that point in time. Some of the facilities began to open up and just do practice days or, like I said, races without spectators.

As we waited and bided our time as we went through the different stages—as you know, the cost of running a large facility—our facility is 66-acres and our property taxes are over \$20,000 a year. Maintaining the facility and the costs of maintaining these large facilities are quite expensive, so we were really looking forward to stage 3 and being able to potentially open up with spectators, or at least a reasonable and safe amount of spectators. We submitted a plan to the government to do so.

I was on a call with the Ministry of Heritage, Sport, Tourism and Culture Industries on the Friday before stage 3. It was indicated that we would be part of stage 3, but they wouldn't indicate any of the restrictions that would be based around that. The following Monday, the restrictions came out that we could have 100 people, and 100 spectators really just doesn't cut it in our industry, especially for the oval track community.

We were then forced to pursue it even farther. We pushed our plans through the Ontario jobs and recovery website. We also went through our local MPP, David Piccini, and numerous other racetracks submitted stuff to their MPPs. The plan has since been stuck and held up for almost five weeks now. We're still not allowed to race with more than 100 spectators. It's been a very frustrating experience, especially when you see stuff like Cineplex being allowed to open up to 500 people at an indoor facility. Marineland has been allowed to open up. The Ontario-owned parks are overflowing every weekend—Presqu'île beach, the Sandbanks, many other parks throughout Ontario—where they're doing zero contact tracing, and basically, the limit to the amount of people who go in is 80% or higher. So we as racetrack promoters feel that there has been a big double standard set here by the government. Either you had to be a government-owned property to allow people in, or you had to be a big corporation such as Cineplex or Marineland to get your plan heard.

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MPP Piccini has been very supportive and has been trying to push our plan through, but to date, we still have no resolution. Like I said, it's been almost five weeks since the plan was submitted. There has been zero or very little interaction between us and any of the government entities, such as the ministry of tourism, the Ministry of Health, the Ministry of Finance. Nobody else has responded back other than through the tracks reaching out to their local MPPs. That's been part of the more frustrating part, the lack of feedback or the speed of feedback.

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

Mr. Mark Rinaldi: Nobody really seems to get the sense of urgency that we're a significant part of the tourism and sports industry within Ontario. We have a very limited season. Basically, we're down to about five or six weeks left where we can hold races before the weather turns. Nobody seems to want to really take any action to push this through.

The economic impact on our track alone—we're one of the smaller tracks within Ontario—is we're down [*inaudible*] between \$500,000 and \$600,000 in revenue, year to date, and we anticipate being down about \$1.1 million by the middle of October, which is when we would end our season. The 100-spectator limit is really—it doesn't pass any sort of common-sense rule at all—

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

Since the third presenter is not here yet, we will start with the questions now. We'll start the first round of questions with the opposition. MPP Fife.

Ms. Catherine Fife: Thank you to both presenters. I'm going to start with Camping in Ontario, both Alexandra and Susan, as a manager of the 300-site location. The issue of recreational properties and snowbirds in Ontario has actually recently come up in my riding with the Green Acre trailer park. There are about 200 seniors there who have nowhere to go, because they can't go down to the south for the winter. Affordable housing, of course, and housing options are very limited. So your presentation resonated with me, because I think that the residents in these parks are going to be looking to managers like Susan to see if they can actually stay.

Now, you've listed some of the obstacles around—obviously, some of these facilities are not built for a full season. What, to date, has the government said to you about extending? For the Green Acre Park in my riding, it's an additional two months that they're looking for. What communication, to date, have you had with the government about options?

Ms. Susan Moelker: Alex, do you want to take this or do you want me to take this? Oh, Alex is on mute.

Ms. Alexandra Anderson: I apologize. There are multiple challenges to a campground extending their season. Most of the infrastructure is built for seasonal use: i.e., the water pipes are not deep enough in the ground. The Ministry of the Environment provides septic approvals based on a certain amount of length of stay. The water approvals are also given on a campground closing. It is not simply a matter of whether you choose to remain open. We physically cannot accommodate Canadians in a safe manner.

When the parks were allowed to open in the spring—and we worked hard with the government to ensure that the parks that could open were allowed to open—the health departments all stepped in and said that people who were coming back must have access to potable water, sewage and hydro. In many, many instances, the campgrounds were only in a position to provide one of the three, which was hydro. So it's not a matter of whether it is an extension of a couple of weeks; it's simply that the parks are not built to accommodate the infrastructure.

I will pass it along to Sue whose park does close in October.

Ms. Catherine Fife: Okay. Sue?

Ms. Susan Moelker: I cannot have water on throughout the year, so I wouldn't even be able to accommodate it. Our pipes are not far enough down in the ground to even accommodate people staying for a longer period of time past—October 31 would be the latest they could do it.

Ms. Catherine Fife: Yet your early estimates—you said there are potentially 6,000 snowbirds currently, and you admit that that's likely a low number. Is that true?

Ms. Alexandra Anderson: Yes. We're working on gathering better and more quantitative data. But right now, we are estimating about 5%.

Ms. Catherine Fife: I see. So you have brought this issue to this committee because you are looking for some support to navigate through what these next few months are going to look like. Can you be more clear on that?

Ms. Alexandra Anderson: We want to make sure that there is no Ontario resident basically left without a place to live this winter. The industry does not want to have a repeat of what happened in the spring when the Canadian snowbirds were asked to come home.

Everybody has had a tremendous amount on their plate this summer from all levels of government. We just want to make sure, now that it is mid-August, that everybody is given the most amount of warning time that we have. We are hearing that some of the snowbirds are already making accommodations for their own personal place, but there are some that we are also hearing are simply not. We just want to make everybody very clear that this is a situation and this is an issue.

Ms. Catherine Fife: Okay. But I have been told there are some trailer parks and recreational campgrounds in Ontario where snowbirds could be accommodated. So you basically just want to put this on the radar of the government, because not all campsites obviously are built the same and have the same infrastructure. I totally agree with you that the spring was messy and there was a huge amount of pressure obviously on your sites.

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

Ms. Catherine Fife: But the fact there's going to be possibly 6,000-plus snowbirds who have to vacate their recreational campsite and home and do not have a location to go to—because, to be honest, there are some lower socio-economic folks who have managed to hold on to those places.

I just want to thank you for bringing that to our attention. I think putting it on the government's radar is a really good first step. So thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. Now we'll go to the independent members. MPP Coteau.

Mr. Michael Coteau: Thank you very much, Chair. I'd like to also thank all of our deputants here today. The information the folks have been providing us throughout the day is very valuable, and just getting some insights into different sectors means a lot to each and every one of us. So thank you so much.

Lou, welcome back to the Legislature, virtually, I guess. It's nice to see you, and thank you for providing some feedback today.

A question to Mark: Mark, how many people do you usually have? You have the 100-spectator limit today. How many people do you usually have come in to see the motorsport?

Mr. Mark Rinaldi: Thanks, Michael. Our facility at max capacity on the bleacher side is about 2,700 people. I wouldn't say that's what comes every Saturday night, but we have had some capacity crowds in the past.

But that was the part about our plan that was flexible. It was more or less a set of guidelines, because every one of our facilities is different. You pass a speedway which is in Toby Barrett's riding, and they seat about 7,000 people. Ohsweken Speedway is on Six Nations and they seat 5,000 people. Mosport, which is based north of Oshawa there, they probably fit 30,000 people comfortably around their facility. So the plan was basically based on all of the recommended guidelines that were given throughout phase 1, phase 2 and phase 3, but it was flexible and adaptable for each promoter of each track to make it work.

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Mr. Michael Coteau: Right. So if you could go up to 2,700, where did the 100 come from? Where did that number come from?

