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des débats
(Hansard)**

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**Standing Committee on
Finance and Economic Affairs**

COVID-19 study

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

Étude sur la COVID-19

1st Session
42nd Parliament

Wednesday 19 August 2020

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42^e législature

Mercredi 19 août 2020

Chair: Amarjot Sandhu
Clerk: Julia Douglas

Président : Amarjot Sandhu
Greffière : Julia Douglas

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House Publications and Language Services
Room 500, West Wing, Legislative Building
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Toronto ON M7A 1A2
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Service linguistique et des publications parlementaires
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
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LEGISLATIVE ASSEMBLY OF ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

Wednesday 19 August 2020

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Mercredi 19 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, MPP Fife and MPP Coe. The following members are participating remotely: MPP Mamakwa, MPP Piccini, MPP Schreiner, MPP Smith, MPP Lindo, Minister Dunlop, MPP Pang, MPP Tangri, Minister Yakabuski and MPP Armstrong.

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. After we have heard from all three presenters, the remaining 39 minutes of the time slot will be for the questions from members of the committee. The 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 to unmute yourself before you begin.

Are there any questions?

I also want to confirm the attendance of MPP Kusendova. If you can please confirm your attendance.

Ms. Natalia Kusendova: Hi. Good morning.

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

Ms. Natalia Kusendova: Yes. I'm calling in from Vaughan, Ontario, this morning. Thank you, Chair.

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

MR. MARLIN STOLTZ

MR. BOB SCHICKEDANZ

MS. REBECCA BRETTINGHAM-FILICE

The Chair (Mr. Amarjot Sandhu): Now I'd like to call upon our first witness of the day. Our first witness is Marlin Stoltz. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Marlin Stoltz: Good morning. Can you hear me?

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

Mr. Marlin Stoltz: Okay. My name is Marlin Stoltz from Stoltz Sales and Service, which is an agricultural business that provides innovative ideas, products and services to farmers who grow food for all of us to eat. We have three locations in Waterloo-Wellington, Perth, Grey and Bruce counties. I'm a small business owner with approximately 80 employees.

I'll be splitting my presentation into two parts: first, commenting on the comments and recommendations related to COVID-19, and offering other economic suggestions to lead your economy to recovery.

Starting first with the comments and recommendations: Regional public health units should be in charge and not the politicians. They have the ultimate power anyway. They actually decide what to open and what not to open. Time has proven that politicians can be swayed one way or the other depending on the voices they keep listening to. Public health uses science; let them be in charge.

The perfect example of this has been the public and political pressure to impose the wearing of facial masks and coverings province-wide when science had proven in the previous 14 weeks of pre-mask implementation that COVID-19 hospitalization and deaths had been dropping without them. There was a greater setback in those areas with no deaths and no hospitalizations. Stop locking down the healthy people. Lock down and control the high-risk population who is susceptible to being infected by viruses or to be carriers.

If you can believe what you read, keep the land and air borders closed from high-risk countries. Almost all the new cases in recent weeks have been almost 100% linked to persons arriving from outside of Ontario, from infected countries. Look to the successful countries who have been stopping the spread, such as Sweden, Taiwan and Singapore, to see what they're doing.

I have a lot of teachers in our family, and I'm suggesting that you stop being puppets to the teachers' union. Science has proven worldwide that the chances of children transferring the virus to other children or adults has been next to nil.

Make sure the government-funded colleges and universities are not turning out politically motivated journalists. Over the last 16 weeks, journalists have become very political and are only presenting one side, not balanced articles. I'm blessed with being surrounded by medical professionals who have been sharing a very different story in private. As you know, laws prohibit them from speaking out in public that things have been very different in reality. The media should be portraying those as well.

Some economic suggestions here: Agriculture is the foundation and one of the largest economic drivers in Ontario. At the heart of the agricultural funnel are the growers and the producers of the food. The vast majority of those farmers are operating the backbone of agriculture on dial-up Internet. We have a \$50-million operation that is trying to function on dial-up Internet speed. The current provincial SWIFT initiative is not even coming close to providing the funding or a fraction of the funding that is actually needed. Serious funding is needed to build the infrastructure for high-speed broadband Internet in Ontario, and the Ontario government needs to get behind that.

Farmers in Ontario have the ability to grow 90-plus per cent of all the desired food that we require inside this province year-round, but the high cost of energy is cost-prohibitive. The best things do grow in Ontario and have the shortest transportation ride to get to you. By providing tax credits to help reduce the energy costs, such as hydro and fuel, you'll ensure that you have the safest, highest-quality food to consume in Ontario. So let's grow it here first.

Ontario is also in desperate need of hands-on skilled tradespeople.

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

Mr. Marlin Stoltz: Please reinstate the income tax credits that have been there in the past, such as in 2017, which were 60% better than they are today. The current programs do not offer enough initiatives to small businesses like ours to train apprentices. The cost is just way too high.

Also, maybe increase the promotion of attracting skilled tradespeople to the trades; show the benefits. If not, we are going to see \$250-an-hour labour rates to fix your vehicles or see housing projects or manufacturing projects double in the upcoming years.

Ontario needs to be more competitive, business-wise. In the last two decades, over 1,000 manufacturing companies have left Ontario because of the cost of production. You can grow it, fabricate it, assemble it, service it more economically outside of Ontario. The cost to build here is huge compared to other provinces. We need to keep those jobs here in Ontario and eliminate those extra engineering and building permits, regulatory stuff that's just not value for us here.

And continue making the government smarter. You guys were on the right track pre-COVID. Keep that up. Eliminate those useless regulations and duplicates.

Just in summary, we want to make Ontario proud again, but you guys have an enormous task ahead of you. The previous governing Liberals have left you in a heck of a mess, plus shutting down the Ontario economy these last months has cost us greatly. Get the energy costs under control, get the tax credits into the hands of the people who need them, provide funding and infrastructure costs for high-speed broadband Internet to rural Ontario: That should be the largest priority.

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

Mr. Marlin Stoltz: Keep the economy fuelled and get the money in the hands of the farmers and put agriculture [*inaudible*] to pull you through.

I sincerely thank you for the opportunities and my opportunity to contribute.

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

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

Mr. Bob Schickedanz: Thank you. Good morning, Mr. Chairman and members of the Standing Committee on Finance and Economic Affairs. My name is Bob Schickedanz. I'm a home builder and partner in our family business, FarSight Homes.

I certainly want to thank the committee for the opportunity to share my experiences on the impact of COVID-19 during these difficult times. As a medium-sized business, FarSight Homes is built on a foundation of three generations, starting with my father in 1951. Today myself, along with my brother and partner Rick and his sons Johnathan and David, continue the proud tradition of building homes of all types for families who call Ontario home. In fact, our motto, From our Family to Yours!, underscores our passion and the professional values we bring to each and every home we build.

In addition, our commitment to our industry at large includes my nephew Johnathan, who is the current president of Durham Region Home Builders' Association and myself, current president of the Ontario Home Builders' Association.

Like many small and medium-sized businesses, and despite our wealth of knowledge and experience, FarSight was not immune to the impacts of COVID-19. We've weathered the storm the best we could. Initially, our biggest concern was how to complete homes sold to families and individuals who were expecting to move in. Without the ability to continue to keep construction going to complete homes, most of our customers would have nowhere to live due to their commitment to vacate existing residences. Thankfully, our industry was declared an essential service, and we are most grateful and applaud the government's initiative and leadership, not for our business but for our purchasers who were able to move in, safe and sound.

0910

However, in the early days of the pandemic, it wasn't easy, and we worked hard to stay ahead of the curve when it came to protecting our staff, trade, suppliers and, of course, our clients. Early in March, we implemented enhanced health and safety measures. We also ensured that appropriate contact tracing measures were in place. I'm proud to report to the committee today there have been no infections on any of our job sites.

And while we continue to meet our near-term obligations and closing dates, we faced significant challenges with new builds during the height of the COVID crisis mid-March to mid-May. Reluctance of trades to come to work, lack of materials and supplies, as well as difficulties securing permits and inspections, ultimately resulted in the virtual shutdown of our operation.

This wasn't an easy decision. As a family-owned business, we consider our staff and long-standing tradespeople part of the family. We're all in this together, and at FarSight, there's no exception. While our operation was effectively closed, we reduced everyone's salary, including ownership's, to a reasonable uniform level and continued to pay our employees to stay at home with their loved ones while waiting for the outlook to improve.

We thank government for allowing residential construction to resume in a broader way on May 19, which has enabled us to bring back our staff. Yes, we're up and running, but not without significant challenges. Job site efficiency is much lower in order to maintain safe social distancing. Furthermore, permitting and municipal approval process is lagging. Finally, due to early production closures, the supply of lumber and other building materials are in short supply, resulting in escalating costs, all during a time of economic hardship.

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

Mr. Bob Schickedanz: Even with these challenges, we have a significant number of homes that need to be built, and we have already put our staff and trades back to work in a meaningful way. To make this happen, every good builder needs the right tools to get the job done. It's no secret our industry is very capital-intensive. Even mid-size builders and developers, such as FarSight, need to borrow and have a credit facility for millions of dollars to complete projects. In this regard, there are some immediate actions that can accelerate housing delivery and drive the job and economic recovery in the wake of this pandemic.

Currently, municipal subdivision agreements require the developer to provide financial security, and the only acceptable form is a letter of credit from a chartered bank. Limiting the form of security to a letter of credit is problematic for two reasons. The amount of the letter of credit is factored into the overall credit available to the builder, therefore limiting the amount that can be invested. In many circumstances, towards the end of the project, letters of credit need to be collateralized with a cash deposit. The result: Letters of credit directly reduce the financial capacity of the developer, restricting future development investment across Ontario. Every dollar tied in up a letter of credit to the municipality is a dollar

unavailable for immediate job creation in the construction sector.

There is an alternative: the use of surety bonds. The notion of allowing surety bonds as security for subdivisions, site plans and municipal infrastructure is not a new concept. In fact, in the height of the growth era, from the late 1950s into the early 1970s, the use of surety bonds was the norm. It's been proven that surety bonds offer the same level of protection and flexibility that's offered by a letter of credit, and cities like Pickering have adopted their use.

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

Mr. Bob Schickedanz: In order to improve investment in Ontario, I support and encourage the adoption of the proposal made by our provincial organization, the Ontario Home Builders' Association, that the province require municipalities to accept surety bonds as an acceptable form of financial security. This change would continue to provide the municipality with the protection they need with no impact on the provincial or municipal revenues or expenditures, while creating millions of dollars of investment into much-needed housing supply. This will not cost the province a dime. I think I need to repeat that: To implement this proposal, which will have a tremendous, positive impact on housing and employment, the government will not have to cut a cheque to make it happen. This change will enable our industry and companies like FarSight to invest millions of additional dollars into the economy to move Ontario out of a recession and back into prosperity.

I want to thank the committee members for affording me the opportunity to join you today and to share my experience through COVID-19, and I'd be pleased to answer any questions you have. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is Rebecca Brettingham-Filice. If you can please state your name for the record, and you can get right into your presentation.

Ms. Rebecca Brettingham-Filice: Good morning, and thank you for the opportunity to speak with you today. My name is Rebecca Brettingham-Filice and I am the owner and artistic director of Dance Extreme, located in London, Ontario. I am here today representing over 550 dance studios in cities, towns and communities across the province of Ontario. I am here to advise you of the financial impact the COVID closure has had on our industry.

Dance studios across the province are struggling to stay open. We are asking the provincial government to extend financial assistance to businesses that reopened in stage 3, and we are asking for clear and supportive messaging from the government regarding the safety of returning to dance.

As a business owner since 1997, nothing could have prepared me for the financial impact COVID has had on my business as well as other studio owners. As of the imposed COVID closures in March 2020, my studio has lost over \$450,000. To date, we had to refund our families approximately \$6,000 for March break camps. The dance season runs September to June and includes a year-end performance. We did not process monthly dance fees for April, May and June and reimbursed clients who paid in advance for lessons in the amount of \$325,000. We

purchased costumes for our year-end performance, but it was cancelled due to COVID. We're sitting on the balance of costumes, the cancellation of our year-end performance and the loss of local sponsorship revenue in the amount of \$85,000.

Summer camps are up and running, but in a very limited capacity. Fears surrounding COVID, limitations applied by the provincial government around numbers, families either can't afford the cost of camps due to lost wages and jobs or they've chosen or are required to work from home—the profitability of summer camps has been affected by the restrictions applied by the provincial government. I have also had to cancel all my intensive summer dance camps as we cannot break even with the imposed restrictions. The impact is a loss of revenue of \$40,000.

My rent is \$20,000 a month. While the rent relief has been helpful, five months is not long enough. Paying 25% for those five months was extremely difficult, as my business was closed since March and has only started to reopen. With uncertainty of the future of children's activities, especially dance classes, and with social distancing requirements, we are expecting a 40% to 50% decrease in enrolment, fewer students taking classes, and students taking fewer classes per week. Our rent cost remains the same.

Teachers' costs increase with smaller class sizes. Our admin costs increased with having to hire someone to enforce social distancing and manage our entrance into the building and throughout. We've had to install cameras, laptops and televisions in each of our rooms, as we cannot allow parents into the building to watch their children. Our cleaner is working more hours keeping our facility clean and safe for our staff and our families. Cleaning supplies are extremely expensive—

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

Ms. Rebecca Brettingham-Filice: —and hard to find. Social distancing measures, including signs, decals, floor tape, sneeze guards in front of our office etc., add up quickly.

0920

Businesses that opened in stage 3 have not had the opportunity to get back on their feet, while most government programs are starting to end. Dance studios need government assistance to weather through this slow reopening, which will take years to recover from. We are asking for the government to assist us in spreading the message that dance studios following guidelines can provide a safe place for children.

As I mentioned, we are already experiencing a significant decline in enrolment due to families being financially impacted by COVID-19, but concern about safety is a driving factor in parents choosing to register their children for dance classes. We need your support through a public forum to spread awareness that it is safe for children to return to dance. Our small businesses need your support. Surviving a \$450,000 loss is going to be challenging. Thank you.

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

Ms. Catherine Fife: Thank you, Chair, and thanks to all of the presenters.

My question is—I'm going to start with Robert from FarSight Homes. Robert, first I want to commend you: Clearly, your commitment to the employees that have worked for you is evident by keeping them safe and also by paying them and respecting them throughout this time. So that is to be commended.

I do want to say, you've made a proposal here that makes a lot of sense. The letter of credit is problematic, as you point out. Your solution of providing or permitting surety bonds as a revenue-neutral option for the government to free up capital is actually quite something. Have you had any conversations with the government specifically about this, be it your local member of Parliament—and are you aware if the provincial home builders' association have advocated for the use of surety bonds?

Mr. Bob Schickedanz: Yes, through you, Mr. Chair: To answer the question, in my capacity as president of the Ontario Home Builders' Association, we have had discussions with government on this particular issue, with the Minister of Finance, with the Minister of Municipal Affairs and Housing. We have prepared a brief of a number of items that our industry is looking to implement that would help kick-start the economy. One of the pillars, or one of the top items, is the surety bond issues, because as I point out, it's a revenue-neutral thing. It's not going to cost the government, municipally or provincially, any money to implement, and it will have a positive impact.

Ms. Catherine Fife: Okay. I just wanted to clarify that this has been a formal ask of the home builders and you have produced a paper, so you have put everything in front of the government. To date—to help us understand—what are the barriers or opposition to such an idea?

Mr. Bob Schickedanz: I think it's just something—as I said, we have a long-standing history in the business, my family, and I've said, you know, in the 1950s and 1960s, surety bonds were really the only way to go. For some reason—call it happenstance—we've migrated as an industry and municipally etc. to letters of credit. We've just landed on that spot, and I'll say that, unfortunately, municipalities have just said, “Well, either give us a cash deposit or a letter of credit from a chartered bank, and that's the only thing that we're going to accept.”

Why should the banks have the only opportunity to provide this? Unfortunately, the bank—if I have, say, a \$5-million project and I need to borrow \$5 million to pay for the project, but I also need the credit facility for another \$5 million to offer the municipality a letter of credit, I'm tying up so much credit. It makes it very difficult, really, for us as FarSight Homes, to move forward with projects quickly and create much-needed housing supply.

Ms. Catherine Fife: Okay. That's helpful. That briefing note, was that forwarded to the Clerk of this committee? Because I would actually like to review it in full.

Mr. Bob Schickedanz: From the home builders' association?

Ms. Catherine Fife: That's right, yes.

Mr. Bob Schickedanz: We could provide a copy. I'll double-check where it has gone. It's gone to a number of

channels, but we'll make sure the Clerk receives that. Absolutely.

Ms. Catherine Fife: Okay, because the whole goal of this committee is to make recommendations, to hear from delegations from across the province, to help navigate through what is obviously an economic crisis, and within the confines, obviously, of a lot of stress on the provincial budget.

Obviously, we've heard from the government many times how important the construction industry is. We all know the value—

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

Ms. Catherine Fife: —of home building and home builders to the province from a perspective of stabilizing the economy and creating jobs. I want to thank you for bringing that to this committee today.

I'll move over now. I think MPP Armstrong has a question for her delegate. Thank you.

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

Ms. Teresa J. Armstrong: Thank you. I have a question for Rebecca. First, I just want to say that I know MPP Sattler, who represents the area of London West, couldn't be here today, so she does send her regrets.