Mr. Mark Rinaldi: That is, unfortunately, the hard number that outside gatherings are limited to by stage 3. David could speak to this: We sat on a call with the Ministry of Heritage, Sport, Tourism and Culture Industries on the Friday before that number was released, and everybody on the call agreed a hard number didn't make common sense, but unfortunately, from what I understand, the Ministry of Health came out with a hard number.

That's what's so frustrating. You can have 100 people in your backyard, and I can only have 100 people in my 66 acres that are well spread out and well spaced out. This is the point I've been trying to get across to everybody since day one, and I just can't seem to get anybody to listen to it.

Mr. Michael Coteau: It's unbelievable, actually. What shocked me in your statement is that a movie theatre can have 500 people in it, and your 66 acres that are used for commercial space to attract people within the tourism sector can have 100. That's unbelievable. How much does your sector contribute to the Canadian economy here in Ontario? Do you have any numbers?

Mr. Mark Rinaldi: I don't have the exact numbers. Every one of our facilities are privately owned, privately managed facilities, so people don't put out those numbers, but like I said, I'm on the smaller end. I'm a \$1.1-million to \$1.3-million revenue business every year. There's 35 of us across the tracks. I would say Mosport, which has huge international events, have probably got to be 10 or 15 times my revenue, and then there are places like Jukasa and Ohsweken and other bigger facilities that are probably \$2 million or \$3 million worth of revenue. It would be a guess right now, but I would say we're probably getting into the \$100-million range here.

Mr. Michael Coteau: So we're talking about tens of millions of dollars in lost tax potential and massive employment in these regions. I'm assuming a lot of young people would work over the course of the summer in your sector, so that's a lot of lost opportunity. I understand we need to be safe, but this was a real missed opportunity, is what it sounds like. The fact that this is an outdoor sport—you could have reduced it by even two thirds and still had a decent ability to generate some revenue, I'm assuming.

Mr. Mark Rinaldi: Yes, correct. I mean, that's what we sort of said. One of the things when the Cineplex plan came on was that we said, "Okay, if our plan isn't good enough, give us some feedback. Let us know. Or just give us Cineplex's plan and we can adapt it to our facilities, because if they can have 500 people inside, why can we not have 500 people outside?"

And yes, to your point, we have about 66 employees here on average on a Saturday night. Many of them are young students. We've had to cut the grass cutters off and we've had to cut the people who do the maintenance on our equipment off. There has been a huge economic impact. I'm not saying it's not eaten up by other areas, but definitely we as a speedway, we're not spending \$1 million out of our \$1.1 million in revenue this year, which we normally would have.

Mr. Michael Coteau: That's incredible. I'll just end by saying this: You have 66 acres of land, enough space—

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

Mr. Michael Coteau: —for people to really social distance. It sounds like if you built a building and stuck 500 people in, you might have got a pass this time around.

Mr. Mark Rinaldi: That's the thing: We've had zero feedback, other than from MPP Piccini and some of the other MPPs that have been pushing it. But it's like everybody's fighting an uphill battle and somebody doesn't want to listen or give feedback.

Mr. Michael Coteau: Well, thank you so much, and thank you to all the folks here today. It's really interesting to get the feedback, and I appreciate your time.

Thank you, Mr. Chair.

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

Before we move to the government side, MPP Piccini, if you can please confirm your attendance.

Mr. David Piccini: Thank you, Chair. It's MPP Piccini, Zooming in from my office in Port Hope.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go to MPP Smith now for further questions.

Mr. Dave Smith: I'm going to start, actually, with the camping association for Ontario, because you mentioned a couple of things at the very beginning of your presentation that I'd like to expand on a little bit. You said that there isn't enough capacity right now at campsites for what the demand is, and you'd like to move forward. What's the obstacle there?

Ms. Alexandra Anderson: There are a number of obstacles. Number one is a very, very long period of time and a very, very detailed and expensive septic approval process. It can take up to five to seven years to get a septic system approved in Ontario. We can hit zoning restrictions. I will let Susan, if she's on, speak to that one even

more in depth. We can have hydro issues in that we can't get enough hydro into the sites. You name it. And then we hit environmental approvals. Some of our campgrounds can face up to five different levels of government to get an approval to build a building. Between everybody, when you start adding all of that up, it becomes very discouraging to a small owner, because all of their money is tied up in trying to get to approvals.

The demand is there. Ontario's campground industry could definitely expand. We could become the leader of North America. We have the best lakes, probably. We have lots of water. So the opportunity is there. It's simply the red tape, just to do it. That is what the problem is.

Mr. Dave Smith: Thank you. I'm going to shift focus here a bit; I'm going to go over to Mark. Have you talked to your local medical officer of health to see if they can come up with a local plan that would work for you?

Mr. Mark Rinaldi: Just this past week, with David's help, we presented a plan to the local medical officer of health. However, we were under the impression that as a large group, we would have more success. I do know that Paul Kirkland, who is in Steve Clark's riding in Brockville, did go to the medical officer of health. As well, Merrittville Speedway, which is in Thorold, went to [inaudible] medical officer of health. The common feedback was that we were limited to the restrictions placed in phase 3, and they would need guidance from the province to veer away from that.

I guess I'll wait and see what I do get back from our medical officer of health, hopefully, in the next few days. But, yes, that's where we went with that.

Mr. Dave Smith: So this is a health emergency, a medical pandemic that we're facing right now, and basically you've submitted a plan provincially that the medical officers are taking a look at, and they're coming back and they're saying, "No, we don't feel comfortable with that yet." Should we just not listen to the doctors? Are they not the people that we're supposed to be getting medical advice from? If they come back and say it's not safe to do something, should we say, "Screw it. You have no idea what you're talking about?"

Mr. Mark Rinaldi: No, not at all. Not at all. But that was my whole point: There has been no feedback. I got the answer no. That's what we got.

But no is not really an option in this case, right? They've already set a precedent by allowing 500 people into the movie theatre. If you're allowing 500 people indoors, then give me Cineplex's plan, and we'll modify our plan to meet whatever Cineplex is doing. They've set the precedents. They've allowed 500 people indoors, and they have yet to give me zero feedback in almost five weeks on my plan, which is—it's not just a handwritten sketch. It's a significant plan with significant restrictions in place that include masks, protection of employees and all of the recommendations that all the other businesses that are open are having to follow. We encompassed everything and probably went overboard to try to be safe.

I'm not asking to open up to 3,000 people. I'm asking to open up in a safe and responsible manner, that we can do so and still create revenue.

Mr. Dave Smith: Let's clarify Cineplex's plan right now. They're allowed 50 people per theatre. If they had 10 theatres, yes, in that case, in total, there would be 500 in 10 different rooms. They have to stagger the start times on all the movies so that there's no opportunity for those people to be in the lobby area at the same time. It's no different than what we've done with arenas as well. If you've got a six-plex or six-pad arena, then you could have two teams practising in each of those pads, because they're not congregating as a large group.

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Again, I'll come back to—one of the best opportunities you have to move this forward is to work with your local medical officers of health, because they get the opportunity in Ontario to determine what is safe in their region and make accommodations based on what the infection rate is and so on within the region.

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

Mr. Dave Smith: I strongly, strongly suggest that you work with your medical officers of health and get at least one of them to agree to what the type of plan that you have is, and then you can replicate that in other areas.

Mr. Mark Rinaldi: As I said, there have been numerous other people who have contacted their medical officers of health. People went to their medical officers of health and said, "Hey, can I open up as a restaurant? There happens to be a race going on." Another racetrack has a campground and said, "If I run a race, can the campers walk over to the track and watch it?" There has been lots of communication back and forth between the local medical officers of health. I personally do not go. I personally was trying to go on the provincial level. Like I said, it was a big thing.

Back to your point about the staggered start times and stuff: All those people still go through the same common area. They still open the same doors. We don't have doors. I have five gates at my facility here that I can let people in. I have numbered seating. I have online—

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

All right. Before we start the second round of questions, since our third presenter is here, we'll give them a chance for their presentation and then we'll start the second round. Now I will call upon Spring Valley Corp. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Eric Sommer: Yes, my name is Eric Sommer. I'm president of Spring Valley Corp.

Ms. Patti Overgaard: I'm Patti Overgaard, marketing manager.

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

Mr. Eric Sommer: Great. We want to start by thanking the committee members for taking the time to listen to us. We've found members of government to be very accessible and helpful through this process. The reason we wanted to speak was not because we believe—well, sure, we believe that we're the most important, but not only because of that. We believe that we represent a lot of manufacturers who are in the same situation as we are in

how it relates to the Canada Emergency Commercial Rent Assistance program that was implemented.

The reason it became relevant to us was because we have a manufacturing business, and we are involved in the latest technology for concrete. It's innovative in terms of its architectural applications, so there are very few manufacturers. We are maybe one of two in Canada that do something similar to what we do. Our competitors are really in the US.

When COVID hit, our clients were in New York City, they were in Dallas, they were in Hawaii, and every single one of them cancelled projects and postponed projects for as much as a year. Our sales cycle is two years long, and we have millions of dollars of projects in the pipe. But everything stopped for us.

The rent subsidy program was there to help companies like us. When we went to see our landlord, the landlord said, "Absolutely not. I am not participating in this. If you don't pay your rent, I'm kicking you out. I don't care what the government or anybody says, I'm kicking you out. It's my property. You don't pay rent, you're out." We said, "But we have millions of dollars' worth of projects. We have machinery here that would cost us a fortune to move to a new location. It simply would mean that we'd be bankrupt."

There probably has been much thought put into the possibility of changing the way the rent subsidy program works. The landlord voices a concern which I've heard from other landlords. Apparently there's not a huge participation in it, but we don't have hard numbers on that. The reason they object to it is, "I have to do more work as a landlord. I have to do more work for less money. Why don't I just demand that my tenants pay 100%? If they don't pay 100%, we're going to just kick them out and replace them with a new tenant. We don't care about the economic impact on anyone except the landlord." That's the position our landlord has taken.

We've been able to pay about 35% of our rent, and we're hoping to be able to catch up over time, but we haven't been able to benefit from the rent subsidy program. An idea might be that there could be a way to give it to us as the tenant and then we could give it to the landlord and prove that we have given it. I guess the impact would be less to the landlord in the sense that they wouldn't have to do the work and they wouldn't lose out on getting 100% of the rent, which is their main objection.

Ms. Patti Overgaard: Yes. If I can add, when it first came out our landlord said, "No, I'm not prepared to lose 25%. I can't afford that." I said, "I understand. What if we do our best to cover the additional 25%?" That to me is the biggest downfall of the program, because it seems to me that that is just simply not allowed.

I would have liked there to be a bit more flexibility. I mean, I appreciate what was done, but if I can come up with that 50% and we can benefit from the program, it would help save our business and it would give him what he needs. But I think it's that piece where it just simply is completely not allowed to give that back to us. I feel like that is the weakness.

I mean, it's been very difficult for us. We're down 93.5% over last year's revenues, so it wouldn't have been easy. However, if that makes the difference between carrying on our business and not, we would do what we had to do to come up with that money. That to me is one change that would be really amazing if it could be implemented, that it becomes between the tenant and the landlord as to how to come up with the 25%, or more, if that makes sense.

Mr. Eric Sommer: We don't need all seven minutes to say what it is that's important to us, but that's really what it is: There's a challenge with the rent subsidy program and maybe it could be changed.

The Chair (Mr. Amarjot Sandhu): Thank you. Now we'll go to the second round of questions. We'll start with the independent members. MPP Coteau.

Mr. Michael Coteau: Thank you so much for your presentation. We heard a lot from different—

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

Mr. Michael Coteau: Can you hear me now?

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Michael Coteau: Thank you so much for the presentation. This issue has come up several times, so I appreciate the fact that you have taken time to speak on this issue. Just a couple of questions: You're saying if the landlord agrees to move forward with the rent subsidy, the other 25% that would be missing—it covers 75%. That other 25% cannot be given by the company? I don't understand.

Mr. Eric Sommer: Apparently, the rules of the program are that the landlord is not allowed to receive the remaining 25% from us.

Ms. Patti Overgaard: Yes, it says,—from the website where the application is; I forget the name of it: “Can my landlord ask me to pay back rent at a later date after the program has ended?” That's the question.

The answer here is, “No, the landlord must agree that the rent that is forgiven/reduced will never be recoverable or collected through significant or disproportionate rent increases. This will also be within the terms of the rent reduction agreement in place between you and the landlord.”

Mr. Michael Coteau: Right.

Ms. Patti Overgaard: Somewhere else I found, though, it said very clearly that no, you can't get it from them. You have to either give it back if they overpaid or—I've been very clear and he told me that as well, and I looked it up and verified that fact. That was the only problem I could find.

Mr. Michael Coteau: I must have missed something. I didn't realize that there couldn't be a private arrangement between the landlord and the actual person renting the space. That's unfortunate. Obviously you're saying that the circumstances are, no matter what, the landlord is receiving only a 25% reduction in their rent that month or for the next three months.

Where are you now? Did you get to stay in the location or did you move?

Ms. Patti Overgaard: We're still here and we're talking to him every couple of days. We get, “Where's our money?” and we keep saying we're waiting for our customers. We have a hotel in Toronto that owes us significant money. They're just not able to pay us yet. So we just keep telling him our reality, but he's getting less—he's losing patience. He's come in and he's been threatening.

Mr. Michael Coteau: So the actual subsidy was never, ever, ever used? He never—after even a few months, he didn't finally say, “Okay, I'll take the 75%”?

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Ms. Patti Overgaard: No, and I'm wondering—I think he might also be fearful of whatever auditing might happen after; we don't know. He mentioned something funny too: “I'll be audited,” or “I don't want to do it.” It started with, “I can't lose 25%.” I said, “I will pay it.” He said, “No,” and then I found out that he's supposed to take that hit. That is what we know. So we're still here, but it's scary for us, of course, because we have a bright future, and we just need to get through this time.

Mr. Michael Coteau: What kind of business are you in, out of curiosity?

Ms. Patti Overgaard: We do architectural concrete with a technology—it's a new kind of concrete that is very special, very strong, very thin, so we can do things that architects only dreamt of before. There's one job in Toronto at Woodsy Park that is a super-interesting building that catches people's eyes when they see it. We have another one that's going to be at Hotel X, so it's a very interesting—

Mr. Michael Coteau: A very innovative technology.

Mr. Eric Sommer: Yes. New York City is really demanding our product, because they're able to put buildings up with lighter cranes or no cranes at all and still have a 300-year life on a building's skin.

Mr. Michael Coteau: Wow. What's the technology called?

Mr. Eric Sommer: Ultra-High Performance Concrete, which is really nanotechnology in concrete.

Mr. Michael Coteau: Wow. Well, we want to make sure that we can keep you here in Ontario, so I wish you all the best in the future. Thank you.

Mr. Eric Sommer: Thank you very much.

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

Interjection.

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

Ms. Goldie Ghamari: Yes, sorry. I was just pushing on that. My apologies. I'm out in the rural areas in my riding, so the Internet is a little slow.

I wanted to thank everyone for their presentations. It was very informative. I had a few questions, though, just to get a little bit of clarification. This question would be directed towards Mark and Lou, for Ontario Motorsports Promoters. You commented earlier that there seems to be a double standard between privately owned entities and government-operated entities or entities with government interests. I just wanted you to maybe clarify that, because

I live four minutes away from Rideau Carleton Raceway, which is the only casino in Ottawa. It's in my riding, and that has been closed. Not only has that impacted hundreds, if not thousands, of people because they're one of the biggest employers in the riding, but it has also impacted the money that's coming in through the OLG. There are other government entities as well, whether provincial, municipal or federal, that have been severely impacted by COVID.