Thank you, Rebecca, for coming forward with a very important piece. I think that we need to acknowledge, in the recovery, that arts and culture are so important to our growth as a community. You had talked about some of what you wanted to see further, extending further financial assistance in order to make sure your business thrives and grows. Can you describe a little bit about that in the time remaining, please?

Ms. Rebecca Brettingham-Filice: Yes. So I think that government programs for dance studios, including other businesses that weren't able to open until phase 3—some businesses just reopened, and government funding and programs are starting to end. We haven't had the same opportunity with those programs as businesses that opened in phase 1 and phase 2. Those programs are critical for us staying open. Dance studios are very large areas. Our rents are very high. To be able to function, we need that government assistance to make that happen.

Ms. Teresa J. Armstrong: When you're asking for the extension, how long do you foresee that extension in government assistance being?

Ms. Rebecca Brettingham-Filice: I think that the programs, the way they're set up: as companies are able to function on their own, then the government assistance—

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

Before we move to the independent members, I'd like to do an attendance check. MPP Kanapathi, if you can please confirm your attendance.

Mr. Logan Kanapathi: Yes. Good morning, Chair. I am in Markham, Ontario.

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

Mr. Jeff Burch: Thank you, Chair. Jeff Burch calling in from Thorold, Ontario.

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

Mr. Michael Coteau: Yes, Mr. Chair. Michael Coteau calling in from Toronto. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. All right. We'll go to the independent members now for their time of questioning. MPP Schreiner.

Mr. Mike Schreiner: I just want to thank all three delegates for taking the time to come to committee.

Rebecca, I know you were here a few months ago, sharing similar concerns. I wanted to give you an opportunity to expand on answering the question from MPP Armstrong. Specifically, I wanted to ask you about the rent relief program, which has been highly problematic in terms of really working well to support small business owners. What I'm hearing you saying is, especially for business owners who couldn't open until stage 3, the importance of extending that program and maybe extending it out even to the end of the year: Is that something that would specifically help your business stay afloat right now?

Ms. Rebecca Brettingham-Filice: So I was very fortunate that my landlord was involved in the rent relief right away. But many studios—I know of nine studios already that have closed because they weren't able to get rent relief. That is the sole reason that these businesses have closed, because landlords decided not to give rent relief, which is problematic.

When you have businesses that have been open since phase 1 and been able to get on their feet and have that government assistance to help them get through things, and then you have businesses—especially, I believe, Windsor; I'm not sure that they're even open to phase 3 yet or if that just happened. But those businesses haven't had the same amount of time as businesses that were able to open in phase 1. So in general, for economic recovery, I think it's important that government looks at when businesses were able to open. The way the programs are set up, when businesses are doing well enough, those programs will end. They can't take advantage of the government programs; they just need help to get back on their feet.

0930

Mr. Mike Schreiner: I appreciate that. Also, I think you were asking for support with cleaning costs, public health measures. I'm assuming your cash flow is probably negative or at least zero at this point, and then having extra costs to reopen—some support with that would help as well.

Ms. Rebecca Brettingham-Filice: We have a lot of costs to reopening. We had to put in TVs and cameras so parents can see their children, because we can't allow people in the building. The numbers have gone up to 50 people per room now instead of 50 people in the building, which is an asset to us because we have a large facility. But we're still waiting for a response on the guidelines that we submitted back in May. We still have not heard from the government to have those guidelines approved that we wrote for reopening dance studios safely, and we have over 550 studios that have signed those guidelines.

Mr. Mike Schreiner: Thank you for that. I think I've heard from other industry sectors who have had the same challenge, so I appreciate your sharing that.

I want to quickly go over to Marlin. You talked about the importance of broadband. That issue has come up over and over again, and just the need for the province to really put more money on the table to expand broadband. But one area that I think you might be able to speak on is the role that broadband plays now for farmers. Especially I'm thinking of precision agriculture, GPS-guided agriculture etc. and how, if we're going to roll that out—I'm the MPP for Guelph. The University of Guelph is rolling a lot of that technology out, but farmers are going to need the broadband capacity to be able to utilize it. Maybe you could speak from that particular perspective.

Mr. Marlin Stoltz: Sure thing. Can you hear me now?

Mr. Mike Schreiner: Yes.

Mr. Marlin Stoltz: The broadband perspective is really on the residency side. You talked about precision agriculture with the GPS and that stuff; that is satellite-driven. That is happening. But we have, as you say, these actual livestock operations. The students coming out of the University of Guelph today are techy farmers. They have the ability, from their hand-helds, to control their entire operation.

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

Mr. Marlin Stoltz: They can see what air is flowing through their barns. They can control the heat. They can control the equipment, everything. You could not run your government on dial-up, and these guys are trying to do that. A successful download is when they start at 8 o'clock, when they go to bed that night, and if it's there the next morning when they wake up—and not being instant.

The infrastructure that is needed is huge. All of you in that room, I'm sure, run on high-speed Internet, but if you were to go back to dial-up speed just to do your basic needs that you do, it would be very frustrating. As I say, these businesses are million-dollar operations, so it's a needed requirement. Precision agriculture is the way to go. That's advancing; that will be happening.

Going back even to the greenhouses: Those greenhouse operators that can grow all the food that we need to consume here in Ontario operate off hand-held devices today.

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

Mr. Marlin Stoltz: I'm not sure what else I could say to you there, but it is a very serious requirement to advancing the province of Ontario, and agriculture is one of the main economic drivers in this province.

Mr. Mike Schreiner: I appreciate that. Thank you.

Bob, I just wanted to quickly, in the few seconds I have remaining, just if you think—the role that surety bonds could play in unlocking capital to accelerate housing development and how much is being held back by letters of credit.

Mr. Bob Schickedanz: MPP Schreiner, thank you for the question. Just quickly, there is well over a billion dollars' worth of cash sitting as deposits in—

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

We have to move to the government side now. I'll start with MPP Coe.

Mr. Lorne Coe: Thank you to all three presenters. Robert, I want to discuss a little bit more the work that you're doing on the surety bonds with municipalities. You mentioned in your preamble that your brother is the president of the Durham Region Home Builders' Association, if I heard you correctly. As the MPP for Whitby, I have done a lot of work with the Durham home builders' association. To what extent have you taken your proposal that you discussed earlier to the Association of Municipalities of Ontario? And if you've done that, what type of response did you get?

Mr. Bob Schickedanz: Thank you, MPP Coe, for your question. Just as a point of correction, it's my nephew Johnathan who is president of Durham Region Home Builders' Association.

Mr. Lorne Coe: Okay.

Mr. Bob Schickedanz: We have begun the process of approaching municipalities with this idea, but the problem is this: There are 444 municipalities across the province, I believe, and each municipality has various different expertise on their staff to address this matter. Some are maybe somewhat reluctant or uncomfortable with the idea.

Again, I'm saying that, in this day and age, we have to push the envelope in terms of comfort level. The goal here is to get people to work. The goal here is to create employment. The goal here is to create housing supply to meet the growth that's happening over the coming years. This will help in that regard.

So we have started our efforts. I personally have had some discussions with the city of Oshawa about the matter. We are working with our partner local home builders' associations, such as Durham, Simcoe and BILD, which is Toronto-centric, but that's going to be a long journey. It could potentially take years and years to get to the point where, as I tried to answer the question to MPP Schreiner, we unlock well over a billion, maybe billions, of dollars of cash sitting idle supporting letters of credit, and moving those into creating housing supply.

The need is to get the economy started today. The need is to get people working today, building homes, getting people moved in. Once people move in, the communities grow and they need the services available to those communities. It's a snowball effect, virtually, to create economic activity.

I know it sounds like a big picture sort of thing, but it is important. These investments are important and they need to be made quickly. I think leadership at the provincial level, to say that as an acceptable alternative surety bonds could be used, is a terrific start and would have a meaningful impact.

Mr. Lorne Coe: Speaking about meaningful impacts, the work of your nephew and the Durham home builders' association, and the varying degrees of expertise on surety bonds with the eight municipalities in the region of Durham—you'll know from your experience that the region of Durham has an economic recovery plan and is

populated, and the Durham home builders' association is a member of that task force going forward.

To what extent has your nephew or you—you mentioned the city of Oshawa. To what extent have you engaged with the regional chair, and the director, Simon, who is leading this particular economic recovery in the region of Durham, on this particular topic?

Mr. Bob Schickedanz: We have started those discussions, MPP Coe. There's still work to be done. We're working in parallel. We haven't given up or put to the sidelines discussions with either the region of Durham or other municipalities across the province, but again it's paramount that we feel that we get something implemented.

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

Mr. Bob Schickedanz: Certainly, leadership at the provincial level is the quickest way to get to the end result.
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Mr. Lorne Coe: Certainly, the MPPs in the region of Durham are working very closely with the region of Durham on their economic recovery plan, because of the alignment with the province's directions as well.

Chair, I would like to now move to Minister Yakabuski for his questions, please.

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

Hon. John Yakabuski: I'll begin with discussing with Mr. Stoltz. You covered a lot of things, Marlin, in your presentation.

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

Hon. John Yakabuski: One minute? Do we have another round then after this?

The Chair (Mr. Amarjot Sandhu): Yes.

Hon. John Yakabuski: Okay. Thank you very much.

I won't get too deeply into it, but we can start. You did raise broadband as one of the primary issues affecting you and small businesses and certainly all across rural Ontario. I'm a rural member. It was in my riding when the then candidate for Premier Ford announced our support for the rural broadband initiative in eastern Ontario. We've got SWIFT in the west. Recently, Minister Scott announced the ICON program, which is another \$150-million investment which should leverage \$500 million. But we're going to talk more about it when we get back.

There is a tremendous amount of interest, and our government's commitment is absolutely ironclad on broadband. I think the COVID crisis has galvanized everyone to realize how necessary that connectivity is—

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

Hon. John Yakabuski: I think I'm being cut off—

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

We'll go to the independent members now for their second round. MPP Coteau.

Mr. Michael Coteau: Thank you very much, Mr. Chair. I appreciate the opportunity. I would like to thank the deputants for being here today. Thank you so much.

My first question is to Rebecca. The dance industry here in Ontario—obviously, not being even provided with

the ability for the guidelines to be approved at this point puts them in a very challenging position. Are you saying at this point—because one of my daughters goes to competitive dance, and we've started to communicate with the company again. But are you saying at this point that you can't open your doors? Can you open your doors at this point, even though the guidelines haven't been approved?

Ms. Rebecca Brettingham-Filice: We have opened up. We are talking to our public health units. When I spoke at the end of June—the issue is that the public health units are all giving different information to the dance studios. We were trying to get the guidelines approved so that everybody was following the same guidelines. We have gone ahead, and everyone is using those guidelines, but we would like approval from the government.

Mr. Michael Coteau: Do you see the approval for those provincial-wide guidelines as the responsibility of the provincial government, or do you believe that each local health unit should be approving them based on municipality?

Ms. Rebecca Brettingham-Filice: For the guidelines that we wrote, we used guidelines that the government had provided to other industries when we wrote them. They're general guidelines, and each studio needs to adapt them to their own space, but they are guidelines that we would like the provincial government to approve.

Mr. Michael Coteau: The safety concerns: I know you mentioned the government responding to the safety. Do you believe it's a safe environment to have 50 young people, and maybe less than that, per room? But with the maximum of 50, is that a safe environment? Can you shed some light on that current situation, so parents understand what those risk factors may be and so that we know as elected officials?

Ms. Rebecca Brettingham-Filice: Yes. Right now, I believe dance studios are safer than any other environment for students to go back into. We have put boxes in place in our rooms. Studios can't have 50 people in them; they can have the number of people based on those guidelines. The guidelines given to me by my London health unit were six-foot boxes with two feet in between, and that is what we have done. In each of my studios, I can have a different number of children in the studios based on what numbers I can have safely in that room.

Mr. Michael Coteau: It was very interesting, what you said. I didn't think about this, as we have different sectors open. The ones that had the first advantage of opening up first also had the advantage of accessing those resources that were available. It's a shame, because it would have been strategic if, as each stage reopened, there was an allocated amount per stage, versus all being used at the very beginning. As things seem to be better, because people are outside and shopping and going to restaurants, it seems like those sectors like yours can be forgotten in the mix, based on those changes. I really appreciate the fact that you came today to speak to us, because some of this information is not out there. Thank you so much.

I have a quick question for Marlin. You mentioned that children—I think you said something about them not being in a position to contract COVID-19 and spread it. You mentioned something about that. You made a point. Can you shed a little bit more light on that position you brought forward? I just would like to hear that again.

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

Mr. Marlin Stoltz: Yes. It's almost answering your question that you just had to the previous lady there. You were asking the question, "Can the children all go together in one room?" I think that worldwide, from the information that you can gather, the children may be carriers of it, but they're not going to show the symptoms of it. The children have been very resilient.

The health units and stuff—I've been on some biweekly calls with the local health units, and they were talking about that right from the beginning, that the children were not the ones—due to the immunization that became mandatory back in the 1970s with the MMR shot, they're being very not susceptible to it. Both of those comments were being driven from that, and the family practitioners and things that I have associated with have all said it from the beginning, that the symptomatic from the children had been very, very minimal, and so they were saying, "Put the children back in school."

Look at the countries that have been very successful and have had very minimal issues. That's where it comes from. Look to those countries. Put the children back in school with regular class sizes and not being masked and stuff.

We were an essential business. We were running for 14 weeks without masks, shoulder-to-shoulder people and being able to function, and nothing ever happened. The social measuring keeps getting added on, from what I understood. With social distancing—if you have a mask, eliminate the social distancing.

Mr. Michael Coteau: We are seeing a massive increase in the United States with children. I think there was a 90% increase in America last week, a 90% increase of children catching COVID-19—

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

Mr. Michael Coteau: Thank you very much.

The Chair (Mr. Amarjot Sandhu): Sorry to cut you off. We are out of time. We'll go to the government side for their second round. I'll go to Minister Yakabuski.

Hon. John Yakabuski: Thank you very much, Chair. I'll get back to Marlin here on the broadband. Minister Scott's Improving Connectivity for Ontario, the new broadband program, is \$150 million which should leverage \$500 million in other sectors. Also, it has been made clear by Minister Scott that broadband is one of our highest infrastructure priorities, and we're working very diligently to try to convince the federal government of the same importance of it. I hope that people will get on board, including everybody in the Ontario Legislature, regardless of their political stripe, to lobby and pressure the federal government to get on board with this, because it is absolutely vital for rural Ontario.

You talked about manufacturing and producing in Ontario. Minister Fedeli and the Premier have made it

clear with their Ontario Together program to bring people in to make COVID-related products that we're not stopping there, that we want people to support made-in-Ontario products that create and sustain jobs right here in Ontario.

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As you know, from the start, the Premier has made it clear that we're going to eliminate unnecessary and duplicative regulations. And this speaks to Mr. Schickedanz's issues, too, about the growing and the building of Ontario over the next decade or so, the need for homes, the need for people to live, as our population grows. We're going to ensure that we create that environment to allow that to happen. I say to Mr. Schickedanz, as the Minister of National Resources and Forestry, we're about to release our four-sector strategy that should help to ensure we have that needed resource, the lumber that we can so sustainably procure here in Ontario, and maintain our supply and our sustainable forests so that that product from right here, from Ontario, is available.

Maybe if I could get you to comment on a couple of those things, Marlin, and perhaps Mr. Schickedanz, as well—on those kinds of things that we're trying to make sure so that the business that they are involved in has a great and strong future here in Ontario.

Mr. Marlin Stoltz: Yes, I'll talk real quick there. Absolutely correct; you need to remove those regulatory burdens. I go to build a building here, and it is so much more expensive to build here in Ontario, and I don't have a choice. We're an essential business, working in agriculture, so we have to build here. So we're kind of restricted. But it costs a whole lot more to produce it and manufacture it. There was so much farm equipment that used to be built here in Ontario, and that's now moved out of the province over these last several decades. We need to still make it easier to get back to it.

Going back quickly to your broadband, the work-from-home initiative that's now—C-19 has advanced us by five years and is showing that families can work from home and have a balanced life. People in rural Ontario were not able to do that. The men and women living in rural Ontario that had jobs that they commuted to in the cities were not able to work from home because they did not have broadband Internet. That's another factor as well, outside of farming, and that is a growing thing in some of those rural communities that did not have it. Those people were not eligible to work from home or they had to put in some expensive satellite-driven—or data, using their phones, for being able to do that. Those are real quick comments on that.

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

Hon. John Yakabuski: Perhaps I could ask Mr. Schickedanz to comment on our four-sector strategy and how that might help their industry.

Mr. Bob Schickedanz: Absolutely, Minister Yakabuski, and I appreciate the comments. As I mentioned briefly, this period we're experiencing right now just highlights how fragile our supply chain can be and how important, especially for our industry, the forestry sector is to supply. As I mentioned—

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

Mr. Bob Schickedanz: —we're just trying to get back off of our knees and get going again. The supply of lumber, plywood, dimensional lumber is in critical need right now and in short supply. The unfortunate thing is that what happens is, as shortages arise, prices go up. This is at a time, as I mentioned, when we're very fragile economically and people are struggling to get the money together to buy a home. So securing and taking a long-range view of securing our resources such as forestry is applauded. And not only applauded; I would say it's of vital importance and necessary to preserve our future, to make sure that we can produce housing supply at a reasonable price and be able to move forward. So, again, it's very critical.