Ultimately, every decision that we have made is based on the health and medical advice of our Chief Medical Officer of Health in Ontario. Locally here in Ottawa, we have Dr. Vera Etches. She is the Chief Medical Officer of Health for Ottawa, and she is phenomenal. So my question to you, then, is: What exactly is this double standard that you're speaking of in terms of government-owned or operated entities? If you can just clarify on that, please.

Mr. Mark Rinaldi: Yes, no problem. Thanks for the question. There are two plays on the double standard. I explained this to both MPP Piccini and to Todd Smith—who is in a neighbouring riding, but many of our drivers and fans come from his riding, so he shows some interest in it as well.

The first double standard is that Ontario parks—we have a beautiful Ontario park here, right in Brighton, Presqu'île park, and the Sandbanks park, which is just down the road here in Picton. They're allowing up to 80% capacity, by vehicles. That's how they measure their capacity at the beach: 80%, by vehicles. They're not counting anybody who's in any of the vehicles, so people are just loading up cars with more people, and then what happens is when they cut off vehicles, everybody just parks on the side of the road for about three miles and walks into the Ontario parks and fills the beaches.

The beaches are overfull every weekend down here. There is zero contract tracing going on. They won't ask for a name. They don't take a licence plate number. You pay in cash; there's no contactless payment. So many of the things that the rest of our businesses are being encouraged to do or told that we have to do—they're not doing any of it. The only limitation they did is they took 20% of the vehicles away from the cars that could enter. The beaches are overflowing every weekend. I happen to know people who work there as wardens, and police have been called in to break up parties—

Ms. Goldie Ghamari: Sorry to interrupt, Mark. I'm curious to know where you got that information from, because I actually went camping a few weeks ago, as soon as the parks opened up. I actually went up north to an Ontario park. In order to get in, we had to give our licence plate numbers. You even have to get a campground pass per person, so there was a fee per person that you have to pay. They keep track of everything, and even the public lots and public beaches that we wanted to go to, because we had our parking pass, we couldn't because the parking lot was full.

Even when we were camping on our campsite, all the surrounding campsites were actually empty, so it was definitely not 80%. I'm just curious where you are getting your data from. I'd love to see a copy of that, because—

Mr. Mark Rinaldi: I happen to be related to someone who works for Ontario Parks—two people who work for Ontario Parks—

Ms. Goldie Ghamari: So you don't have an official document; you're just relying on—

Mr. Mark Rinaldi: I do not have an official document, but I know that I can drive to Presqu'île park right now and not give a licence plate or—

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

Ms. Goldie Ghamari: So just to confirm, then, this is like third-party hearsay information that you're relying upon to say—

Mr. Mark Rinaldi: It's not third-party hearsay. I've driven to the beach myself.

The second double standard is that I have had zero feedback from anybody within the Ministry of Health regarding my plan—zero feedback.

Ms. Goldie Ghamari: My understanding was—

Mr. Mark Rinaldi: All I got was that it's under review. You have to be a big corporation—

Ms. Goldie Ghamari: When was the last time—

Mr. Mark Rinaldi: You're not letting me finish. You asked a question, and I'm trying to finish.

Ms. Goldie Ghamari: Yes, so I'm just—

The Chair (Mr. Amarjot Sandhu): Sorry to interrupt. I'll request that the member and the witness don't speak over each other, please. Please speak one at a time.

Ms. Goldie Ghamari: How much time do I have left?

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

Ms. Goldie Ghamari: Okay. So I'd just like to keep your answers brief. Sorry, Mark. When was the last time you spoke with MPP Piccini?

Mr. Mark Rinaldi: On Friday, we had a long conversation.

Ms. Goldie Ghamari: And what feedback has he provided you?

Mr. Mark Rinaldi: On Friday, the feedback was that it has not been approved or even read by the Ministry of Health, but he's trying to get it through the Ministry of Health.

Interjection.

Mr. Mark Rinaldi: Pardon?

Ms. Goldie Ghamari: So MPP Piccini is working with you to advance your file, and understandably, [*inaudible*] applications across the province—

Mr. Mark Rinaldi: All the big corporations got their proposals put through pretty quick. That's the double standard. You have to be a big corporation with a big lobby group to get your proposal read; otherwise, it just gets put out in the waiting line.

Ms. Goldie Ghamari: But you're looking for an exemption, correct? You're looking for a proposal—

Mr. Mark Rinaldi: I'm looking for—

Ms. Goldie Ghamari: Because my understanding is that when you're within a space, regardless of what it is, it's 50 people, so you don't really need to apply for an exemption when you're just following the standards that are set by public health officials, correct?

Mr. Mark Rinaldi: No, no, that's not what—

The Chair (Mr. Amarjot Sandhu): Thank you so much. The time has come up now.

We'll now move to the opposition members. MPP Arthur?

Mr. Ian Arthur: Good afternoon. I'm going to focus on Eric and Patricia. Thank you for the information that you brought forward. This is one of the hardest parts to reconcile with this province's response to COVID—I look to the side because the closest TV with you on it is over to my left.

We knew that this program was broken before it was even launched. As soon as eligibility criteria were published online, I heard from countless businesses in Kingston saying that this was not going to work. We heard from landlords immediately who said that they would not participate in it, and unfortunately it has been this kind of program where the two governments are playing a little bit of hot potato. The province is saying, "It's a federal program; we can't change it," which is a bit of a false narrative, because Quebec actually stepped up with a higher percentage. They were willing to pay an extra 12.5% in order to get more uptake from landlords.

The other part is that it's not too late to go back and redo this program. So little of the funds have actually been released to landlords, because the uptake has been so low that they are just sitting there. They are meant to be used. The program is completely broken.

1650

My colleague to my left, Catherine Fife—who will ask a question in a moment—and I have raised this in the Legislature from day one that we knew about this program, asking for it to be redone. So I thank you for your testimony, thank you for focusing on that. I don't actually have questions. I know Catherine Fife does. But thank you for bringing it forward. I do hope that the government hears you. It's a broken program. We're going to lose so many businesses like yours if we don't actually fix it.

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

Ms. Catherine Fife: Eric and Patricia, the Saskatchewan finance minister has requested permission from the federal government to create provincial plans that are tenant-driven. This would be a program that would be overseen and administered by the Ontario government, directly dealing with tenants instead of landlords, and the funding would flow directly to you. This is something that we are trying to get the Ontario government to embrace, because the CFIB has quoted that less than 10% of the funding has been accessed through the Canada Emergency Commercial Rent Assistance program. We know that it's flawed, we know that it's not working and we have also called on the provincial government to do that. If there was a program made in Ontario like this, would you apply as tenants to ensure that you would get between 50% and 75% of your rent support?

Mr. Eric Sommer: We would apply immediately. For us, it's not an academic situation; it's urgent. We've invested—we're husband and wife, and so we're partners in life, and we've mortgaged our house to the maximum. We can't put anything else in. It won't be a question of,

can we restart? It will not be possible. Our careers would over.

Maybe that's okay in the grand scheme of things, but to Ontario and to Canada, we are a manufacturer that exports over 80% of our product, so I think we're important in the economic picture as well. We're also working on technology to improve building envelope technologies, so reducing the carbon footprint of buildings. We've done projects with Carleton University and Queen's University—research projects. Even though we're a small company, we did over \$40 million worth of work this year alone, 80% of which would be going to the US.

Ms. Catherine Fife: I think it's important that you said all that, because we see supporting businesses through direct rent support—a subsidy, not more loans, not more debt—as an investment in stimulating the economy and trying to recover from COVID-19. Thank you for being very personal about where you are as a couple and as a business.