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

Mr. Bob Schickedanz: As Mr. Stoltz had mentioned, food security is the same thing. We have to diligently work together with you and your government officials to make sure we secure these critical supplies to move forward. And I applaud that.

Hon. John Yakabuski: Perhaps I could now allow MPP Kusendova to ask a question, Chair.

The Chair (Mr. Amarjot Sandhu): MPP Kusendova, 30 seconds.

Ms. Natalia Kusendova: Yes, good morning. Thank you so much. My question is to Marlin, and it has to do with mental health for farmers. We know that even prior to the pandemic, farmers were exposed to high stress and meet classifications for depression according to CMHA statistics. That's why, even in 2019, Minister Hardeman had announced a mental health farmer's first aid kit. I wanted to ask if you're familiar with this and, also, how can the government better support farmers to remove that stigma and some barriers from accessing mental health supports.

The Chair (Mr. Amarjot Sandhu): I apologize. We are out of time.

Back to the opposition. MPP Fife.

Ms. Catherine Fife: My question is for Rebecca. Rebecca, you were talking about the challenges of rent and paying your rent during the COVID-19 crisis. Carousel Dance Centre in Waterloo had the same thing. Their landlords refused to apply for the CECRA. I think we all know now after these many months that the federal commercial rent support is fundamentally flawed.

The Saskatchewan finance minister has actually written—well, she did write to Mr. Morneau; of course, that changed now. But there's been a request of the federal government by the province of Saskatchewan—and we have followed suit here in Ontario, as the official opposition—to have a tenant-first rent program, meaning that the money that is not being freed up at the federal level, because only 10% of that funding has flowed to businesses, which proves that it's a failure, and long-standing problems like inaccurate information, confusing loopholes, eligibility requirements—this has left tenants like you waiting for support that will never come.

So I wanted to ask you, if Ontario had such a program where even if your landlord does not apply for the rent

subsidy, would you as a business owner apply for that subsidy to ensure that you would receive at least 50% of your rent? Would that be helpful? Would you be interested in that?

Ms. Rebecca Brettingham-Filice: I was very fortunate that my landlord did agree to the rent relief. But as I mentioned, nine dance studios have gone out of business solely on the fact that they were unable to get rent relief. My rent is \$20,000 a month. That is a lot of money. For me to support that for five months when I was closed—it's impossible.

Ms. Catherine Fife: We actually heard yesterday, or the day before, from another business owner; she owes \$190,000 in rent debt, and you just don't recover from that. That's what we're trying to get the government of Ontario to do. It may be too late for those nine dance studios, but there are many businesses that are just holding on. For us, it's an investment in the future so that if we are going to recover strongly as an economy, we actually require businesses to stay in business. If that money is not flowing at the federal level, then let's try to get it at the provincial level. So I wanted to mention that to you. Thanks for your feedback on that, though.

Finally, to Robert: Yes, negotiating with 444 municipalities around the surety bond issue would be very difficult. Essentially, your point is if the provincial government signals to municipalities that this is an agreeable path for moving forward, that would go a long way to build confidence. Is that essentially your point, Robert?

Mr. Bob Schickedanz: Yes, MPP Fife. First of all, I want to confirm that OHBA has provided to the Clerk a copy of our list of recommendations to help kick-start the economy, the surety bond being one of them. And then quickly, that is absolutely correct. The process to go to every municipality and discuss this matter would be a long, time-consuming thing. I put it this way: This little COVID beard here that I have going would be touching the ground before we get to the finish line.

I think that's a prudent way to go and I think we're all working collectively here to create employment, create housing, get the economy going. We're all in this together, but we've got to pull together and get things done quickly. Quick decisions have to be made, and this is one that will have the potential for a very positive impact with no cost.

Ms. Catherine Fife: Yes. As you point out, it's a revenue-neutral option. The government members have been asking about low-hanging fruit. This is pretty low-hanging as an option.

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

Ms. Catherine Fife: I do want to thank you. I will read that briefing note that you forwarded to the Clerk.

Mr. Bob Schickedanz: Thank you.

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Ms. Catherine Fife: Are there any other opposition members who want to weigh in?

The Chair (Mr. Amarjot Sandhu): Any further questions from the opposition?

Ms. Catherine Fife: Good.

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

ONTARIO CRAFT BREWERS
ONTARIO GENERAL CONTRACTORS
ASSOCIATION
INNOVATIVE AUTOMATION

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

Mr. Jeff Dornan: Is Scott Simmons in the room?

The Chair (Mr. Amarjot Sandhu): Yes, he is.

Mr. Jeff Dornan: He's supposed to be the one doing the speech. If he could be unmuted.

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

Mr. Scott Simmons: Hello?

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

Mr. Scott Simmons: Sorry, it said the host had muted me. Okay, I'll jump right in. My name is Scott Simmons. I'm the president of the Ontario Craft Brewers association. I am joined by Jeff Dornan, who is the owner of All or Nothing Brewhouse in Oshawa and also the volunteer chair of our board.

There are over 300 craft breweries in Ontario. Prior to the pandemic, these small manufacturers employed over 4,600 workers, which represents nearly 80% of all brewing employees in the province. These small businesses supported over 9,000 indirect jobs in the agricultural, tourism, hospitality and manufacturing sectors, and in many cases have become the largest employer in the community, especially in rural areas. All told, Ontario's craft beer industry contributes over \$2 billion to Ontario's economy annually.

A recent third-party report released by the Trillium Network for Advanced Manufacturing found that prior to COVID-19, Ontario's craft brewer sector was the fastest-growing segment of Ontario's manufacturing industry over the past decade. That is right; you heard that correctly. Out of every part of Ontario's manufacturing industry, craft brewers was the fastest-growing segment. The report, however, also underscores the fragility of this growth. Some 75% of craft breweries have opened in the last five years. Like any industry, the early years of a business can be the most difficult, and for those in manufacturing, the upfront costs are substantial. Because of this, it is so important to support the sector to ensure that its roots take hold. This is critical, given the effects of COVID-19.

The craft beer sector was among the first to feel the impacts of the pandemic and has been among the hardest-hit industries, due to the closure of restaurants, bars and taprooms, the cancellation of festivals and community

events, and the halt of tourism. During the first wave, the majority of brewers saw their sales decline by more than 50% and were sitting on over \$20 million of perishable beer inventory that could not be sold because of the mandated closures. As a result, 63% of brewery staff were laid off, and the financial viability of many breweries was threatened.

To help soften the blow of COVID-19, the government took several helpful steps. They made the LCBO, Beer Store, grocery stores and breweries essential businesses, deferred licensing renewal fees and halted a scheduled beer tax increase, allowed for the expansion of patio licences, and launched a new program through the LCBO to highlight local producers. These actions allowed many breweries to keep their lights on over the last few months. Without these steps, the vast majority of our sector would have closed their doors forever, so thank you.

With the government now evaluating ways to stimulate Ontario's economy and help in its business recovery, we believe there are a number of additional areas of red tape reduction that would be extremely helpful to craft brewers. I will highlight five of them.

One, for the first issue, most craft breweries are not permitted to serve and sample at temporary locations, such as community events. This ability is dependent on the type of licence the brewery holds and is restricted to only on-site consumption, not sale for take-away; yet the LCBO and the Beer Store can. It's not a level playing field. Further, no brewery is currently allowed to sample or sell at farmers' markets. This unnecessarily complex licensing structure reduces retail opportunities and should be updated to allow all craft brewers to sell their products for take-away at community events and farmers' markets. Additionally, it should permit all brewers to sell for consumption at events with a simple 10-day notice period.

Second, today craft beer can only be served in licensed areas of craft breweries, and the process to temporarily license—

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

Mr. Scott Simmons:—additional areas is very time-consuming and cumbersome. Given the likely requirement for ongoing social distancing for the foreseeable future, the government should update this policy and allow brewers to serve, sample and sell their products anywhere on their property.

Third, the previous government introduced environmental legislation that causes the unnecessary study of brewery air, odour and noise. The EASR legislation treats small microbreweries the same as the largest breweries and other manufacturers and requires brewers to purchase a study by an environmental engineering firm that could cost up to \$20,000. Yet the vast majority of craft breweries in the province are considered microbreweries, and we understand that all breweries of this size studied to date have been well under the allowable EASR limit. We recommend the EASR legislation be amended to exempt microbreweries.

Fourth, tax deferrals have been extremely helpful to small brewers. We recommend deferring the payment of

the Ontario basic beer tax, as well as the provincial portion of the HST, until March 31.

Our fifth and final recommendation revolves around a punitive environmental levy that has existed since the early 1990s, when the NDP government increased an environmental tax on aluminum beer cans. Today, this levy still exists for the alcohol sector and an 8.9-cent-per-can fee is charged to manufacturers by the Ministry of Finance for every can sold in every retail channel. This fee is separate from the fees paid by brewers to be part of the Beer Store return system and the Ontario deposit return program and is also separate from the deposit paid on cans by consumers. The Ontario craft beer industry sells 90% of its locally made retail products exclusively in cans, and this environmental levy disproportionately impacts these small local producers.

Additionally, this tax is not applicable to non-alcoholic industries, such as the soft drink sector. While we understand the government is looking to release a new Blue Box collection program which will incorporate all producers, the existing framework is extremely unfair. We recommend that the government eliminate the outdated levy on alcohol aluminum cans for all Ontario craft brewers as it does nothing to improve recycling efforts and has a large negative impact on local producers.

Once again, thank you for all the efforts you have taken to date to help our sector. We believe that by enacting these additional recommendations, you will make the difference between a large number of Ontario's 300 craft breweries being able to remain open or having to shut their doors. We thank you again for this opportunity and appreciate your attention and consideration of our recommendations. Thank you very much.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is the Ontario General Contractors Association. If you can please state your name for the record, and you can get right into your presentation.

Mr. Giovanni Cautillo: Hello. My name is Giovanni Cautillo. I'm president of the Ontario General Contractors Association. This is my second time appearing before the Standing Committee on Finance and Economic Affairs to discuss the impacts of the COVID-19 crisis on general contractors.

Today, I will focus on the impact of the pandemic on small and medium-sized construction enterprises. I will also table our recommendations that will provide much-needed contractual and debt relief from the ICI sector, a sector that I believe will be instrumental in keeping Ontario working and for our ultimate economic recovery.

OGCA members account for approximately \$12 billion of construction each year in Ontario in the industrial, commercial and institutional sectors, generally referred to as ICI. Although many people recognize ICI by the larger companies, 70% of our sector is made up of small and medium-sized firms that are both unionized and open shop. These smaller firms are dispersed across Ontario, with smaller contractors having roots in rural communities that are in desperate need of economic stimulus. In the ICI sector, small and medium firms typically bid on smaller

projects as they cannot provide the capital or the bonding necessary to invest in larger ones.

Some of the smaller projects have been vital to Ontario's COVID recovery, like the retrofit of health care centres with barriers to keep employees safe. Smaller firms will also be instrumental in the installation of protections necessary for the safe return of students to schools. Incidentally, some of our members have been working on school-related projects for many years and boards rely on them heavily for maintenance.

COVID directly impacted our sector during the government-mandated shutdown when ICI construction was deemed non-essential from April 3 to May 17. Due to the existing investments in safety and the ability for contractors to secure PPE, the ICI construction industry has effectively managed the logistical challenge of COVID-19, but the financial scars remain.

To illustrate the sector's effectiveness, earlier this month the WSIB had accepted over 4,340 workplace claims, with only 18 from construction. During the pandemic, GCs of all sizes have invested heavily in training, sanitation, cleaning, physical distancing and PPE. Since reopening, we have been focused on the workers' safety.

In a survey of over 200 contractors done by the Ontario Construction Secretariat, the cost of new safety initiatives was shown to have increased overall project costs by 13%. This number is not insignificant and, coupled with the government-mandated shutdown, is formulating into a pending crisis.

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Over the next few months, small and medium-sized contractors will be facing cash flow shortages caused by the six-week gap in billing. You see, many contractors have reported being busy in May and June, but they are finishing off jobs that are taking longer than anticipated or starting new work with fewer people on-site. The result is that the progress is slower and completion dates have been significantly extended, resulting in fewer and smaller billings. Our members have reported that they expect issues within the next few months that may have severe implications for project timelines. The timing literally cannot get any worse, as contractors are presenting their second-quarter statements to the banks and bonding companies.

As stage 3 continues, contractors are bearing even more of the actual costs associated with delays, and this problem is only getting worse, with 41% of the scheduled work that was to start this year remaining delayed. This is the start of a financial crisis that requires the government's immediate response. A financial crisis for small and medium-sized businesses in construction may be further detrimental to our economy because many of the small GCs use their own personal assets for equity when they apply for a line of credit.

In short, we are talking about the potential to lose thousands of jobs in small communities across Ontario. Simply put, we need to protect these employers from collapse due to cash flow issues. The OGCA recommends the establishment of a relief provision that allows banks and

bonding companies to financially support contractors while they deal with contractual and payment delays.

What can we do to keep these employers above water amid cash flow and delay issues? Start with ensuring the problem doesn't get any worse. According to construction law in Ontario, unless stated otherwise by the owner, the contractor is legally liable—

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

Mr. Giovanni Cautillo:—for all damages as well as delay penalties, which in many cases are substantial. Typically, things outside the GC's control are covered by a force majeure clause, but these clauses do not allow for a pandemic or a mandatory closure of the industry, meaning GCs will be held liable for all associated costs.

When the Ontario Construction Secretariat asked about this in the survey I referenced, 18% of owners said that they had been somewhat or very inflexible in accommodating new costs or any delays. By adding "pandemic" as a component of the force majeure section in contracts, this would begin to address the issue for employers.

By taking this action, the government would be able to protect contractors from COVID costs that could cripple their businesses while allowing them to continue to build under challenging and uncertain conditions. It would also allow banks and bonding companies to support contractors financially while they are dealing with contractual and payment delays, and it would save thousands of jobs in the process.

Another thing that is needed is an infrastructure pipeline that supports small and medium-sized construction. Although public projects make up a critical portion of our business, public infrastructure is only one part of the ICI construction industry, a sector that contributes just under \$9 billion to the province's GDP.

The ICI sector represents a large number of projects in the commercial and industrial sectors as well, but with our economy in a recession, many OGCA members are worried that they will be completely dependent on the Infrastructure Ontario pipeline for business. This is because the pandemic stopped much of the planning and approvals for commercial and industrial construction slated for 2021. The only way to fix this is by providing a long-term pipeline with public projects, large and small, that will encourage investment.

It will serve as an incentive to train those who lost jobs due to the pandemic. Right now, many workers are looking to the trades as a place of opportunity. I think that Ontario is well-equipped to find these individuals highly rewarding jobs. With the recent changes to training ratios, the skilled trades are primed and ready to grow, and small and medium-sized contractors are the perfect vehicles to teach apprentices.

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

Mr. Giovanni Cautillo: To summarize, our recommendations are:

(1) Apply pandemic-related costs to the force majeure clauses of contracts.

(2) Remove regulatory impediments to the planning and delivery of all construction projects, including the removal of exclusion causes from procurement policies.

(3) Establish a relief provision that allows banks and bonding companies to financially support contractors while they deal with contractual and payment delays.

We are grateful to the Ministry of Labour, Training and Skills Development, the Attorney General's office, and the Ministry of Infrastructure for the ongoing support of Ontario's construction industry. I want to personally thank Premier Ford for his unwavering support for the construction sector and his commitment to ensuring that all workers are kept safe during this crisis. Thank you. I look forward to your questions.

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

Mr. Steve Loftus: Good morning. It's Steve Loftus from Innovative Automation. We're a custom machine builder located in Barrie.

I have a PowerPoint that I'm going to share and we can talk through that.

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

Mr. Steve Loftus: Just let me—okay. Is it shared?

The Chair (Mr. Amarjot Sandhu): Not yet.

Mr. Steve Loftus: No? Okay, hold on. I pushed the wrong button here. Okay.

The Chair (Mr. Amarjot Sandhu): Yes, it's shared.

Mr. Steve Loftus: Okay. We've been in business for about 30 years. We're located in Barrie. We were doing about \$53 million in business prior to COVID. We're in a custom-built, purpose-built building—87,000 square feet. We have 145 employees. For us, some of the challenges come because we do work globally, and doing work globally presents some issues that I'm going to talk about later. This is more of an overview of our company. We're doing work not only in the NAFTA area, but also within Europe and Asia, as well.

Okay, so I'm going to kind of jump down to—the issues that I need to talk about are travel for business. We need some standardized processes at the border—let's call them bidirectional—so that when we're moving people in and out of the country to continue our business, we can ensure that our people are going to be able to cross the border as they did prior to COVID-19. We've had people that have been turned back. We've had different processes when we're sending people, so we're not really able to deploy people in an efficient manner.

It's creating some planning and costing model issues for us in that if we send someone on a three-day install in, let's say, the Boston area, we have to bring that person back and quarantine them for 14 days prior to returning to work, which makes that cost go through the roof. We really would prefer if there's some type of rapid testing that we can do so that we can have those employees rejoin us in our facility, because the people who are typically travelling are the people that we need doing hands-on work, the tradespeople in our facility. Having someone travel for a day's service call and then have them stay at home for two weeks is crippling to our business.

The message that needs to come from the government needs to be based on process and not on fear. We have employees that have a fear of returning to work because they're not hearing the message about the process that's absolutely critical within our industry to keep people safe at work. They need to take the fear that people have and remove it from them so that they're open-minded so they can come into work.