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

Ms. Catherine Fife: The other issue that you talked about in your comments was just the relationship with your landlord. I think that COVID-19 has really shown some great strengths in relationships and it's actually demonstrated some weaknesses as well. We would be looking also to strengthen the rights of tenants who are engaged in the Commercial Tenancies Act, because it has not been updated in quite some time, and we are finding that tenants are dealing with landlords who are increasing their rent, changing their locks, increasing ancillary fees like security and waste management. I think that in order to go forward, it's important that this committee hears first-hand that we have to make sure that a plan exists in Ontario whereby tenants can exercise their rights and apply for direct subsidy. That's what we're going to be recommending at the end of this process.

Ms. Patti Overgaard: Thank you.

Mr. Eric Sommer: Thank you. I'd say, about the relationship with the landlord, we have a really healthy relationship with our landlord. The landlord is saying, "Look, I have 50 tenants. I have a business to run. I need to get my rent." He's running out of patience. We've done our best to maintain that relationship in a healthy way.

I just want to emphasize one other point: A business like ours, which is a manufacturing business—some of the machinery costs \$100,000 just to install. To move is not a question of packing a few boxes and moving; it would be the end of our business.

Ms. Catherine Fife: We are hearing that landlords are resistant to applying, and many reasons have been given: It is a bureaucratic, timely process. They're nervous of the government. They don't want to engage in a program like this. But tenants are actually fighting for their existence, so they need a path to apply for the funding to at least see them through the next few months. That's worth fighting for, in my opinion.

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

UKEN GAMES
ONTARIO NON-PROFIT
HOUSING ASSOCIATION
ASCARI HOSPITALITY GROUP

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

Mr. Chris Ye: Hi, everybody. My name is Chris Ye, and I am the CEO and co-founder of Uken Games. I can begin. First, I'd like to thank all of you for your time today and for your continued support of the game industry over the last couple of years and through these challenging times.

Uken is one of the largest and fastest-growing mobile game studios in Canada. We are fully Canadian-owned and -operated, and we are based here in Toronto, Ontario. The company was founded in 2009, fresh off the financial crisis. It started with two people, myself and my co-founder Mark, and we've now grown to over 100 employees. We've also, along the way, had a meaningful exit where we sold one of our top titles to a prominent gaming company in LA, called Jam City, and this exit has helped fund through the company's current growth spurt.

Our most notable titles currently are *Who Wants To Be A Millionaire?* and *Jeopardy! World Tour*, which have collectively been downloaded on 20 million devices and are the top two most popular mobile trivia games right now.

Our aspiration from the start has been to become a significant global player in the mobile gaming space. We have ambitions to grow our team to over 500 employees over the next five years, and I think we've got a really strong plan to do that.

I'll pass it over to our CFO, Wilson Ng, to outline our challenges and suggestions moving forward.

Mr. Wilson Ng: Hello, everyone. Thanks for this opportunity to share our experiences here. So COVID came and we just wanted to share what has happened so far. We did see a temporary bump in revenue through April and July due to increased engagement with our products. It has since passed, but we have seen across the board, across all of our games, that there is increased engagement with all of our games. People are spending the time to play more games and to connect with others.

One of the things that's interesting about our specific industry is that content generation does not require a physical space, like film or television. We're comfortably able to work remotely, so we're actually fairly close to pre-COVID working levels of efficiency as we're 100% cloud-based. Many people in our workforce do reside outside of the GTA, like myself, and they commute into downtown Toronto, which is where our office is. Many people do prefer working from home, because it does save a commute and they've found that they're more efficient that way. I think the key point is that we are an industry that will continue to create original IP and drive job and wealth

creation, regardless of physical distancing measures, and our growth trajectory has not been negatively affected by COVID.

Our challenge is that the current government incentives aren't necessarily helpful for companies at our size, so we are looking at what other provinces are doing for incentives. In Ontario, we're required to incur expenditures prior to receiving funding. The most applicable incentive is OI DMTC, which—as some of you may know, it takes two to three years to receive the funding from the point of application, which looks great on paper but is not very helpful, especially for start-ups or earlier-stage companies than ours.

When we look comparatively to other provinces, Quebec, through Invest Québec, is able to work with banks to support loans for two years of future projected tax credits, and they have a service mandate of 100 days to disburse tax credits after applications. In Nova Scotia, same idea: Claims are approved and paid within two to three months, and that's fueled quite a bit of growth in our sector in both of those provinces.

1700

We do have challenges working with banks because we do not have fixed assets or service contracts. We're mostly accounts-receivable-based. We love Ontario. We hope to stay here for a long, long time, but we are looking at other provinces to help further our growth because of the speed of delivery of their tax credits.

Our recommendations are to accelerate our industry's growth by providing more access to capital. One is—and this has been worked on for many years, we understand—to speed up the OI DMTC processing. Ideally, it's in some sort of range of three to six months' disbursement of funds from the application date.

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

Mr. Wilson Ng: We'd love to work with banks to collateralize projected tax credits at bank rates, similar to what Quebec is doing. We'd love for the government to increase funding to gaming to approach the level of funding and incentives that TV and film are receiving. We heard, coming in, that rent relief is underused, so we'd love to broaden it. Currently, the \$50,000 rent threshold cuts us out from benefiting from that incentive.

We are a homegrown success story that will continue to contribute to Ontario's economic growth and we can continue to grow strongly in a post-COVID world. We'd love for the government to help accelerate our growth by providing more access to capital. Thank you very much.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is Ontario Non-Profit Housing Association. If you can please state your name for the record, and you can get right into your presentation.

Ms. Marlene Coffey: Hello there, my name is Marlene Coffey, and I'm the CEO of the Ontario Non-Profit Housing Association, known as ONPHA. With me today, I have Sue Ritchie Raymond, who is our director of housing excellence at ONPHA. It's a pleasure to be invited back and to be discussing with you further how we might kick-start our economic recovery and, ultimately, achieve long-term sector sustainability.

We know that during this most difficult time, we've been experiencing a global health crisis and an economic shift that is challenging us in a way where we have seen the community and social infrastructure system tested. In some ways, we've done quite well, and in others not. The big question for today is, what did we learn from a first wave of COVID and where do we stand in terms of how we might prepare and control our infrastructure for what could be a future wave?

By way of introduction, Ontario is the wealthiest province in the country. We, in turn, are the least affordable in terms of housing affordability, and half of all renters in Ontario cannot afford their rent. Now with COVID-19 in our world, there's a clear linkage between housing and health that has never been as clear. We also know that housing is in fact the front line, the first line of defence, in a global health pandemic, and by opening doors through housing we can achieve many great things.

I represent over 700 housing providers who are landlords and small to medium-sized businesses. In combination, our group owns over \$30 billion in assets, and that does not include land, and in combination, we house half a million people in Ontario. Today, we're here to share with you three reasons why it makes sense to invest in community housing as part of a systems approach and solution.

Our first recommendation is to save public funds. It's important, as our very foundation, to align in the values that we have as communities and to talk about community housing in the bigger conversation about system performance and putting money where it matters. Research has shown us that for every \$10 spent in community housing, we can save \$20 in health care, criminal services and social services across the system. We also know that for every new unit of rental housing built, we create two and a half new permanent jobs. This means we're putting money in the hands of small businesses and medium-sized enterprises. We're putting money in the hands of those businesses and, of course, the skilled trades.

Our second recommendation is about stabilizing landlords. We know there are going to be some very tough decisions as we look forward and into the future of housing. Landlords are currently struggling to make ends meet. What this means is there is revenue loss because of rental arrears, a repair backlog and increased operating costs. All of this means that our community housing providers are reaching into capital reserves, which are either depleted or almost gone. In addition, the not-for-profit housing sector is also having some difficulty and challenges around insurance and the new exclusions around COVID-19. What this means to a landlord is that not only is stability being threatened, but also the viability of them as a business and an organization.