The other issue that has not impacted us but has impacted some of our people in our industry sector is open-minded Ministry of Labour inspections. The feedback we're getting is it's the standard response. Each and every factory that they go to, they're not really assessing each workplace based on the processes that are there or the needs that are there. Every situation is different, and we need those Ministry of Labour inspectors to understand what is going on at each manufacturer's location and make assessments to keep people safe based on what is happening in that facility, and not necessarily what is happening as a standard process.

That has become a bit of an issue and it's a little bit worrisome for us as a custom machine manufacturer, because we have processes that are completely different than someone who is doing high-volume production with workers who are stationed two or three feet from each other. Trying to keep those people safe is a little different than having an individual working in an area that's probably—

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

Mr. Steve Loftus: Pardon?

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

Mr. Steve Loftus: Yes—within a larger area.

The other issue that's a concern for us is the school system. We think that there needs to be some kind of inspection and processes in place and rapid response to ensure that the workplaces aren't impacted. What's happening, what we fear, is that we're going to lose blocs of employees, particularly in smaller towns where there's a single school. If the school gets closed down, we may have 20 or 30 employees who can't come to work because they've got to deal with child care.

1020

Longer-term initiatives are based on the reduced amount of driving. If you're a manufacturing sector that's primarily servicing the automotive industry, reduced driving means a reduced number of vehicles, which means reduced fuel consumption and all of the things that go with that, so that's going to drive those manufacturing numbers lower. I think there really needs to be a focus on what's going to replace that.

Intelligent services, autonomous vehicles: Everybody's focused on personal transport, but workplace transport or even agribusiness—we're developing autonomous vehicles for that that we could accelerate with some assistance or some funding that would allow us to drive that business and help reduce the amount of labourers, particularly in agribusiness, where people typically are working in close proximity to each other. Basically, in general, any labour-reducing technologies—because people are going

to become more remote after this is over. People are not going to want to be commuting into workplaces to do those tasks that they had done traditionally in the past.

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

We'll start with the questions now. We'll start this set of questions with the government. Minister Dunlop? Unmute, please.

Hon. Jill Dunlop: Thank you, Chair. Can you hear me now?

The Chair (Mr. Amarjot Sandhu): Yes.

Hon. Jill Dunlop: Thank you very much to the presenters for your information today. I'll start my first question to Scott and Jeff. Jeff, I hear that not only do you have good beer, but you also switched to making hand sanitizer early on in the stages of COVID, so thank you for that. I'll start with one question for each group and then see what time we have left.

I just wanted to know: In my area of Orillia we had two craft brewers open up just in the beginning of COVID. They seem to have been quite successful in the last couple of months. How valuable are campaigns like the Shop Local! Shop Safe! Shop with Confidence! that the government launched to Ontarians to support our local small businesses and shop safely while doing so? We know that consumer confidence was low in the beginning; people were worried about getting back into shopping, restaurants and patios. I know in my area it's been successful. What are you hearing from your members?

Mr. Jeff Dornan: Scott, do you want to handle that one?

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

Mr. Scott Simmons: Sorry, yes. It's just taking a while to unmute me.

Thank you for the comments, and yes, Jeff did a great job pivoting and doing what he did at his brewery. He's a great example for the rest of the province.

Supporting local has been really helpful to helping these breweries not go under. There has been strong support from consumers for, for example, direct home delivery and curbside pickup at the breweries, which has really helped them, especially when their taprooms have been closed and some of them have even kept their retail stores closed, especially in, of course, phase 1 and phase 2. But the government's promotion of supporting local is really appreciated, and it's something I think we should be doing on an ongoing basis to help consumers understand which companies and which products are produced locally so that they can make choices to support our province, so thank you for that.

Hon. Jill Dunlop: I also appreciate the five suggestions you gave on red tape. I know government is always looking for opportunities for reducing red tape, so that will be valuable information that we'll take back to the ministries.

My second question is for Giovanni. We recognize that there have been job losses in the construction sector due to COVID-19, a sector that was already seeing a skills

shortage prior to the pandemic, which is why we're investing in infrastructure and supporting training initiatives that help prepare people for good jobs as the economy fully reopens. Can you tell us how this will help with your sector? What more do you think government can do to encourage young people and women to enter the trades? As I'm the Minister of Children and Women's Issues, I'm always looking to encourage more women to the trades.

Mr. Giovanni Cautillo: And so are we, actually. For us to answer—it sounds like a two-part question. The first part is it's pivotal to us to have more people in the trades. It's necessary for us to build the infrastructure that you see around you every day.

When it comes down to the government, what you can do more is promote it harder. Promote it from the grass-roots in the sense of put it in the school system and explain to children, even at the kindergarten level all the way through elementary school, that it is a viable option. Construction should be deemed a destination and not a choice if you can't get into university or college. Communicate the fact that construction has very fulfilling jobs, very rewarding. At the end of it, you can look at it and say, "I built that," and the pride that you get from it.

Incidentally, on the attracting females to the construction industry, a lot more operating engineers and the big excavators and whatnot are females, because their attention to detail is better than men. So you can take that and tout it around.

Hon. Jill Dunlop: I have actually heard that one, that specific, from my brother who is a heavy equipment operator.

Mr. Giovanni Cautillo: Fantastic. I'm glad to hear that.

Hon. Jill Dunlop: My next question is to Stephen. I'm in a neighbouring community over in Orillia, so I'm just as far away. My question for you is related to energy pricing.

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

Hon. Jill Dunlop: To support consumers and small business, our government provided temporary relief on energy pricing and programs. Can you tell us why these changes were important in your sector?

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

Mr. Steve Loftus: For us, we're not a huge consumer of energy, so it has some impact, but it has minimal. We're a light industry, if we want to use those old-type terms. We have a new building in which we put substantial investment into energy reduction. If I look at this 88,000-square-foot building, we actually consume less energy than we did in our previous 27,000-square-foot building, but we made substantial investment to do that. The impact to me, personally, probably is very little—

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

Mr. Steve Loftus: —but for people in older buildings, I can see it having an impact. We made that investment three years ago to make sure we didn't have this. So I couldn't answer this question.

Hon. Jill Dunlop: Okay. A quick follow-up while I have you here: What is the most [*inaudible*] thing that the

Ontario government can do to ensure that its homegrown companies are positioned for success?

Mr. Steve Loftus: For us, being a company dealing internationally, it is allowing us to get bidirectional clearance across borders. That 14-day quarantine period—because that's the process. That's one of the things that I think the government really needs to look at. They put processes in place, and I understand those processes, but really, they need to be addressed based on the actual situation. Sending someone to do a three-day install and then sending them to stay at home for two weeks—or in another case, we actually had to rent a person a hotel room because they had an elderly parent living with them.

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

Mr. Steve Loftus: Those are driving our costs out of control, and what's happening—

The Chair (Mr. Amarjot Sandhu): Sorry to cut you off. The time has come up. We'll have to move to the opposition side now. MPP Burch.

Mr. Jeff Burch: Thank you to all of the delegations for their presentations. They're excellent. I have a few questions for the general contractors of Ontario. Giovanni, I appreciate the discussion about low WSIB claims. I have a number of friends in this sector and I think the employers have done an excellent job, stepping up in very difficult business circumstances to protect their employees. So I think that's something to be really proud of.

1030

Speaking of the workforce in the sector, you talk a lot about project delays and the obvious impact on cash flow, going into the future. I wonder if you can talk a little bit more about the effect on the workforce of project delays and the concern about moving in and out of employment in the future?

Mr. Giovanni Cautillo: Thank you for the question, MPP Burch. Right now, we're not working at capacity, we're working at less than; and with social distancing, you have to schedule your crews differently as well. You can't have everyone beside each other as normal. If you've ever seen a construction site, especially an ICI one, we build vertically and it's a small footprint, and therefore you have a lot of people on one level. Now, we've had to reposition them. We're doing so, obviously, for safety purposes and for social distancing, but it means that you have less people on the site. With less people, there are less people involved in work, less people driving their income from construction, and that's detrimental to the entire economy.

We're in need of more people coming in. With projects not being put out by the municipalities, that's going to be problematic come the future, seeing as how there's less and less out there. As you know, economies of scale, supply and demand—when your demand is high and your supply is low, it costs a lot. We have to be careful of that. We're trying to ensure that we don't hit a cash crunch and we don't have problems with our workforce in the future, hence our recommendations.

Mr. Jeff Burch: And is there concern about when employees in the workforce, for example, in training—that

being interrupted with workforce interruptions as projects are delayed?

Mr. Giovanni Cautillo: The training aspect always depends on the training that is. You've got your compulsory training that has to be done prior to any individual setting foot on a work site, but then there's always ongoing training. And yes, there are disruptions based on what we currently have going on, but again, the ICI contractors are managing all aspects of construction. We have to. We have to make sure the jobs get done.

Mr. Jeff Burch: One of your recommendations was removing what you called "regulatory impediments." We hear a lot about getting rid of red tape; it's kind of a general discussion we've had throughout these presentations. Can you be a little more specific with respect to your sector on what kinds of regulatory impediments the government can remove in the immediate future to address some of the problems as we try to recover from this pandemic?

Mr. Giovanni Cautillo: Absolutely. In one of my recommendations, I touched on exclusionary clauses. To summarize what an exclusionary clause is, it's built into a contract, say a municipal contract, and if there's a claim laid either by the contractor or the municipality against one another, then that contractor is excluded from bidding on future work. We don't believe that that is just. You should have a dispute resolution system, but you shouldn't have a clause that triggers any type of claim. Think about it: I'm going to have claims for COVID. I have to put them in, saying that there's extra costs for PPE and sanitation and whatnot. As I put that claim in, immediately I'm excluded from bidding. That doesn't make any logical sense.

The government can remove exclusionary clauses and, by doing so, level the system and make it so that you have dispute resolution processes built in. Let those take over.

Mr. Jeff Burch: Yes. I've heard from other delegations that—

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

Mr. Jeff Burch:—actually, Manitoba has done that, I believe, in 2017. Is that the kind of legislative change that you're looking for here in Ontario?

Mr. Giovanni Cautillo: Absolutely. Incidentally, Manitoba and Saskatchewan, in their environmental processes, they've also streamlined it. In Ontario, it takes us—I believe there's 100 permits that we need to get before we can put a shovel in the ground. Manitoba and Saskatchewan have four. So yes, streamlining the process only better the situation. Obviously, you have the same level of diligence, but then you get things to market faster.

Mr. Jeff Burch: Thank you. Final question: We've heard a lot of discussion over the last number of weeks with respect to the use of local supply chains and the use of local labour coming out of this pandemic. A lot of sectors are looking at that more localized approach.

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

Mr. Jeff Burch: Has your association looked at those issues and how they might impact your members?

Mr. Giovanni Cautillo: I will say that in the ICI sector, the vast majority of our labour force is local. They have to be. They have to live and reside in the area that they work

within—within a certain kilometre distance, that is. The only time that we would have specialty labour brought in would be for a specific install, something that is unique and is not commonly built into buildings. Otherwise, the vast majority, I'd say 99% of our labour force, is local.

Mr. Jeff Burch: Thank you very much. I appreciate your presentation and everything that's done in your sector. Thank you.

Mr. Giovanni Cautillo: Thank you very much, MPP Burch.

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

Mr. Mike Schreiner: Thank you, Chair. I appreciate all three delegations for providing really important information to us.

I'm going to do my first question to Innovative Automation. Steve, I was really impressed with (1) your products, and (2) just the energy efficiency of your facility, so well done. I wanted to let you know that Health Canada has approved some companies for rapid testing. I'm the MPP for Guelph, and in my riding, Precision Biomonitoring has been approved for a test for COVID with a 60-minute turnaround. I'm wondering, just as a business owner, would you be interested, in just your own business, paying for employees or for travel or whatever for that kind of rapid testing? Or is this something you're looking for the government to implement? What would be your desired approach to that?

Mr. Steve Loftus: I would have no issue with having them travel to have the testing because, really, these people are sitting at home for 14 days collecting a paycheque, so if I have to send them to Guelph, which is an hour and 45 minutes away, it's a day trip and I know within that day that they're cleared to come back to work—as long as the people at the federal level at the border are willing to accept that.

We have a variety, because we have people travelling on a regular basis. We have people coming across who are told—they tell them they're getting a test and that, once they have the test results, they'll go back to work, and that's acceptable; we have other people that are being told, "No, you're not even allowed to go get a test. You've got to quarantine for 14 days"—and then everything in between. So for me, it's the process, because if I have that person scheduled to go on to another project and I have to park them at home for 14 days, and now I've got to get somebody else up to speed on that process and then deploy them, it becomes a bit of a cost and scheduling nightmare for us, because there is no standardization.

If you know anything about Innovative and if you've looked at some of those links on the slide, we take safety very seriously at this company and we want to make sure our people are safe and we're not impacting anybody else. But because the guy down the street running an automation company that's not doing any of these things, that maybe creates a process that doesn't—it becomes a standard process which is way too safe for someone who is already doing the safety stuff, right? That's the issue that I'm having here. You can't paint everybody with the same

brush. You need to analyze what they're doing and say, "Yes, that meets or exceeds what we're expecting and you don't need to do these other measures."

Mr. Mike Schreiner: Right. In this case, I think that Precision Biomonitoring actually has a device that you could even have on-site. So I think there might be some options there for you.

Mr. Steve Loftus: Okay.

Mr. Mike Schreiner: I just want to go to the Ontario Craft Brewers really quick. I am a big fan of farmers' markets, and I was a strong advocate for cider and wine and craft beer being sold at farmers' markets. I'm just curious why your sector was not allowed to and wine and cider were, if you could give feedback on that.

Mr. Scott Simmons: It's a great question. I believe it has something to do with locally grown ingredients being involved. For example, with wine, with VQA, it's locally grown grapes. For Ontario Craft Brewers, we're actually making great progress in creating locally grown hops, but this isn't actually an ideal environment for it. Of course, a lot of the grain can't be grown here, either; most of it comes from out west. It's unfortunate to be excluded because of that.

Jeff, I don't know if you have anything to add from personal experience, or whether I've explained that properly.

Mr. Jeff Dornan: Ontario has really come a long way. The hops producers have really started to plant hops, and we're using a lot more.

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

Mr. Jeff Dornan: A big season for us is wet hopping; this is at the end of the summer. So we're using a lot more Ontario products. I believe that was what held it back originally.

But we really would love to be in the farmers' markets and community events right across Ontario. It would be a huge avenue for us. We do so many community events at the brewery, and not being able to go to a farmers' market and sell some of our handmade products, similar to farmers, really holds us back from the community and further supporting the community. So it would be great to have that. It would be huge for us.

1040

Mr. Mike Schreiner: Yes, I hear you on that. The other thing is, I've had a number of brewers in my riding—Guelph is a big craft beer town—and just in my travels as well, ask for the removal of the regulatory barriers for off-site, so to have an off-site retail location. I'm just wondering, are you hearing that from a number of craft brewers around the province? I seem to be.

Mr. Scott Simmons: Yes, we are. If you go to the MFA discussions, which have kind of stalled with COVID, the whole discussion around the Beer Store and the master framework agreement—that's what holds us back right now, because within that agreement, brewers are only allowed to operate a retail store where they have an operating brewery. One of our key asks of government—and we've been communicating this for at least the last two years—is, if the MFA is to be restructured, please

allow craft breweries to open another additional retail store without the caveat of having an operating brewery, because that's just cost-prohibitive in most cases.

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

Mr. Scott Simmons: So yes, the short answer would be, we'd love the opportunity for craft breweries to be able to open more retail stores in Ontario.

Mr. Mike Schreiner: Great.

Giovanni, I don't know how much time I have left, but really quick, I wanted to ask you if you could expand on the relief provisions from banks and bondholders you're asking for to help you with cash flow.

Mr. Giovanni Cautillo: Yes. Think of when you have your line of credit, right? As soon as you've maxed out your line of credit, the bank calls the line of credit. So right now, the companies have been financing the jobs—

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

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

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

Mr. Ian Arthur: Good morning, and thank you. I'm going to begin with the Ontario Craft Brewers and pick up on a bit of that. I meet regularly with local craft brewers in Kingston, and I hear a lot of the same asks that you have here.

One thing that I wanted to touch on which I didn't hear in your testimony is your experiences with getting your products listed at the LCBO and what that process is like, and what you think could actually be improved in that process to make it easier to get your products onto shelves, at least, in LCBO or the peripheral stores that work with them.

Mr. Scott Simmons: I'm going to defer to Jeff for most of that, but it is a time-consuming and onerous process. They are a great partner of ours. Thanks to the government for announcing this new program in the summer, P4 to P7. The jury is out as to how effective that will be. Long story short, my position is that the Ontario government should do everything it can to ensure that the LCBO supports local producers as much as they can. The short answer is, it's very difficult to get in as a small producer.

Jeff?

Mr. Jeff Dornan: If we were to list a SKU right now at the LCBO, the LCBO is taking new SKUs for next spring. For a small business like myself, we don't know how to get new SKUs into the market between now and spring if the LCBO weren't to list new products. So the farmers' markets and other community events—to be able to sell beer off-site from our retail store is a huge, huge thing for our industry, because we can literally make the beer today and sell it tomorrow at a farmers' market or some other local event. But with the LCBO—they have a lot. They've been a great supporter, but there's a process there, and that process is typically six to 12 months ahead of what the market is. They're very willing to take SKUs, but there is a fair amount of time involved in that. So we would love to have a shorter-term solution.

Mr. Ian Arthur: Particularly for seasonal beers—you would have to be thinking about what you're going to be producing next spring right now, for a spring beer versus something for the colder months.

I want to shift a little bit, because you did talk about local products and how that's reflected in wine and cider sales. I know that hops is actually now a large growth industry for farmers in Ontario, to produce hops in Ontario again. It's nice to see that we are able to produce more of that locally. We can certainly grow the barley that you need. Would you talk about how you work with local farmers and what could be done to promote the use of Ontario-grown crops in craft beer in Ontario?

Mr. Scott Simmons: It's a great point. It's a great question. I have a good relationship with the Ontario Hop Growers' Association. Literally as we speak, they are trying to consolidate the various farmers across the province so that we can promote them collectively. That's an ongoing process, working with these small, independent farmers. But we are certainly supportive of using more locally grown hops in our products. There are a lot of breweries I could give you that are great examples that are producing almost exclusively with Ontario-grown hops, but it's an industry that needs to grow, for sure.

Mr. Ian Arthur: Yes. The MacKinnon Brothers, locally in Kingston, have a seasonal ale that is grown 100% on their farm. All the ingredients are produced on their farm that they actually brew on, which I think is just fantastic.

We're going to run out of time shortly here, but would you expand on what an Ontario craft brewers' store would do, dedicated to Ontario craft beer, and the opportunities that that would provide to your industry? And could you highlight the differences between that and getting listed in the LCBO or getting a product into the Beer Store?

Mr. Scott Simmons: We're running out of time, so I'll keep this quick. But again, to Jeff's point, the lead time in getting into the LCBO and the Beer Store is a completely different issue there. Only 2% of Beer Store sales are craft beer. A lot of that is due to store structure: You can't see the product or shop the product. So these small craft stores would be exclusively for local craft beer. There would be cross-selling between local producers. Let's use Kingston, your example: All the Kingston producers could be in one local craft brewery store. It would be much more quick to get products to market—the seasonal nature that you spoke about. It's just a different operation. We're not set up like the big foreign-owned brewers to be able to do all this mass stuff in advance, so we need these little local stores to help promote and sell local products.

Mr. Ian Arthur: Thank you so much.

I'm just going to spend the last little bit of time on Steve and just ask a few questions. You talked about the need to travel back and forth across the border and how complicated that is. Frankly, looking at what the pandemic is doing in the US, I think that's a reality we're going to be faced with for a very long time. There's certainly a lot of fear, and I think some of it is actually rightly placed, in terms of having people go back and forth. It's going to be

a very difficult situation the longer it draws out. What do you see as some solutions?

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

Mr. Ian Arthur: How can the government support it without lifting the sort of restrictions that are actually protecting people in Ontario from the chance of transference across the border?

Mr. Steve Loftus: Well, the rapid testing, in my mind, is one of the keys, and then it's having the people at the border understand that we have a process in place and that it's maybe not the normal process for a person that's going on vacation. We are deemed essential services, so why can't we fall in with the other essential services, such as the health care workers that are travelling back and forth, that are taking similar precautions as we're doing with our employees. I think that's the biggest issue. What we need to do is to understand the process and make sure that it's a rapid process so that I can move people back and forth, because if I don't, I'm going to lose business. I had my second-largest customer—

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

Mr. Steve Loftus: —each year over the last 15 years threaten to pull all our business because we can't—

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

Mr. Ian Arthur: Sorry, we're out of time, but I'm glad you got that in. Thank you.

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

Mr. Michael Coteau: Thank you very much, Mr. Chair. I'd like to thank everyone on the call today for their deputation to the committee. Thank you so much for joining us.

I'm a big fan of the craft brewers in Ontario, and I think that they really define the resilience in our economy and a pathway forward for Ontarians when it comes to building local and being hyperlocal. I love the fact that you hire people locally, people come in and spend their money locally, and you procure products locally. To me, this is a pathway for a resilient local economy of the future as we reset the economy here in our province.

Just a quick question: The last time I checked, there were probably about 300, 350 microbrewers in Ontario, and I think the association has just under 100. Is that correct?

Mr. Scott Simmons: Yes, that's correct.

Mr. Michael Coteau: Okay. The growth that's occurred within your industry over the last 10 to 15 years, going from a few dozen to where we are today, really says a lot. Locally, we have Homers Brewery; I think it's the only Black-owned brewery in Ontario. A young man who grew up in Flemingdon Park with me started the beer company, and he has done very well. He is in a few LCBOs and does distribute.

1050

I agree that we need to look for ways to increase distribution in Ontario. I've said this in the past, because I've been a big supporter of the sector: If the Premier is deciding to go forward with a made-in-Ontario approach,

not only should we be looking for stand-alone distribution centres across Ontario, but if we're going to open it up into convenience stores across the province, I would go as far as to say that at least 50% of the product should be stacked with local beer that's produced locally. It would occupy more shelf. To me, the fact that we're at 2%—even though you represent 2% of LCBO sales, you represent 10% of the sales in the province, I think, of beer in general, if I'm correct, the last time I checked.

There's a lot of growth potential, and the most beautiful thing about your industry is that the money stays in Ontario. It's not like the big companies, where 80 or 90 cents are leaving the province every single year, on every dollar. Any thoughts behind what we can do to even go further to support? Are there radical ideas to even support the industry further so we can keep that money in Ontario, we can help our farmers and, most of all, we can keep things local?

Mr. Scott Simmons: Very quickly, just to confirm the stats, 2% of beer store sales are craft beer, but it's about 12% at the LCBO—

Mr. Michael Coteau: Oh, good.

Mr. Scott Simmons:—and about 15% in grocery stores. The total is 10% for Ontario, but growing. Craft continues to grow in a declining beer market, which is a great story. As I said earlier, it's the fastest-growing manufacturing sector.

But to go back to my point about more retail stores for craft breweries, that would be fantastic. What we've been advocating to Premier Ford and government is if they are to expand more retail locations, to keep the restriction on listing fees and inducements in place, which is the same restriction that's in place now at grocery stores. Otherwise, craft producers would have no chance to be listed in a Loblaws, for example.

We've got great partners on the retail side that have been very supportive. Again, when you see 15% in grocery stores, it just makes you think, what could happen if we had the ability to open more independent stores? This is something that we've been advocating for, for a couple of years.

Mr. Michael Coteau: I think that what has happened within your sector for the last 15 or 20 years is really a blueprint to a successful economy in this province. On behalf of the Ontario Liberal Party—we've always done, I believe, what we could to support the industry by creating some tax incentives. This is not a partisan issue. This is about good policy decisions, and it's about making sure that we continue to build in Ontario.

I want to thank the industry for everything you've done and you continue to do. I just want you to know that I'm always here if there's any support I can put forward.

Mr. Chair, is there any more time left?

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

Mr. Michael Coteau: Okay. Thank you very much, sir.

A quick question to the Ontario General Contractors Association. The previous minister asked about the work that's being done to support women in the sector. I believe

that your sector is going to be one of the big growth areas in Ontario, and there's a lot we can do to support the growth of any type of building in Ontario to help our economy. I just want to know if you've got any strategy in place to attract more racialized people into your industry.

Mr. Giovanni Cautillo: I think what we have to do is remove any stigmas that currently exist. I think that's the first focus, right off the bat, and communicate this out.

You have to understand: We are non-discriminatory when it comes down to—whoever wants to work, we will employ, be it racially or female or—it doesn't matter. From a contractor's standpoint, what we do is we offer up an opportunity to a worker. It's up to the worker to want to do that job. The problem is that the stigma in Ontario still remains that if you work in construction, you didn't make it anywhere else.

Mr. Michael Coteau: No, no, that's really not my point. My point is, do you have any incentives, programs or pathways to open up opportunity for people who may not traditionally be part of your sector, like racialized Ontarians, Black Canadians etc., just like women? Is there anything the sector is doing to really remove any barriers that may exist?

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

We'll move to the government side now for their second round, and I'll go to MPP Piccini.

Mr. David Piccini: Thank you, Chair. Thank you for unmuting my audio.

Thank you to all of the presenters for their presentations today—certainly a lot to think about. I'm going to start with Giovanni, please. Thank you for your presentation. Giovanni, I had a question—obviously, first and foremost, thank you and the team for all the work you're doing. When the economy really shut down, driving down the streets of my community, seeing a lot of our construction workers continuing to go to work, open excavation sites, doing what they're doing: Obviously, a key to unlocking—we had a presentation earlier—more homes in our community is the work you and the team do.

I'm just going to start by mentioning that you talked about a couple of your priorities, and I just wanted to talk about—from a regulatory perspective, you talked about regulations. Can you hit on three or so that you can leave with our finance committee today that we can get moving on immediately that would help unlock construction and get things going much faster?

Mr. Giovanni Cautillo: Absolutely. I touched upon two of them during the presentation. First and foremost would be the one about force majeure, about including the definition of pandemics in force majeure in order to encapsulate it. Again, the whole purpose of a force majeure clause is that the parties could not have foreseen or predicted this occurring. A global pandemic, I think, fits nicely into that category. So that's one. It's low-hanging fruit that you can easily take.

The exclusion clause is the second one that I touched upon. Again, exclusion clauses, reprisal clauses: These are things that shouldn't be in contracts, because what you do

is remove the dispute resolution situation from a contract and they then have to make a decision, “Do I continue bidding with this municipality, or do I try and legally solve things for myself and get the money that I’m owed?” It shouldn’t be one or the other. I think that that, in itself, is low-hanging fruit as well.

The third one would be on the regulations side and just the amount of approvals and permits that are necessary. I touched upon it as well when I talked about the environmental approvals. For environmental approvals in Ontario, you need 100 permits in order to put a shovel in the ground, where in Manitoba and Saskatchewan, they have four. So I think those are the ones that you can easily zero in on, and it allows projects to come to markets faster. And in the current economy, that’s what we’re going to need.

Mr. David Piccini: I just want to drill down on the third one there. So what do you say to those who will say, “Look, you want relax environmental restrictions; you want to gut environmental protections”? What would you say to that?

Mr. Giovanni Cautillo: Quite the opposite. I think the environmental restrictions and protections, if you ask Manitoba and Saskatchewan with four permits, are enough to check all the regulatory boxes necessary. At no point in time are we asking the governments to be lax; what we’re asking them is to stop the bureaucratic overload of 100 permits. That’s what doesn’t make any sense. Make it streamlined so that only the necessary oversight is being done, and then move on.

Don’t have a second-stage bump-up. If you’re up in Timmins or Kapuskasing and you have a job in downtown Toronto, someone in Timmins and Kapuskasing can put in for a second bump-up, and by doing so, it negates the process and elongates it that much more, because we have to reinvest in the environmental assessment. It doesn’t make any sense. What we’re saying is, make it a logical process.

Mr. David Piccini: Thank you. Just one, Giovanni, on the education system: Obviously, I feel really strongly about our trades, and I know my colleague Jill Dunlop does as well—so many do in promoting the trades. For a rural Ontario MPP who goes to many graduations and is saddened to see the increased number without a clear and concrete plan upon graduation, what can the trades offer a young man or woman, young boy or girl in Ontario, and what can we do in the education system from a K-to-12 perspective in your eyes to continue to encourage our youth to get involved in the trades?

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

Mr. Giovanni Cautillo: Firstly, what do the trades offer? They offer a fulfilling career. They offer a lifetime of building. They offer satisfaction and pride. So I think that’s what’s lacking in the messaging that the government is putting forward. You need to educate youth at JK onward, in the elementary schools, and explain to them that construction is a destination point, is a career choice, and it’s very viable. Understand that construction is the only one—we attract immigrants, people from outside of

Canada. New Canadians come here, not speaking the language, and as long as they get the training and whatnot, they can be employed almost automatically.

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I’m speaking anecdotally here: My father came here from Italy. He didn’t speak the language. On the second day that he was here, he was working on a construction site. Why? Because we’re welcoming. We’ll take in everyone, and it doesn’t stop there: You can go from boots on the ground as a labourer per se, all the way up to engineering so you can advance in the schooling aspect, as well.

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

Mr. Giovanni Cautillo: I think it’s the messaging that the government has to do to really enforce the fact that construction needs to be a destination. It’s not, “Oh, if you don’t make it anyplace else, then you can go to construction.” That’s not the vernacular that we should be talking to our students on, and the children. I know I have two kids, and I talk to them about the trades on a regular basis: the fact that it’s fulfilling, you can make money and, trust me, you’ll never be out of work. There’s always something to build. There’s always someone who needs something fixed. That’s the kind of messaging that we need from this government.

Mr. David Piccini: I share a similar story with my grandfather. It got the next generation an architect and the third generation an elected member of the Ontario Legislative Assembly, so the same story from Italy. Thank you very much. You’re welcome in Northumberland–Peterborough South any time; I’d love to continue the discussion. Thank you to all the presenters.

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

Before we move to our next presenters, I would like to do an attendance check. MPP Harden, if you could please confirm your attendance.

Mr. Joel Harden: Hi, Chair. Yes, this is MPP Harden. Nice to see you. I’m coming from Algonquin territory in Ottawa.

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

Ms. Suze Morrison: Hi. Yes, I’m here, present in Toronto.

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

MAPPEDIN

BEAUTY UNITED/SUGARMOON INC.

THINK RESEARCH

The Chair (Mr. Amarjot Sandhu): We’ll now call upon our first witness, Mappedin. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Hongwei Liu: Hi there. My name is Hongwei Liu. I’m one of the founders at Mappedin. Hopefully you can hear me okay.

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Hongwei Liu: Great. Thanks for having me here today. I'd like to tell you about what we do at our company. We're a tech start-up based in Waterloo, Ontario. We have over 50 employees, and we export our goods all over the world.

A little bit about me first: I grew up in Ottawa. Like the former speaker, I come from an immigrant background. I grew up in Ottawa and came to Waterloo to study engineering. I never managed to escape; 10 years later, I'm still here, building a company.

We are Canada's largest indoor-mapping shop. Every shopping centre you've been inside, we're powering those big boards, the websites, the apps. Last year we served over 150 million shoppers directions, helping them find stuff indoors. But actually, most of our revenue comes from outside of Canada, more than two thirds. We have a majority market share among the shopping centres in the Philippines, Australia, Thailand, the UK and the United States. This year, we won a deal with the Major League Baseball for all their stadiums in North America, finding hot dogs, seats and stands, and with the US Department of Homeland Security to make the indoors safer for first responders: firefighters when they have to run inside and save people; police officers when they sweep an active shooter scenario. They're going in blind, and it turns out our software can be really helpful.

I'm really excited to talk to you here today. First of all, I'll say that the way I see it, the job of building my company and paying our folks—that's my job, and it's only my job. The way I see it, we're going to do it no matter what and however we can. But since you're asking, and since you're giving me the audience today, I do think there's one thing I'd like to suggest that Ontario and perhaps the government of Canada can do to help our sector and our industry, which is to have an industrial policy, an industrial strategy that involves growing local champions and buying local.

There are three countries that Mappedin doesn't have a shot in. One is China, for obvious reasons. But in Singapore and France, the customers there, which are real estate companies owned by pension funds, have basically told us, "Look, we have to buy local here. There's a local start-up here that is trying to do something similar, and we kind of have to go to them first." I don't cry foul; it's just part of the game that they're playing.

Here in Canada, I know one of my fellow speakers today, Think Research, provides services to health care. Our hospitals are run by the government, but they mostly buy stuff from outside of Canada. I appreciate what the WTO says; I also see what our southern neighbour is doing. It's way above my pay grade, but I read about what the Europeans are openly talking about, creating local tech champions, creating local winners.

In Ontario, historically, we've gone to great lengths to welcome the auto sector, only for them to close up shop anyway, whereas we have local winners that we could really stand up and support, not with grant money, not with free money; with a customer order, with an invoice and a PO. That would be tremendous. I know that, not just for

myself but all the folks working in the tech industry, we would love to consider our own government a customer, and it seems to be one of the hardest things to do.

I'll stop there and just say thank you for taking the time and hearing us out. The year 2020 is a hard time, but Mappedin is going to get through it, and I think most of our industry will. We're very happy to be in Ontario. It's a great place to deal with the higher-grade talent and attract people from all over the world. Thanks.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next witness is Beauty United/Sugarmoon Inc. If you can please state your name for the record, and you can get right into your presentation.

Ms. Paola Girotti: Good morning, my name is Paola Girotti, and I believe Annette Palumbo should also be unmuted here. There are two of us presenting.

Ms. Annette Palumbo: Hello, my name is Annette Palumbo, and I'm presenting for Beauty United also.

Ms. Paola Girotti: Members of the committee, good morning. It is an honour to be here presenting to you today, on behalf of Beauty United. We are grateful for the support and assistance the government has provided to our members through the pandemic, and we agree with something politicians say all the time: There is always more to do. Ongoing support from the Ontario government will be required to help our members weather the global pandemic.

Ms. Annette Palumbo: I'm not allowed to be unmuted.

The Chair (Mr. Amarjot Sandhu): You have to press "unmute" on your end.

Ms. Annette Palumbo: I did.

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

Ms. Paola Girotti: We can hear you.