Our third recommendation is really about performing better. By investing in community housing, we can offer and deliver affordable housing to Ontarians. We can create more jobs and we can improve health outcomes by ensuring that people are housed. We also know that the not-for-profit housing sector, and not-for-profits in general, really

know how to stretch and maximize a dollar. By being able to provide a spectrum of housing, we can ensure that the government reaches your target of housing renewal and housing supply. That's why we're here today to talk to you about elevating community housing as part of essential infrastructure for Ontario's economic recovery.

In closing, what we've learned and how we can prepare is reflected in these three points that I've just brought forward. We can help you save public money, stabilize community housing and housing rentability and affordability in Ontario, and ultimately, accelerate what we can achieve in terms of essential infrastructure, stimulus funding to kick-start the economy—

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

Ms. Marlene Coffey:—and to make sure that we economically recover and stabilize as a society.

I thank you very much for your time today, and I welcome any questions you might have.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is Ascari Hospitality Group. If you can please state your name for the record, and you will have seven minutes for your presentation. Unmute, please. Sorry, we still can't hear you.

Yes, there you go. Oh, still the same thing—can you unmute? You were unmuted at one time, but again, it's back to muted. Sorry, we can't hear you. Do you want to log out and log in again?

1710

In the meantime, we'll take attendance. MPP Anand, if you can please confirm your attendance.

Mr. Deepak Anand: Thank you, Chair. Thanks for giving me the opportunity. I am in Mississauga. I appreciate it.

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

All right. Can you hear us now? We still can't hear you. Can you unmute?

Mr. John Sinopoli: Can you hear me now?

The Chair (Mr. Amarjot Sandhu): Yes, we can. I think there was some problem with—

Mr. John Sinopoli: You can hear me now?

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

Mr. John Sinopoli: Okay. Good afternoon. My name is John Sinopoli. I am the co-owner of Ascari Hospitality Group in Toronto, as well as the co-founder of savehospitality.ca, which is a sister organization to savesmallbusiness.ca.

Let me first say thank you to the committee for taking the time to listen to how the pandemic has impacted the hospitality sector across this province. I know that in your recent committee meetings, you have heard from many small businesses as well as the hospitality sector. I have taken the time to read those committee proceedings. My comments are meant to build on what has been said and offer real solutions that the government of Ontario can implement as we seek to grow the economy for the betterment of all.

This current hospitality group is composed of three restaurants, a bar and a full-service events and catering

company in Toronto. Our supply chain extends across the province and includes not just typical food and beverage suppliers, but also farmers, cleaners, linen service, foragers, furniture manufacturers, local wineries and many other complementary producers and vendors that are hospitality-specific. Their survival depends on ours.

Savehospitality.ca is a grassroots coalition of independent Canadian restauranters. Along with our sister group, savesmallbusiness.ca, we together comprise over 50,000 businesses urging the government to take action to ensure that several hundred thousand jobs are saved, as well as to ensure these businesses avoid bankruptcy and permanent closure.

We have had discussions with the Honourable Rod Phillips in his office and are encouraged by the dialogue happening between Queen's Park and Ottawa. As Minister Phillips said just last week in his economic update, this recession will be hard, with challenges for the hospitality sector as people are not going out or travelling. He is not wrong.

With that said, we urge the province of Ontario to take action as follows:

First, extending the ability to sell alcohol at the point of sale with takeout, as is already the case in Ontario, is crucial to the survival of the hospitality sector. This was an administrative change granted by the province during COVID-19 until January 2021, and should be continued in support of the hospitality sector.

It is important to remind this committee that there is no cost to the government in extending the point-of-sale purchase of liquor in support of the hospitality sector. The positive impact of extending this administrative change will be felt by small businesses in the hospitality sector as we enter the lean winter months without the benefit of sales from outdoor patios and limited by serious capacity restrictions. This new revenue stream is crucial for us.

Second, looking to the West, there is real opportunity for Ontario to leverage a best practice from the province of British Columbia to provide immediate help to the industry. As of August 1, British Columbia has eliminated the retail markups so that liquor licence holders can purchase beer, wine and spirits at a reduced cost. Restaurants, bars and pubs previously paid for liquor purchases at full retail price, which is the wholesale price plus a retail markup set by the ministry's liquor distribution branch. British Columbia's new system will eliminate the retail markup for licensees. With most restaurants relying on liquor for approximately 40% of sales, reducing the cost by roughly 20% will make a huge difference and allow for greater economic spinoff in terms of employment and economic activity.

We need to make this same change right here in Ontario. The ability to purchase alcohol at wholesale prices could, in one simple move, save the main streets of our communities, save hundreds of thousands of jobs and prevent the commercial real estate market from collapsing. Ontario, as a jurisdiction, is an outlier in the major economies of the world as one of the only places where resellers of alcohol are forced to pay full retail prices, and

in some instances 6% more. Isn't it finally time for us to see a benefit from our immense buying power? A positive change to this antithetical system would fundamentally change our business model, allowing us to stay afloat during this economic emergency and create a more sustainable future, ensuring job creation and repairing a supply chain that is in crisis.

Third, surveys from savesmallbusiness.ca continue to indicate that half of small businesses across the country are still dealing with landlords unwilling to participate in the Canada Emergency Commercial Rent Assistance program, and rent remains the largest fixed cost for main street businesses. Rent relief access for affected tenants should not be optional. CECRA should be made a mandatory program, should tenants qualify, and it should be expanded to help more businesses. The structure of CECRA should be changed, as well, having it flow through small businesses, as opposed to the current process of having it flow through the landlords.

A recent survey by the Canadian Federation of Independent Business said that 71% of the hospitality industry cites CECRA as the most critical missing piece to their business recovery. A provincial moratorium on commercial evictions for the duration of the mandated capacity restrictions will also provide businesses with an important lifeline to survive. The extension of CECRA for August is helpful, but with only 12 days to go before it expires, great uncertainty exists and much more is needed.

Small business survival depends on a better, more inclusive rent relief program being rolled out quickly to help tenants whose landlords have not co-operated. A better-designed program will allow for main street businesses' owners to easily apply and directly receive rent support. CECRA improvements should be just like the wage subsidy, with a sliding scale of rent support for affected small businesses through December 2020.

Ontario has an important voice at the table with the federal government on this, and we believe mandatory enrolment in an improved and expanded CECRA program through December 2020 is something that is desperately needed by small businesses across this province. These measures will come as welcome news to more than 800,000 small businesses—

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

Mr. John Sinopoli: —who are still reeling from the pandemic. The direct, indirect and induced economic benefit for the long term in communities across Ontario will be very strong and keep our main street businesses alive, only if governments take a more active and coordinated approach to help more small businesses across the hospitality sector and beyond to reopen, rehire and recover.

Thank you very much, and I'm pleased to answer questions from the committee.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll start the first set of questions with the government side. MPP Smith?

Mr. Dave Smith: I'm going to try to touch on all three presenters. I'm going to start with Chris and Wilson first,

if you don't mind. I love a lot of the stuff you guys do. I actually downloaded a bunch of your games for my BlackBerry PlayBook; I'm one of the three or four people in the world who ever bought one of those devices.

Is bandwidth and access to high-speed cell service something that is going to be difficult or a challenge for people in rural Ontario to access your games and, therefore, build upon your client base that way?

Mr. Chris Ye: Thank you for the question and thank you for being a customer, as well, of our games.

We haven't spent too much time looking at that. I mean, we've generally built our business on the assumption that Internet proliferation has been really high. There are certainly circumstances in which you don't have as great Internet. What we provide in all of our games is sort of an "offline mode," if you will, of certain features that are accessible offline when you don't have a connection, and so when you regain your connection, it syncs all your data up. But certain things are not going to be available, such as leaderboards or anything that requires us to pull down more data from our servers.

Mr. Dave Smith: You compete in a global market, but you're based out of Ontario. Do you have any challenges in finding developers here in Ontario? Is there a temptation to outsource that offshore?

Mr. Chris Ye: Yes, certainly. I think we've been lucky to be able to find a good base of talent, especially when it comes to our more junior talent. I think our education system is fantastic. Our universities are great; we've built up a lot of those relationships where we've recruited repeatedly from co-op programs and things like that, to the point where co-ops have graduated, we've hired them full-time and they've grown within the organization. Some of our best employees or staff members have been co-ops at times, so that's been really fantastic.

1720

I think the challenge is around some of the more senior-talented areas where we just don't have as much experienced folks here who have a 10-year career; they've scaled the game to hundreds of millions in revenue or a billion-plus. That level of experience is where we found gaps, and we're trying, obviously, to bridge that. We've got a really strong leadership team right now. But that's where there are some gaps.

Mr. Dave Smith: Thank you very much.

I'm going to shift a little bit and go to Marlene and Sue. Locally here in Peterborough, the Habitat for Humanity has come up with something I think is an excellent opportunity. They're building a 41-unit condo, and 31 of those units will be through the traditional Habitat way of financing it where someone has an opportunity for ownership based on the sweat equity—I guess that's the best way to describe it—that they put in. Ten of those units that are going to be done at market rates to subsidize those other 31.

Is this something that we should be exploring more with other organizations to try to get affordable home ownership for those who are lower-income, who may be caught in the rental traps?

Ms. Marlene Coffey: Yes, I'll start with that. Thank you very much for your question. We know that Peterborough does some great things, by the way, in terms of housing affordability.

We really advocate for having a range of choice along a spectrum of housing. So if we think about homelessness at one end of the spectrum and home ownership at the other end, you want to have lots of choice in between. Of course, rental housing takes up a large spot of that middle piece of the spectrum, which is the part where the not-for-profits and the co-ops and Habitat for Humanity, in your example, can really add tremendous value. We like all models because it gives choice for people to have great housing.

The other important thing to recall is that we are also employers and small businesses that need to deliver this infrastructure on behalf of all Ontarians who really do have a housing affordability crisis. So as the economy is shifting and we see the pressure of unemployment and gaps in ability to pay rent, our employers and our landlords are seeing rental arrears but still have to deliver the product. Because as not-for-profits, our mission, our mandate, is to make sure that people are well-housed.

So it's a very linked part of the bigger conversation about how we build a great Ontario that is economically sustainable, where we consider housing as part of the infrastructure that is an important element to serving all the communities.

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

Mr. Dave Smith: Thank you very much for that.

In the last minute, I'm going to jump over to John, then. I wouldn't mind having you expand a little bit on the alcohol point-of-sale abilities. What do you think we should be doing to maintain that, as we move forward?

Mr. John Sinopoli: Yes, I think basically we need to continue as it is now. We need restaurants and bars to have the ability to sell retail alcohol out of their stores. It basically creates another revenue stream. It creates another small industry that allows us to supplement the income of in-store sales. This is allowed in many, many other jurisdictions, California being one of the major ones in North America. When you go there, you can sit at a bar and order a beer, and if you like that beer, you can take home a six-pack. There is really no reason, legally, why that shouldn't be allowed to happen here as well, other than competition with the LCBO. Really, if you've—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. We'll come back to that in the second round. We'll go to the opposition members now. MPP Fife.

Ms. Catherine Fife: Just a quick question for Uken Games. Chris and Wilson, it's interesting that you have two specific asks. One was to speed up tax credits, and we favour tax credits because they're a very accountable way of holding businesses accountable for investment and the return on that investment and then the access to capital.

You had quickly mentioned that Quebec is one of the provinces where you look to best practices. Are there any other jurisdictions that we should be looking to in order to support businesses like yours?

Mr. Wilson Ng: I'll take this one. I think that Quebec and Nova Scotia are two of the primary ones, and you can see that in the growth of our peer companies. The gaming developers are there and there's just a lot of growth there. We've looked at other provinces as well, but we think that Quebec and Nova Scotia have the most desirable tax credit systems, which we'd love for Ontario to adopt.

Ms. Catherine Fife: Thank you very much. We'll take that forward when we get to the recommendations piece.

My second question is for Marlene Coffey or for Sue Ritchie Raymond around the Ontario Non-Profit Housing Association. You identified some solutions and a willingness to partner with the provincial government, recognizing that housing is a stabilizer in the economy. Prior to COVID-19, though, there were some already disturbing trends where we were seeing large-scale demographic cleansing, if you will, with renters being priced out through renovations, and insecurity around housing for younger families, which is changing the nature of our neighbourhoods. This is actually happening in Toronto right now, so I wanted to give you an opportunity to talk about the importance of protecting the existing rental stock in the province of Ontario.

Ms. Marlene Coffey: Thank you for the question. Sue, I'm going to pass the baton to you in a moment. You heard me talk about the viability and the sustainability of our corporations as landlords, the provider. There's a very important function that our members, our providers provide to the community, in that we are legitimately housing half a million Ontarians who are very much in need. Since COVID, that trend, that need, the demand is increasing.

Sue is with us today. She is a long-time expert in the housing sector, so I'm going to ask you to respond to that question more directly.

Ms. Sue Ritchie Raymond: Thanks, Marlene. I guess there are several points to make in a period of time, but protecting the existing stock has to be our number one priority. One of the pieces of misinformation about the community housing stock is understanding that within a community housing program, there can be diverse levels of income. New housing that's being built for community housing requires a stratification of income. Going back to MPP Smith's question as well about Habitat, they're looking at bringing in market or below-market rental units that help to subsidize other units that support tenants. So those who have a stable income can look at home ownership with support if they have down payment assistance.

The challenge for those within the rental sector today is when rental costs are going up. You can talk to a number of homeless organizations, and they'll talk to you about the competition that exists today for people who are homeless and who are competing, trying to get into the rental stock and out of homelessness. It's driving the costs up for the very scarce, few rental units that are available, which means that people stay in the more costly interventions from the social services system.

Overall, the lack of community housing units in the system costs us a lot more than it should. We need to make sure that we have a diverse portfolio to meet people's

needs, but we need to ensure that we're protecting the existing stock, because competition is getting higher. We know from our members the number of their tenants who were unable to pay their rent or partial rent through this, who are precariously employed or now unemployed, who are realizing that they are not going back to work. Their sector has changed, and the hospitality sector, especially, or retail—they're not going back to work. What are they going to do?

Demand is only going to grow with the rental housing sector. If we don't invest in more units and protect what we have today, we're going to be in a far worse condition than we are now. If we think we've got challenges within the homelessness system, we haven't seen anything like we're going to see in the next while if we don't have some solutions there.

1730

Ms. Catherine Fife: Thank you for making those points.

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

Ms. Catherine Fife: I'm going to be ceding not just the rest of the time to MPP Morrison but the next stage of questions. Please go ahead, MPP Morrison.

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

Ms. Suze Morrison: Is it this one? Is it that one? There we go. Better?

The Chair (Mr. Amarjot Sandhu): Yes.

Ms. Suze Morrison: I'm just going to direct my questions towards the Ontario Non-Profit Housing Association. Thank you so much for being here today. It's good to see you both. Certainly, we've heard concerns from both tenants and landlords around tenants, through no fault of their own, not being able to make rent payments through COVID-19. One of the proposals that we've put forward as opposition is for a rent subsidy directly to tenants to help them get through this time. Is that a policy that you think would be supported by your membership? Would it help them make sure that the rent is getting paid during this difficult time?

Ms. Marlene Coffey: That's a great question. Again, Sue, I'm going to ask you to chime in on a response here.

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

Ms. Suze Morrison: We'll get it in the next round.

The Chair (Mr. Amarjot Sandhu): —in the second round, yes.