Ms. Annette Palumbo: Thank you so much. Beauty United was founded in May by salon owners like Paola and me and distributors and others on the front line of the beauty industry. I have owned Look Hair Studio here in Toronto for 30 years and loved every minute of it. I am grateful to have worked with 30 beauty professionals and serviced over 7,000 loyal clients spread over five generations at my Bayview and Eglinton location. Paola opened her Sugarmoon salon 18 years ago and has grown her business now into three locations, employing 33 beauty professionals and servicing 40,000 clients. Included in her accomplishments is her creation of an organic skin care line and an organic home care line.

We are passionate and have an intrinsic understanding of our industry, and have acquired decades of experience. There are thousands of people across Ontario just like us, following their dreams and building a future in this industry that they love, just like we are. We founded Beauty United to help give these people a real voice, a united voice, one voice. Our objective is to advocate for thousands of women and men working in our industry, generating hundreds of millions of dollars for the Ontario economy, and to ensure you respect and listen to our perspectives. Thank you.

Ms. Paola Girotti: I'd like to give you a few numbers to put this into context. Beauty United has over 200 member businesses and serves half a million customers, and Beauty United's membership is growing fast. We are part of an industry that, according to some estimates, employs 500,000 people at 35,000 businesses across Canada.

Some 80% of our members identify as female, and on average, just 15% of Canadian small businesses are majority female-owned. About 20% of our members identify as members of a visible minority, which is also higher than the national average. Please take a look at us. We are the face of the pandemic's "she-cession" in Ontario.

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Ms. Annette Palumbo: This pandemic has been a major challenge for all of us, and it has been for everyone, from a health and economic perspective. I mentioned health first because the health and wellness of our customers and employees is our number-one priority.

The beauty industry stayed in business during SARS, H1N1 and other public health crises. Beauty United members have and are regularly working in public health. They've introduced detailed contract tracing, following and implementing above-and-beyond health protocols and other sanitary, disinfectant and hygiene regulations. Many Beauty United members have experience treating people with health ailments such as skin conditions, eczema, seborrhea, psoriasis and also things like diabetes. Our industry works hand in hand with public health, and we are always on the front line, keeping Ontarians safe, and more than that, cared for.

Ms. Paola Girotti: Our members were not consulted by governments when actions were taken this year to deal with the pandemic. We might have been able to prevent or mitigate the negative, unintended economic impact of your actions on our members. We could have shared our members' valuable experiences with you.

For example, according to our survey conducted this month, 65% of our members have cut services; 62% have cut the number of hours they are open, meaning our employees work less; almost half of our members have had to reduce staff. I'll speak for myself: In January 2020, I had 33 staff members and a thriving business; today, I have 19 staff members. Some 44% of our members say government regulations have contributed in part to the decline in revenue. Costs have increased by 30%, and 30% of our members might close forever.

Ms. Annette Palumbo: The stakes are high for our members and, as well, for all the beauty industry. Beauty United has some recommendations:

(1) Consult Beauty United before government takes any further action.

(2) Ensure that rent relief and assistance actually reaches tenants and commercial renters, us.

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

Ms. Annette Palumbo: Existing support must be extended and inclusive of all commercial tenants.

(3) Consider the impact of future financial wage subsidies and other programs that could help Beauty United members stay in business and keep all of their employees on the payroll.

(4) Beauty United members follow stringent health regulations, and always have, to keep our customers and employees safe. We recommend the government consider the work our sector does and what the economic consequences of additional measures might be for our industry.

Ms. Paola Girotti: Annette and I are sure that everyone on this committee has a story about a special time they've shared with one of our members, whether it's getting your hair and nails done on your wedding day; taking an elderly relative to a spa so she can feel young again, even if just for a moment; or maybe it's holding your child on your lap for their very—

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

We will move to our next presenter, Think Research. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Sachin Aggarwal: Great, thank you. If you could please unmute Mark Sakamoto, my colleague. My name is Sachin Aggarwal. I'm the CEO of Think Research, and I'm joined by my executive vice-president, Mark Sakamoto. We will share our screen. It's nice to see some familiar faces on the committee and amongst the group. Hello to our colleague Hongwei, as well, in a tech company. We're going to take you briefly through our journey through COVID, and we've got some particular asks at the end.

Just to give you a quick snapshot, our business is clinical standardization. What we do is we offer software to health care systems to get evidence to the point of care. The objective is to reduce system-wide health care costs and improve the quality of health care. We are licensed by hospitals, health systems or, in the case of Ontario, provinces like Ontario that license our solutions. Our footprint is global at this point, the largest footprint being here in Canada, but we have a footprint in Europe, the Middle East, Australia and, most recently, Latin America, where we're starting to do business with health systems.

Before COVID, our growth rates—we were about 35% year-over-year growth over the last four years, which is good for a tech company. We have a staff of about 200-plus folks, and these are all highly educated professionals, with an average salary in the \$100,000 range, with strong support from the capital markets—we've historically raised about \$50 million. Good tech metrics is what we are looking at.

The impact of COVID is relatively mixed for us. On the bad side, large transformation projects, pipelines, were significantly affected by COVID. Buyers slowed down initially. But there was a new pipeline of COVID-related opportunities: telemedicine, clinical protocols and standardization related to hospitals and long-term care—so both good and bad. The downside is, as a consequence of the bad, capital markets tightened up, so it's hard to get debt, it's hard to get money to run your tech company,

especially when you rely on the capital markets in order to be able to continue to operate.

This year, after 35% year-over-year growth, we're expecting a 15% decline in revenue, and much of that has to do with an Ontario-based churn in contracts. So our biggest hit actually came here, at home, in Ontario.

In terms of defensive actions, as a consequence of that, we did some material layoffs. We're talking about dozens of people in order to save millions of dollars and make sure that we rely less on the capital markets. Reductions in salaries, reductions in external contractors, hiring freezes—these are the types of actions that we took. And we tried to take advantage of programs like work-sharing, but frankly, the administrative burden was just too high. So the short of it is a dramatic impact on employees as a consequence of the market.

In terms of what could have been done to help, or things that weren't done to help, government accounts receivable is our biggest problem. Normally, governments pay on time—

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

Mr. Sachin Aggarwal: —or quickly. In this case, we were quite far behind. We have a huge amount of government receivables, and so we had to take a bunch of different actions, the short of it being that as a consequence, tech companies are seeking very expensive capital and/or equity because government receivables are not coming.

The outlook is mixed. In tech, 10 years of digital health transformation has occurred in 10 months. We expect a slow recovery, but we're going to survive and we are proud to be here in Ontario. We're proud to be an Ontario company and to be hiring our employees here in Ontario. We think there's a significant opportunity as a consequence of COVID because of heavier spending on virtual health technologies, clinical standardization and related technologies due to the acceleration of health transformation. There is an opportunity for Ontario to buy from Ontario companies at this very, very critical time to accelerate recovery and growth of technology companies here in Ontario and in Canada. That is going to be the differentiator between companies that are successful five years from now and companies that are not successful five years from now. It will be: Were there local buyers, local governments leaning in to help them and to accelerate them out of the recovery?

With that, I will stop. Thank you for the time.

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

Mr. Michael Coteau: Thank you to the deputants today. I appreciate you being here with us.

A quick question for the chief executive officer of Mappedin. You mentioned that in some countries—I think you mentioned Thailand; I could be wrong—there was the first right to contracts going out to local companies. Are you suggesting that the provincial government put in place a policy to go and build relationships and have the first offer for contracts for any type of procurement done

exclusively with only Ontario-based companies? Is that your suggestion?

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Mr. Hongwei Liu: Thanks for unmuting me. Thanks for the question. Just to clarify, we specifically got that experience, outside of China, in Singapore and France. It wasn't the official policy because, as you may know, the WTO forbids governments from that official policy—unless you're China or the US; they seem to just flout it anyway. But it was the in-practice policy of their government-owned companies and how they procure.

I think there are ways to play this game. It is a game that, currently, in my opinion, Canada is not playing, and we are losing as a result, every time Trump slaps another 10% tariff on our steelworkers or aluminum sector. It is a game that others have already defined how to play.

I'll use health care as an example. We don't have a lot of stake there, but you could have our health care industry work with the local innovators that are all over Ontario to say, "What are some of the things you guys could help us with?" This happens all the time in the commercial world, where you do an RFP, but the RFP is quite specific. To use the federal government as an example, there's no reason why we awarded \$1 billion dollars to IBM to build a payroll system that doesn't work when there are five payroll software companies in Toronto by itself that could have made this—

Mr. Michael Coteau: Right.

Mr. Hongwei Liu: There is no reason for that, except that we don't have the culture in Canada of, is there a local winner we can enable with this customer order? You don't have to subsidize any jobs, and you're creating so many more. A hundred bucks—or a million bucks given to a company to create jobs is a million bucks in job creation. A million bucks given to a tech company in a customer order is \$10 million in funding, because that's how the capital markets work. If we got a \$1-million order from anybody, my company valuation just went up by \$10 million. It enables so much more FDI to be brought into the province that way.

Mr. Michael Coteau: So—

Mr. Hongwei Liu: I think it's a very different way of thinking about it—sorry to cut you off—but most people I speak to in government point to the WTO as the reason why we can't do this, and I just don't see that stopping other people.

Mr. Michael Coteau: Let me ask you a quick question—and the only reason I'm jumping back in is because we have such a short period of time; I just don't want to lose the possibility of this insight. The integration of our economy, especially with northern states like New York and Michigan—there's such an integration of our economy where—and don't get me wrong; I believe the local approach is the best approach. But there is a counter-narrative that would suggest that the integration of our economy with the northern United States is a very valuable kind of integration that we need to leverage, not put in place policy or practices that push away from that constant engagement. Any thoughts on that?

Mr. Hongwei Liu: I would agree with you. Frankly, I would be a hypocrite if I rallied against free trade because, again, most of my business is export-driven. Our first government customer is Uncle Sam. It's kind of weird that it's not somewhere in Canada, and it's not for lack of trying, believe me, but they were the first ones to say, "Yes, we'll buy that," and I am sure that it's because there's no one in the US that's doing this. Otherwise I wouldn't have a shot, right? We're mapping their indoors for their cops and firefighters.

Mr. Michael Coteau: Yes. Well, thank you—

Mr. Hongwei Liu: I just think there's a way to at least make it easier. How to do that is well above my pay grade. I respect you just asking the question, and I'd be very happy to at least help share anecdotes and maybe come up with ideas in the future.

Mr. Michael Coteau: Right. Well, thank you so much, and thank you for doing what you're doing. It sounds like a really interesting company.

Mr. Chair, my next question is to Think Research. Quick question: Correct me if I'm wrong, but you're saying there's a big challenge right now in accounts receivable with the Ontario government or just governments in general? Can you shed a little bit more light on that statement? Maybe I heard you wrong.

Mr. Sachin Aggarwal: No, you didn't hear me wrong. It's not only with respect to the Ontario government; it's governments in general. Our biggest clients happen to be Ontario.

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

Mr. Sachin Aggarwal: Some of it is understandable in the sense that all health care government attention is going toward treating patients and adjusting as it relates to the pandemic. But the consequence is that you are not getting your bills paid in respect of your day-to-day activities. And we are not the only ones. There are many companies that are saying it's taking many months.

In some cases, we've got receivables for services that we've delivered that are six months late. The consequence of that is, then I've got to go to a bank or I've got to go to the private equity markets and take expensive capital, when instead we should just have our bills paid. This is—

Mr. Michael Coteau: So the government is a big part of the problem for companies that are trying to balance themselves during these challenging times.

Mr. Sachin Aggarwal: Yes; correct.

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

Mr. Michael Coteau: Thank you for bringing light to that.

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

Mr. Dave Smith: Thank you, Mr. Chair. I appreciate that. I've got some questions for all of the presenters. I'm going to start with Beauty United, though.

You represent beauticians, hairstylists, hairdressers and so on—the people who do nails—as well as a number of others. When we were reopening the economy in Ontario, in the areas where your clients were not able to reopen, did

they lose customers then to other areas that were able to open? As we went into stage 2 and stage 3, did that have a negative effect on some of your businesses in the GTA, in Windsor-Essex or in Ottawa, for example?

Ms. Paola Girotti: Hi, thank you. It's nice to meet you. Specifically, in Toronto or the GTA, which is where I'm located, I think that when Markham and the surrounding areas opened, for sure, that played a minor role. But now that we're all open, we still don't have consumer buy-in that it's safe to come back. Where we may have lost a little bit in a short amount of time, I think the overall issue right now is actually consumers not wanting to come back or not feeling that it's safe to come back in general. That's what I believe.

Annette?

Ms. Annette Palumbo: From what I understand, the loss of clients is a definite yes. Most of them will tell you they're not comfortable, if not afraid. They are also with loss of work and no finances. The messaging from the government at the beginning got everyone to stay home and save lives, but unfortunately, there was no messaging with regard to a recovery plan. How do we encourage, now, the customers to be comfortable and safe that they can go back to these businesses? We were possibly left on our own to figure out what strategy, what marketing, what we do to try to get these clients back.

Mr. Dave Smith: So you're the experts in the field with respect to the businesses that you deal with. In Kingston, they had an outbreak of COVID-19 because of people from outside Kingston coming into a specific nail salon. I believe it was about 28 people who got infected through that salon, in particular. How do you propose, moving forward, to make sure that it's safe for everyone to come and that we can build that consumer confidence to bring people back to those places, when we have public sentiment that has arisen because of things like what happened in Kingston?

Ms. Annette Palumbo: Paola?

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

Ms. Annette Palumbo: I can answer, Paola.

Ms. Paola Girotti: Okay, go ahead.

Ms. Annette Palumbo: The episode in Kingston: One of the focuses of our organization would be to regulate most of these hair salons, spas and aestheticians in the province of Ontario, where we have the best of the best in the hair and spa and nail business. There are the ones that are not up to the standard, we agree, but most of them are and have always been. It was that one case that obviously has shed light in a negative way. But that is not the industry.

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Mr. Dave Smith: I wasn't implying that the industry is bad at all; it was simply that the media jumped on one bad actor, so to speak, and has painted the entire industry with a broad brush that perhaps they shouldn't have. One of the challenges is going to be how we get that consumer confidence back.

One last question to you before I move to one of the other groups: Has the CERB prevented any of your companies from getting some of their staff back?

Ms. Paola Girotti: Hi. I think that what happened with CERB is that CERB was designed for relief and not recovery. For us specifically, I think there is a risk calculation: “Do I come back to work and make \$2,500 or \$3,000, or stay at home and collect \$2,000 and do nothing and take the summer off?” Now that they’ve increased that you can earn up to \$1,000 a month, that is actually even more challenging, because now we have staff who want to reduce their hours to be able to take their \$1,000 plus earn their \$2,000.

I think I will speak for the entire industry that we want to come back to work. We absolutely—

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

Ms. Paola Girotti: We want to come back to work, and we need to find a way to be able to support the businesses, to keep their employees back at work, and hopefully, combined with that better messaging, customers will come back and we’ll all be busy again.

Mr. Dave Smith: Thank you.

I’ll quickly go to Mappedin. Do you have any trouble attracting local developers or do you have to source it outside of Canada?

Mr. Hongwei Liu: So, 2020 is interesting. Here in Waterloo, it’s the first year that third- and fourth-year co-ops aren’t going for the “Cali or bust” strategy, which if you ask anyone on the ground is the de facto. If you are an engineer and you don’t make it to California in the fourth year, you’re not as cool as the other ones. This is the first year that’s not a problem for us, competing locally for talent, because the school has actually explicitly turned off that ability. They have said they will not give a co-op credit to students doing that. So it’s certainly—

The Chair (Mr. Amarjot Sandhu): Thank you so much. We’ll move to the opposition. MPP Fife.

Ms. Catherine Fife: Thank you, Chair, and thanks to all the presenters. I’m going to start with Mappedin.

Hongwei, as the MPP for Waterloo and also as the research and economic development critic, I have been following your company. As you were presenting to this committee, I got a notice from the Ontario universities association that Mappedin has been adapted to hospital settings to help manage risks, if a worker tests positive, by identifying others who may have been exposed to COVID-19. That came through AMO. Congratulations. The University of Waterloo just reposted it. So you are doing well and you are clearly adapting to COVID-19 as a company.

I do want to say, though, that the issue that you’ve had—that two thirds of your business is outside of Canada—is a long-standing issue that both the Liberal and now the Conservative governments are dealing with. Do you think that there is a way for us to be more direct and more responsive to the successful research companies in Ontario—because the commercialization of research is happening. Sometimes governments are actually investing in those companies and then the application of the research doesn’t get applied to help our own citizens who are funding the research. I’m going to also give Sachin a chance to talk to this, but can you give us a quick example of how this could happen?

Mr. Hongwei Liu: Sure. I think it starts with me, in my case. I need to get better at learning how to market my goods to the government. It’s been a steep learning curve with our American customer. I’ve never seen a contract like it, and I imagine similar learning curves here. So it starts with me, I would say.

I would just say that if you take all of the government funding currently slotted towards the tech sector, how much of that is for funding R&D and basically cost-sharing, and how much of that is procurement? I would suggest that procurement—you have the data, I don’t, but I would venture a guess that procurement is less than 10% of the total money allocated towards the tech sector. Maybe that could be shifted, because from my perspective a customer order is worth so much more than grant money.

Ms. Catherine Fife: Yes, I’m really happy you raised procurement. I was hoping that you would go that way.

Maybe we will move over to Think Research. First of all, I’d like to say that I really like your name. I used to have a company named ReThink Research. There is absolutely an opportunity for this committee to make recommendations to the government around the RFP process and how we procure, particularly, health care technology in our hospitals. If bedsores are costing the Ontario health care system \$4 billion a year, let’s make sure that we’re applying the research aimed at addressing that and, obviously, improving the health care of Ontario citizens.

I guess my question to you—Sachin, you mentioned capital markets and the high cost of offering expensive debt and the impact that that has on you as a company. I do just want to clarify: the \$7.5 million that is owed to you, as a company—is that from the provincial government?

Mr. Sachin Aggarwal: It’s from a variety of governments, but a big portion of it, two thirds, is from the Ontario provincial government—or their agencies, not directly from the provincial government. It may be indirect through third parties, but the funding comes from the Ontario government.

Ms. Catherine Fife: But prompt payment of companies for work done—the government should engage in their own prompt payment policy, I would say. That would be helpful for you as a company.

Mr. Sachin Aggarwal: Yes, the good news is that the politicians are being responsive to this issue. Minister Bethlenfalvy is responding directly to companies who are not getting their payments through. But this is a whole-of-government issue; it’s not a political issue. It depends on a policy of prompt payment, especially at times like these.

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

Ms. Catherine Fife: Sure, that makes a lot of sense. Yesterday, we heard from a tech company that talked about the value of tax credits for tech and research companies such as yourself. Did either one of you—Sachin, are tax credits valuable? Are they efficient? Can you speak to that?

Mr. Sachin Aggarwal: Yes, a tax credit is an alternative. If it is a refundable tax credit like SR&ED, then it is a replacement for capital and it’s very, very good for the tech industry to be able to get those kinds of tax credits.

But as Hongwei said, the number one thing that we need is customers, and the one thing that's really hard about Ontario is scaling up from—we have this sort of tendency to have everything as pilots that never scale up. We actually have models of procurement that allow for scale-up.

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

Mr. Sachin Aggarwal: We do innovative procurements now. We have other methods, good methods of saying, “Okay, that pilot was successful. We're now going to allow anyone to be able to buy from that particular project.” Right now in Ontario, we treat—just using our hospitals by way of example: Those are 135 to 150 different procurement organizations—

Ms. Catherine Fife: Yes, that's crazy.

Mr. Sachin Aggarwal: That's crazy. How do we scale that so that procurement done by one hospital could apply to a region or the entire province? These are the types of things we need to tackle very quickly.

Ms. Catherine Fife: So there are efficiencies to be had by a broader approach around procurement. I take your point as well, Hongwei, around the knowledge around marketing and access to market. I think that that's a really good take-away. Congratulations again on the new contract.

Sachin, I would like to at one point sit down and meet with you and talk to you about how—

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

We will start second round with that the government now. I'll go to MPP Pang.

Mr. Billy Pang: Thank you, Mr. Chair. Can you hear me?

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Billy Pang: Good; thank you.

Thanks to all the presenters for voicing the concerns of your sectors and yourselves and sharing your wisdom. Since we first learned of COVID-19, our government has been taking significant steps to help businesses that have been impacted by COVID-19, and to support the provincial efforts to deal with this crisis, our government has launched Ontario's Action Plan: Responding to COVID-19. This is a \$30-billion package.

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My first question is for Hongwei. I congratulate your success, and I can see your clients are all over the world. In your presentation, you were talking about buying locally, and you are now presenting to the Ontario government today. So how is your business going to support the initiative of the Ontario government to buy locally?

Mr. Hongwei Liu: Well, I think we submitted an Ontario innovates proposal early on, when the portal opened. We've since open-sourced some of our technology. In tech, in my industry, that means to make it free. We published the source code for how to do indoor contact monitoring, partly because it's not our core business. A hospital from Philly had emailed us with that solution and problem statement. We built it, and then we realized that we just want to do maps. So that part is still our business.

The contact monitoring is open source. How do we then interface with the government to say, “Hey, we have this”?

The current one-size-fits-all—at least, I don't know if it is working for me, because we're still in the system, in the queue, presumably, somewhere. We're working with the CIO Strategy Council, which is a national NGO body that does have, I think, Ontario government participation on it, to try to participate in the standard for how our indoor, private-sector-facing contact-monitoring solution can interoperate with the public one so that it works indoors, inside businesses, and it still talks with the existing Ontario Together application that has been put out. So I think we're trying, and we'll continue to try to market our goods.

Our project with first responders, firefighters down south: I would love to see that duplicated up here. To selfishly bring it up here, we've spoken with the OPP. I've gone on almost a dozen ride-alongs now with fire chiefs. It's the best thing ever; I love my job. But so far, no orders, and it's hard. Again, I put it on me. I'll keep trying, but it would be very cool to see some sort of higher level, above-the-municipal-level engagement, because for municipalities, it's quite inefficient for them to go one at a time. The US government is going at the federal level and saying, “We're going to buy this once, and then our cities can benefit from it on a licensing basis.” And we're not seeing that approach being taken in Canada.

Mr. Billy Pang: Well, I appreciate your hard work and initiative, so keep working, and, for sure, in future, we will talk face to face about your initiative, because to me, it's very interesting.

Mr. Chair, my question is for Mark or Sachin. The Ontario government is in the process of making transformative improvements to the health system through their Digital First for Health Strategy. What do you see as your opportunities in Ontario's virtual care market in the near future?

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

Mr. Sachin Aggarwal: Thank you. I think there's no doubt in our minds that Ontarians are expecting to be able to get care remotely, whether that's your primary care doctor or whether that's follow-up appointments with your specialist. The expectations of patients now are going to be that we don't turn back the clock, and so it's going to be really important for us to solidify medium- and long-term billing codes for the purpose of virtual treatment, and make sure that those billing codes are flexible into the future, because there are going to be new technologies for things like imaging and labs and so on and so forth which can also be done in new ways.

We see a big future in virtual care, remote care, and we're grateful for the government moving so quickly during the pandemic to open up temporary billing codes. Now, we have to take that next step to solidify those billing codes, to make sure that all care providers can take advantage of them into the future and can plan their businesses around them.

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

Mr. Sachin Aggarwal: Because whether it's primary care clinics or whether it's specialists in hospitals, they

need to make long-term decisions on planning their businesses around these things. Patients won't accept a turning back of the clock.

Mr. Billy Pang: Yes, thank you. I can see the limited time for the next speaker so I want to wish all the best for Beauty United and also your sector. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll move to the opposition side now. MPP Lindo.

Ms. Laura Mae Lindo: I am going to start off this session just speaking with Beauty United. I just want to really give a big thank-you to both of you, Paola and Annette, for your presentation.

At 9 in the morning in the very first section, there was a female business operator from Dance Extreme who also spoke about the particular impact of COVID on female-owned businesses. In her case, she noted that there were nine studios that had closed in her area of London. I am from Kitchener. I literally was just speaking to a female studio owner in my neck of the woods who also said the same thing, that there is a devastating impact on women business owners and, you also noted, visible minority business owners. We know that the impact is real. I find it hard or challenging that the government hasn't actually done a little bit more to make sure that they've consulted with female business owners because of that. Part of the role of this committee is to come up with the supports that you need to navigate the pandemic, and I feel like female business owners, racialized business owners, are taking a double attack.

With that as the backdrop, I am wondering if you can speak a little bit more about that particular impact and the importance of actually hearing from female business owners and racialized business owners. I also, just before the time is up, am wondering if you can please share the survey that you discussed with the Clerk so that we can also look at that, because I can tell you that in the official opposition, our women's critic has been fighting to get this on record and we would really love to see that. I know Catherine Fife as well, with her critic portfolio, has been a big champion for women business owners. So over to you folks.

Ms. Paola Girotti: Good morning. I first want to say that we actually submitted the survey prior to today's standing committee so there may be something already over your way. Otherwise, yes, we can definitely have that sent to you again.

I think what has been very devastating for us is that there was absolutely no consulting with our industry or our sector at all. So many of our amazing staff members are in the service industry. I think what would be good is to have a complete overhaul on how we can move forward and how we can have more resources for these female businesses or impacted businesses to move in the right direction, whether that's training grants or just easier access to money. So many of these service providers and owners, too, have small businesses, so it's just themselves either renting a room and they had no access to actually any of the funding resources available.

I think the government did their best, but we really need to hone that in and see what they actually really need to

help them sustain and survive. So a committee would be awesome.

Annette?

Ms. Laura Mae Lindo: Thank you so much. Annette, did you want to add?

Ms. Annette Palumbo: Yes, I did. From my experience, the 30 years that I had my business, in some stages of it, there were no Ontarians or Torontonians who wanted to work in the hair industry. I actually was involved with the skilled labour movement that gave me immigrants who didn't even speak English. I took them on and they were forced to learn English. Today, 30 years later, they're the top stylists in Toronto.

The amount of women who are impacted by this is immense; the minorities, immense. I am first-generation Canadian. My parents were immigrants. To this day, they're wondering what has happened, because most of these businesses are small businesses; they're people who are self-employed, they're single mothers, single parents; they speak broken English. But they do services like nobody's business, and they service many.

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From those 35,000 businesses, there are millions of constituents that we actually touch on a daily, weekly or monthly basis. Some of it is not luxury; it is necessary for their health. It is mental health with kids who have acne. It is mental health for people who have alopecia or they have eczema. Not being considered as an organization or as an industry was very devastating. This is the reason why we, at Beauty United, wanted to join with the government—

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

Ms. Annette Palumbo:—and say, “You know, you can ask us for our expertise, because we depend on your expertise. Can we join up here and try to build a bridge that will be permanent, that will actually help regulate the industry, that will actually”—what about the educational system? How many hair schools are not going to open? Or if they're opening, they're not going to have the students any more. What do we do for a pool of employees at this time? There are very intrinsic types of things that are going to be affected, but mostly, there are a lot of women who love the beauty industry, and they're all being impacted.

Thank you.

Ms. Laura Mae Lindo: Thank you so much for that. I just want you to know that I hear the pain; I feel the pain. We are going to keep advocating for you, and I am so very pleased that you were able to get this on record.

Over to MPP Morrison.

The Chair (Mr. Amarjot Sandhu): Thank you. We are out of time. We'll go to the independent members now for their second round. MPP Schreiner.

Mr. Mike Schreiner: Thank you, Chair. I just want to thank all three presenters for excellent presentations and very valuable information.

I wanted to follow up on the question with Beauty United. I really appreciate your recommendation about a long-term relationship and looking at how the various businesses can be regulated in the profession. But we also need to make sure that those businesses can survive

through this pandemic. I'm just wondering—we have heard from other small business owners about ideas around changing the rent relief program to make it work for them, for those who haven't been able to access support. Others have suggested some grants for PPE and public health measures, because you've been closed down, no cash flow, you're having to reopen, and obviously public safety for your customers and your staff is the number-one priority. I'm just wondering if you could maybe speak on a few immediate supports in the short term to keep the sector alive. Then hopefully, we're going to go with the longer-term recommendations you've put forward.

Ms. Annette Palumbo: Go ahead, Paola.

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

Ms. Paola Girotti: Hi, thank you. A few things. Definitely the rent relief was a bit of a catastrophe. I'll speak for myself. I was very fortunate to have one of our landlords, of the three, participate. But it was really in the landlord's hands. We were closed for 16 weeks, and that was particularly devastating.

I think for us, right now, definitely we would love to have some training grants, we would love to make sure that the schools—as Annette mentioned previously—reopen so that we do have beauticians who need to come in and to keep the industry alive. We also need the messaging to the public and the marketing around that to be safe, and for people to really understand our training in safety and that they are cared for.

I believe that I'm one of the ones that represent the best of the best in beauty. We've been around for 18 years. I think it will come down to public trust and really supporting that message for us, whether those are marketing dollars that are given out, marketing grants for our sector—

Interjection.

Ms. Paola Girotti: Annette?

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

Ms. Annette Palumbo: Sorry. I also think that we should have some sort of recovery fund for small businesses, that maybe some of the dollars that are being used for HST or for other programs, even CERB, be reassessed to look at—if we're losing 40% of our business as we're opening right now, maybe we need a tie-over, like CERB has been given to individuals, to businesses until they get back on their feet. Call it a loan or a loan that could be forgiven, either one—any way that will give them the same type of support that individuals got.

Mr. Mike Schreiner: Great. Thanks for that. That's very helpful for us.

I know my time is limited, and so I wanted to go to Mappedin. You had started answering—actually, first, before I do that, we'll go there: You had started talking about staffing issues, around retaining staff. I've spent the last couple of days in a lot of meetings with municipal leaders, particularly along the tech corridor—Waterloo, Guelph, Brampton, Toronto—just talking about how we attract and retain high-calibre talent. A lot of them have talked about infrastructure like all-day, two-way GO and other forms of infrastructure. I'm just wondering how important those types of investments around community in particular are in attracting and retaining talent.

Mr. Hongwei Liu: I think my answer has changed because of COVID. Before, you definitely had people who wanted to live in world-class cities. Toronto obviously advertises as one. Here in Waterloo or in Guelph, it would be harder for us to attract talent that wants to graduate out of a small town like ours and go to the big city, because they would then work there or, if they were going to move anyway, maybe they go somewhere down south.

I think COVID has changed all that. It's harder to get a work permit right now in the United States, which was the main other competitor that we had for the top 20th percentile of every class, and people can work from home. Our company is going to have one third of our shop working from home for the foreseeable future. Shopify says that they're going 100%. It means that we can hire people who want to live in Toronto or Peterborough or Guelph and still have our company here in Waterloo.

So I think that has changed somewhat in terms of the transportation infrastructure. Selfishly, would I like to have a better train from here to Toronto? Absolutely. But I think that in terms of capital allocation, the biggest thing we're competing on is salary, always. We can't fix the weather, we can make the cities better, but it's salary, and we're off by 50% sometimes here in Canada. That's on us, obviously, but to make our companies more successful and more competitive, we need more customers. I'm going to be a broken record and just point it all back towards that: If we can get our revenues up, we can pay better, we can attract better people and we can keep them here.

Mr. Mike Schreiner: Well, I appreciate your focus on procurement, and I think we need more government procurement, but if we're going to do it, we actually have to pay you on time.

I just want to ask Sachin a really quick question on the receivables. I know you've been answering those. Were your receivables this high with government pre-pandemic, or is this—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. We're out of time.

That concludes our time for these presenters. Thank you for your time and for your presentations.

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

The committee recessed from 1159 to 1300.

The Chair (Mr. Amarjot Sandhu): Good afternoon, 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.

ONTARIO NONPROFIT NETWORK
GATHERING OF ONTARIO
DEVELOPERS
TEAM EAGLE LTD.

The Chair (Mr. Amarjot Sandhu): We'll move along to our next group of presenters. First, I would like to call upon the Ontario Nonprofit Network. If you can please

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

Ms. Cathy Taylor: Hi there. I'm Cathy Taylor, with the Ontario Nonprofit Network, and my colleague Liz Sutherland has joined us.

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

Ms. Cathy Taylor: Good afternoon, Mr. Chair and committee members. As you know, I'm Cathy Taylor with the Ontario Nonprofit Network, which is the network for 58,000 non-profits and charities in Ontario. I've been working from my home in the town of Erin, Ontario, which is located on Treaty 19. This is part of the treaty lands and territory of the Mississaugas of the Credit, and I know my ONN colleagues and you are joining us from different parts of the province. We are grateful for the opportunity to gather and work on this territory, and we approach our work in the spirit of reconciliation.

The last time I spoke to this committee was in January in Niagara Falls at a pre-budget hearing, and that seems like 10 years ago for us. I'm sure it does for you as well. Back then, we had a good conversation about how vital non-profits are to our communities in terms of the public benefit they generate. I know many of you are involved in non-profits through your own volunteer work, so you know that communities, even before the COVID crisis, could not function without the supportive web of non-profit programs and services.

Today we're here to talk about the non-profit sector as part of the small business and small to medium enterprise category. Just so you know, virtually all non-profits fall into that category. In fact, the vast majority of non-profits in Ontario have fewer than 10 employees. Collectively, however, non-profits are an economic driver. Altogether, our sector employs a million workers in Ontario, leverages the volunteer work of another five million volunteers and contributes \$50 billion to our province's economic impact.

Ontario non-profits receive less than half of their revenue from governments of all three levels combined, which means that they can leverage these public investments in other ways, through philanthropy, donations, business activities, fee for services, to directly benefit the people of Ontario.

Five months after the COVID crisis began, the sector, its workers, volunteers and communities continue to feel the impacts of this pandemic. In fact, these effects are becoming more pronounced as the health crisis recedes for now and the economic and social crisis deepens, along with related mental health needs, an increase in inequality and job losses.

Many non-profits have stepped up to address these challenges—community food centres, crisis counselling centres, youth training organizations—while others have completely had their doors shuttered, while gatherings like theatre performances and sport events were prohibited and still remain financially unviable.

Yesterday, we released a report with the Assemblée de la francophonie de l'Ontario on the state of the non-profit sector in Ontario, three months into COVID. Here's what we found: The survey findings showed the devastating

impact the pandemic has had on non-profits and charities. Some 40% have seen an increase in the demand for services. At the same time, 59% reported decreased revenue in areas like membership, fees for service, advanced admission and fundraising. And 23% reported increased expenses: PPE, digital equipment, laptops etc. Some 30% of non-profits had laid off staff, and more than half had lost volunteers. Most concerning to us is that one in five organizations are expecting to close in the next six months. That's 20% of our sector. In sum, less revenue, higher expenses and an increased need for services: This equation just simply doesn't add up.