Since the independent members are not there, we'll go back to the government side. MPP Ghamari. Are you there? MPP Ghamari? I believe she's not there.

Mr. Jeremy Roberts: In the meantime, perhaps, Chair, I'll grab a question here.

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

Mr. Jeremy Roberts: I'll just ask a question to our folks from the gaming sector. I know we've had a few presenters from the Ottawa area who have presented to us about the gaming sector and about some of the challenges that they're facing through COVID. I'm wondering if you could perhaps elaborate at all on some of those big challenges facing this sector moving forward. Is one of those

challenges the recruitment of new talent? I'm wondering how we can potentially work with some of our post-secondary institutions to help fill some of those gaps.

Mr. Chris Ye: I can take that one. Thank you for your question.

I think that the post-secondary institutions and the relationships that, at least, our company, Uken Games, has built with them has been really positive, so we don't need any assistance in strengthening those relationships. We've done that on our own.

As I was saying in MPP Smith's previous question, the harder part is finding more senior talent, people who have worked in the industry and scaled a game to where we're trying to go. As a growth-oriented technology gaming company, that's the most challenging thing, to find people who have that experience and can bring that and teach that next layer of leadership.

Mr. Jeremy Roberts: Absolutely. Thanks so much. I'm not sure—do we have MPP Ghamari, or do any of my other colleagues have a question?

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

Mr. Jeremy Roberts: I think we're good, then, Chair.

The Chair (Mr. Amarjot Sandhu): All right. Thank you. So we'll move back to the opposition side. MPP Morrison.

Ms. Suze Morrison: Thank you. We'll go back to Sue so she can answer my question from the last round. Sorry you got cut off right at the end there.

Ms. Sue Ritchie Raymond: That's okay. No problem. With respect to your question—thank you—regarding rent subsidies to tenants, I think if we polled our members, they would probably be split down the middle with response to that question. There are many tenants who, in receiving a subsidy, would certainly ensure that that is assisting them to pay their rent and to meet their family's needs. There are some of our providers who would prefer that a subsidy is paid to the provider to offset the cost, so then it's not in turn charged to the tenants, to ensure that the rent is paid.

I think either way, as long as there is a rental subsidy payment, we ensure that we keep a roof over people's heads. They can then use the remaining income that they have to be paying for food and travel and all those things that are required. But certainly at this time, with the precarious employment that many are facing today, it is very difficult for people to ensure that their rent is paid, and often, if people are paying their rent, they're making sacrifices in other areas. I'm sure you've seen the feedback from food banks and other resources that are completely overwhelmed with people in trying to meet the demand.

Sometimes a kind of subsidy support is certainly necessary in addition to our members looking for some stabilization funding. Where they've seen deficits in rental payments or having to pull on their capital reserves in order to meet their program needs, they're now feeling the pinch in terms of how they make the necessary repairs to keep their buildings safe over time.

Ms. Suze Morrison: Yes, absolutely. I've heard from folks in my riding, particularly where rental costs are so high, that folks are having to make those really difficult decisions between paying partial amounts of rent or

whether they're going to keep the Internet on, for example, so that their kids can actually participate in online learning. When you look at the CERB benefit for example, in downtown Toronto where average rent for a one-bedroom is \$2,200 a month, CERB doesn't even pay the full rent. So folks are making those difficult decisions, and it's hard on landlords and it's hard on tenants.

What other supports are you looking for from the provincial government to really help support your organizations to keep tenants housed in place? Because we do know that, considering the public health implications right now, that's the safest place for folks to be.

Oh, Sue, you're muted.

Ms. Marlene Coffey: Yes, I'll just jump in on that.

Ms. Suze Morrison: Okay.

Ms. Marlene Coffey: The rent subsidy is part of the solution and not the entire solution, just to follow up on that previous comment. A critical part in that is that we want to ensure that the infrastructure that has been, in part, paid for by tax dollars is maintained and retained for long-term investment. That is the long-term play. So it is absolutely essential that we have those options for the providers who are delivering this service.

That feeds into one of our recommendations, which is about the stabilization funding for the providers. Of course, we want to ensure that we don't have the ebbs and flows or, particularly, a drop-off in the viability of the housing sector and the ability to house people. We want to ensure that if there is a gap, there is a safety net to ensure that the providers can always be there to protect and cover people to be safely housed long-term.

Ms. Suze Morrison: Just a follow-up to that. I don't know if you have the figures, so apologies if you mentioned it in your opening remarks and I didn't capture it. When you're talking about maintenance of publicly invested infrastructure, do you have a sense of any capital repair backlog across your membership in terms of maintaining a high level of quality and safety in the buildings?

Ms. Marlene Coffey: We do. I don't have the number offhand, but we have written a 10-year housing strategy that lines up with the National Housing Strategy, and we've identified how many units are needed to keep up with demand, and that was before COVID. Part of that includes the cost to maintain the stock in terms of repair. So we do think about maintaining stock with repair and new builds, new construction to meet demand. Both of those things are critically important and I'm happy to point you to the study that has everything fully costed there.

Ms. Suze Morrison: Yes, please. That would be great. Thank you. And then just again, a follow-up to that: When you're talking about investing in infrastructure projects, how many housing development projects would you say that you have ready to go across your membership that could be perhaps quickly or nimbly invested in by the provincial government?

Ms. Marlene Coffey: So again there's a range. To be development-ready, it really takes five to seven years to get the shovel in the ground from new concept to being development-ready. We do have a number of things that are in the pipeline.

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

Ms. Marlene Coffey: And we know we needed to build 99,000 units over the next 10 years to meet demand, before COVID.

Ms. Suze Morrison: Okay. I know we only have about a minute left, so if there was just anything that either of you would like to add that you didn't get to cover in your presentation, I'm happy to give you the last minute there.

Ms. Marlene Coffey: It's really a message of stimulus funding. It makes sense to invest in your infrastructure as part of economic stimulus and economic recovery. It really supports itself, in that we're building the stock that we know will be needed as Ontario continues to evolve economically and experience these pressure points as communities.

Ms. Suze Morrison: Thank you so much.

The Chair (Mr. Amarjot Sandhu): There are no further questions? All right. That concludes our business for today. MPP Fife?

Ms. Catherine Fife: Just a question around the report writing for infrastructure: I had thought that was going to be on the 27th. Is it on the Tuesday of next week?

The Chair (Mr. Amarjot Sandhu): The 25th, yes.

Ms. Catherine Fife: The 25th. So this committee is meeting Monday, Wednesday, Thursday, Friday of next week?

The Chair (Mr. Amarjot Sandhu): Tuesday as well, for report writing. But for this sector, we're meeting Monday, Wednesday, Thursday, Friday, yes.

Ms. Catherine Fife: From 8:30 in the morning until 9:30 at night?

The Chair (Mr. Amarjot Sandhu): Yes.

Ms. Catherine Fife: That's real. And all of those slots are filled?

The Chair (Mr. Amarjot Sandhu): Yes, it's 9 a.m. to 9:30 p.m., but we meet for pre-meeting at 8:45 a.m.

Ms. Catherine Fife: Of course. So all of those slots have been filled by small and medium-sized businesses?

The Chair (Mr. Amarjot Sandhu): Yes.

The Clerk pro tem (Ms. Valerie Quioc Lim): They're in the middle of scheduling. It looks like it will be, but—

Ms. Catherine Fife: Okay. Thank you very much.

The Chair (Mr. Amarjot Sandhu): That concludes our business for today. Thank you to all the presenters for presenting and all the committee members and committee staff for their assistance.

As a reminder, the deadline to send in a written submission will be 6 p.m. Eastern Daylight Time on August 28.

The committee is now adjourned until 9 a.m. on August 19, when we will meet for further hearings on the small and medium enterprises sector. Thank you.

The committee adjourned at 1742.

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