It was also clear from our survey that government measures, both federal and provincial, have not reflected the size, scope and economic impact of the sector. Three quarters of the respondents to the survey—we had almost 1,200 respondents—did not benefit from any provincial funding mechanisms, and two thirds did not benefit from any tax relief measures that were announced in the provincial COVID action plan. Two thirds also did not benefit from any federal relief measures. So the few existing provincial and federal programs, such as targeted aid programs for shelters, food banks and other specific social services, have been successful for those organizations as far as they go, but this applies to a very small minority of non-profits operating in Ontario.

ONN and many members of our network have met with many representatives of the Ontario government since the crisis began, including many of you. We know that you understand how important non-profits and charities are to our communities, and we receive very encouraging words from all of you and your ministers, but frankly, we have not yet seen enough action. It is time for the Ontario government to respond to the crisis in the sector, or else non-profits will not be there when we need them. It would be tragic and avoidable if we lost 20% of our sector, non-profits and charities, by Christmas.

We have four recommendations—

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

Ms. Cathy Taylor: We have four recommendations to make. Firstly, a stabilization fund for the non-profit sector: We have shared that with many of you—a \$680-million fund—and that's our number one priority.

Our second priority is immediate action on the insurance issue for non-profits. In late June, non-profits started getting notices from insurance companies about new COVID exclusions, and some of them were unable to renew their policies. It's been a major issue for housing providers, home care and sport organizations across the board. Many jurisdictions in the United States, and including the province of BC, have provided what we call good Samaritan liability protection to non-profits that have followed all public health guidelines.

There are precedents in our own Ontario government Donation of Food Act, and legislation from the SARS crisis as well. Every day, we hear of another non-profit that can't reopen or whose board has resigned en masse because of insurance issues. This is an issue that can't wait until the Legislature is back. Non-profits cannot function

without insurance, and we're asking for a ministerial order or other mechanism that protects them if they've followed all the rules.

Our third priority is the development of a made-in-Ontario social enterprise strategy in partnership with the non-profit and cooperative sectors to drive local job creation, particularly in rural and remote recovery. Social enterprises are those enterprises that provide a social good while generating income to undertake their work, and often employ people facing barriers to the labour market. We know that non-profit social enterprises have suffered dramatically during the pandemic, such as Goodwill, Habitat ReStore, and many courier and catering enterprises were forced to shut down. A major boost for this part of the non-profit sector would come from the government shifting a portion of its existing contract-based spending to procure from non-profits, and there's an immediate opportunity to include social procurement targets—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off, but the time has come up now. We have to move to the next presenter now, Gathering of Ontario Developers. If you can please state your name for the record, and you can get right into your presentation. Unmute, please.

Mr. Denis Dyack: Okay. Hi, everyone. Thanks for taking the time to listen to myself—Denis Dyack—and Matthew Walach. We represent Gathering of Ontario Developers. We are an experienced group of video game developers who have been in the industry now for approximately 15 to 30 years. I, myself, have been in the industry for an extremely long time and helped bring and build the current Ontario tax credits. We're here to discuss recommendations for helping our industry and to help build economic recovery for Ontario.

The video game industry is a unicorn industry. We can work in complete lockdown. Our studio, as an example, is partnered with Amazon. We closed our office down permanently in July and we have moved everything to the cloud. All video game developers are capable of doing this. We're here not looking for handouts, but are here to make recommendations to reduce red tape and, quite frankly, increase employment in Ontario in a sector that can grow under the current circumstances.

We're looking at COVID-19 as potentially a long-term problem, and these recommendations that we're about to give are based upon things where this maybe could go on for two or three years before there's a vaccine. What we're saying to everyone here is the video game industry is something that can actually help the economy.

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During the crisis, a lot of things changed. The world changed. Because of the way video games work and because people can play them from home, we're an industry that has seen more and more users play video games. The video game industry has changed over the last 10 or 15 years compared to what most people understand today. Everyone in GOOD is in what's called the free-to-play space. That means you can play games for free and you

don't have to necessarily spend money, so it's also really good for just having people pass time. We're completely cloud-based.

We've seen record increases in users over this time, but one of the things that has changed is, as the world economy has moved more towards domestic investment, any kind of financing has pretty much dried up. All the conferences are gone. Investment from China has disappeared, as China is now concentrating on investments in China and domestic investments. It's the same with the US. And generally, Canada's investment community is not very strong.

What we're going to recommend is that the industry itself in Ontario start looking toward the banks and help video game developers get financing through the banks to start getting employment in Ontario almost right away. This can happen pretty much as soon as we get the money.

Just a real quick statistic: 85% of all of our spend goes towards salaries, so this would be an immediate reinvestment in salary, in employing people in Ontario. Free-to-play now accounts for 90% of all global video gaming revenue. What this means is, all of the games that you typically know—

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

Mr. Denis Dyack: —are very small compared to this free-to-play market. There are a lot of very good video game developers in Ontario. The global market is huge, and we think it is something strategically that is low-hanging fruit.

We want to reduce red tape. Currently, 80% of the entertainment investment in Ontario is going towards film and television, and 10% of that is going to video games. We suggest a reallocation. Refocus, refunding and optimization: This is what Matthew is going to talk about right now.

Matthew? Are you unmuted?

The Chair (Mr. Amarjot Sandhu): Can you press unmute on your end, please?

Mr. Matthew Walach: There we go. Just reflecting on the comparison between Ontario and Quebec: Essentially, there are a number of factors that make us different from Quebec. They're our primary competitor, especially when it comes to the gaming market.

I'll just highlight a couple of the key differentiators here, most of which are a direct factor of red tape. One of the primary reasons is this, that you can actually stack both the SR&ED and the OI DMTC or the Quebec multimedia tax credit for a much higher return in Quebec. A second and very crucial differentiator is that within Quebec, you're filing on an annual basis regardless of your situation, versus in Ontario, where many companies are actually filing on a per-project basis, which means it could be a few years before they even file. Because there is no mandated processing time, you can be looking at upwards of two to three years before that money comes back to you. So for total turnaround, you can be looking at up to five years to get that money back, whereas in Quebec you're looking at a three- to six-month term.

The third differentiator is this idea of new immigrants to Ontario. In Ontario, if you hire somebody out of province who moves into the province, they have to live within Ontario up to a year before they become eligible for you to claim their salary on the digital media tax credit. In Quebec, that is not even a factor whatsoever.

Then, financing: Financing is quite simple in Quebec. In Quebec, actually, the government agency either directly finances tax credits or they will back financing from primary banks, whereas in Ontario you're looking at a couple of major banks that periodically will finance tax credits. Those are the primary differences that we'll touch on here.

Mr. Denis Dyack: If you're looking for some salvation during this crisis—

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

Mr. Denis Dyack: —the video game industry and GOOD as a group representing experienced video game developers can help us create some immediate employment. We hope that you will take the time beyond these seven minutes to explore this more fully because we think it's low-hanging fruit and we think we're good for Ontario and we're good for Canada. Thank you.

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

Mr. Paul Cudmore: Yes, hi. I'm Paul Cudmore. I work with Team Eagle here in Campbellford, Ontario, Northumberland county. I'm pleased to be here and thank you for the opportunity. I just wanted to say also thank you to the Ontario government for helping us through the crisis here. We've been quite safe in Northumberland and we've been able to work around this to some degree.

Just a little bit of background: We're in the aerospace aviation marketplace. We provide solutions and support for airports and aerospace around the world: 45 years in business, a hundred different countries, thousands of key relationships. But when we saw COVID come, we were worried immediately about the impacts to travel and what that would do to the business. Those fears turned out to be absolutely true. It's going to be a long road back for the aerospace and aviation sector as we weather this tough storm as people figure out how to travel and commute.

Phase 1 for us in April was a quick decision to lay off about 60% of our staff. We have a group of about 50 people. That was very difficult. I've been here 16 years. Many personal friends we've had to cut ties with, at least on a temporary basis, and quickly had to develop a couple of financial models to see what would happen.

We kept in touch with the banks and our partners, everything from the emergency wage subsidy, regional relief fund, Business Development Bank of Canada, our MP, our MPP, Northumberland Community Futures Development Corp.—I have to give a shout-out to them. Everybody has stepped up and done what they can to help. Really what we needed during that time was some more runway; pardon the pun. We needed more time to assess the impact and reset. We were able get some of that time through some support.

June and July have been really about resetting our plan. Pre-COVID, we had a plan to double the capacity of the organization from 50 to approximately 100 people, \$25 million to \$50 million in annual revenue. That's small compared to the global and Canadian aviation and aerospace sectors, but for STEM jobs in rural Ontario, it is quite significant. We employ a lot of youth in the STEM category. So we basically had to go the other way and reduced our workforce by 50%, 60%. We also reduced our overall forecast by about the same.

Having said that, one of the things that comes out of a situation like this and the difficulties that you're faced with is necessity being the mother of invention. We've actually pivoted and developed a couple of COVID-related applications to help us with specifically cleaning airport- and aviation-related vehicles with a UVC light. That's a new product we just launched last week, and we're pivoting around this and we're also pivoting our value proposition to the rest of the world. So we're an emerging leader with a better value proposition.

We've also been fighting this analysis paralysis situation where we pushed our groups not to wait for the rest of the world to solve our problems. We have to be in care and control of this. All those things being said, as we enter phase 3, in my opinion, the fall period, there is some reality and some optimism. We've got some sales that are coming from the US market primarily and, specifically, the United States Air Force. They are continuing on, and thank goodness we're well-connected to those folks. We have some opportunities and acquisitions as other companies don't make it through this, which will be the case. I think others have alluded to the same. We see some opportunities to acquire some potential bolt-ons that will help us get through this, as well as some supply chain opportunities.

As we head into winter with hopefully a good tailwind behind us, we look forward better to a 2021. It's not certain, though, and I think this really boils down to where I believe we can help each other. I have two recommendations, the first being that we foster ways to increase the ability to partner with one another.

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

Mr. Paul Cudmore: Yes, thank you. We found deep opportunity to partner with global firms that are looking for innovation but have great supply channels. A couple of examples that come to mind are Honeywell International, a major company that we've become closer with. The Canadian trade commission has also fostered a partnership program with Boeing, which we've jumped into now and connected with. I can't tell you how exciting and optimistic this makes it when we have these channels opened up to us to potentially matchmake with some partners that are looking for solutions in the tech and STEM sectors that we can offer.

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The second one is patient capital. What I mean by that is that we don't know how long this storm is going to last, and we have a long road ahead of us. In my opinion, it's going to be two or three years before the aviation and aerospace market fully recovers. We need to have access

to patient capital, not grants. I'm not asking for handouts, but things like the regional relief fund that was promoted by the federal government is a great example of a program that can help us get through this storm by allowing us to make good decisions when there is uncertainty surrounding us.

I thank you for the opportunity. I look forward to more questions, and good health to all.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll start with the questions now, but before we go to questions, I would like to do an attendance check. MPP Martow, if you can please confirm your attendance. Unmute, please.

Mrs. Gila Martow: I thought I unmuted. I'm here in Thornhill, Ontario. Gila Martow.

The Chair (Mr. Amarjot Sandhu): Thank you. So we'll start this round of questions with the opposition. MPP Fife.

Ms. Catherine Fife: Thank you very much, Chair, and thanks to all presenters—very different asks and perspectives on the economy going forward.

I'm going start with the Ontario Nonprofit Network. Good to see you again, Cathy and Liz. Your asks are very specific. In our view, they make a lot of sense because we know what the return on investment is in the non-profit sector and feel very strongly that the non-profit sector is well positioned to act quickly and to help those who are actually falling through the gaps. There are many people right now in the province of Ontario who are being left behind.

A stabilization fund of \$680 million is I believe what you quoted. Can you give us some sense of where that money would go, how it would be applied and why it makes—I just want it for Hansard. I want it to be very clear why \$680 million is of value for the government to consider to invest in the non-profit sector.

Ms. Cathy Taylor: Thank you. Liz, do you want to handle this question?

Ms. Liz Sutherland: Sure, yes. Thank you for the question. We came up with our \$680-million proposal in May based on an analysis of the economic impact on the sector of the COVID crisis, knowing what we do of the sector's contribution to GDP in Ontario. We calculated based on an estimate of lost donation dollars, lost earned income and so on, and then subtracted from what we estimated to be the actual contributions from the federal and provincial measures introduced so far.

The \$680 million represents a gap between what's come to the sector and what the impact has been economically. Those dollars would be, in the short term, to help non-profits retool. Many of them moved quickly to virtual programming. Some had to increase capacity to reflect the increased demand. Whether it's been social services or health, that would be a matter of responding to increased demand on the ground, which can often offset costs further downstream, for example, related to homelessness, crime, unemployment and so on. So those services actually provide economic benefit in terms of preventing use of other services.

More generally, in areas like the arts, investment in the arts actually generates hard benefits in terms of tourism dollars, people spending locally on their arts communities and so on. So there's actually a positive return on investment for those kinds of arts and culture and sport activities, where they have net positive returns from taxes returned in the form of local spending.

Ms. Catherine Fife: Excellent. Thank you so much, Liz.

The good Samaritan piece connected to the lack of insurance—listen, Kitchener-Waterloo is the insurance capital of Ontario. Some insurance companies truly have stepped up and created some opportunities where rates were not increased; they honoured some business loss issues. And then we've seen some insurance companies actually increase their rates and create barriers for the not-for-profit sector, and actually we're hearing from retail businesses even.

Can you give us little bit of a great greater sense of why the Ontario government needs to advocate for insurance fairness for the non-profit sector to ensure that you can go forward in a very progressive and proactive manner? Anybody: Liz? Cathy?

Ms. Cathy Taylor: Thank you. That's a great question, MPP Fife. Absolutely. We know that the Ontario government regulates parts of the insurance industry. They do not regulate fee increases in our sector or for commercial and liability and general liability insurance, as well as D&O—directors and officers—insurance. So rates are going up; some have reported up to 75%. You're right: There have been some great insurance providers that have kept rates at a minimum. We expect that will change, though, because the global market's insurance is going up dramatically.

It's the pandemic waivers that we're very concerned about, with insurance companies saying that non-profits and charities—essentially, they're putting a waiver in there that says that there can be no claims that relate to COVID-19 or anything related. So if you're a board of directors of a minor sports organization—a soccer association or an after-school children's program—and your insurance does not cover anything pandemic-related, it's putting another burden on those organizations to decide: Should they even open? What happens if there is a case of COVID-19 that is spread amongst its participants, even if they have all of the public health guidelines in place? So that fear of potential liability, even if those organizations are doing all of the right things—

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

Ms. Cathy Taylor: —and I will stress that we do not believe there should be a freeze on liability if organizations are not following public health guidelines and all appropriate laws and regulations. That's essential, absolutely. But it would be a real problem for those organizations not to have insurance. In fact, the Ontario government, through its transfer payment grants, requires insurance of non-profits and charities. So as a funder, the Ontario government is also at risk here if those organizations can't get the insurance they need.

Ms. Catherine Fife: Excellent point. Thank you very much. We need the not-for-profit sector to actually—like, boards of directors hold those organizations to account. If people are leaving those positions of responsibility because of a fear of liability, then it compounds the problem. So I think that you made an excellent point.

Which other provinces have stepped in with this good Samaritan caveat? You mentioned it.

Ms. Cathy Taylor: Currently, the BC government has stepped in specifically to the sport community, and we know a number of other provinces are considering an option.

Ms. Catherine Fife: Thank you so much.

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

Mr. Mike Schreiner: Thank you, Chair. I want to thank all three groups for excellent presentations and for taking the time to come in today.

I'm going to direct my first question to the Ontario Nonprofit Network. Cathy, you got to three of your four points, and I want to get your fourth point on the record and to give you an opportunity to give us your fourth point.

Ms. Cathy Taylor: Thank you so much, MPP Schreiner. Our fourth solution is to create a non-profit advisory table to the government of Ontario on the economic recovery and the social recovery. One of the things we're quite frankly frustrated with is that our sector, our own organization and all of our members work with every single ministry, from natural resources to the environment to the Attorney General to the Treasury Board, and we have no home in government. There is no ministry or department that has responsibility for the non-profit and charitable sector like there is for the business sector or other industries. In the short-term, having an advisory table that we can co-convene to get those voices to government would be a really helpful step to make sure that you're getting the intelligence on the ground, and it's an efficient way to both of us to share the urgent issues that are arising and solutions and opportunities.

Mr. Mike Schreiner: Yes, that's a good point. Thank you for that.

You referenced the diversity of non-profits. It really touches all parts of society. I'm wondering, when you talked about the non-profits that may not survive COVID, unfortunately, is it concentrated in any particular sectors or is it sort across the board that you're seeing the struggles?

Ms. Cathy Taylor: Great question. We're definitely seeing that it's the small organizations, the ones with less than five staff, maybe one or two staff, in small communities—so rural and northern, as well as in some of the bigger cities—that are most at risk. They don't have enough reserve funds, for example. They don't have the kind of stability of funding that other large organizations might have. So small organizations, but also, particularly, the sport and recreation community and the arts and culture organizations have been dramatically affected by COVID, because most of them still aren't open, or are reopening very slowly. They've completely run out of

reserve funds and supports. I know you'll be hearing from a few of those types of organizations this week. It doesn't matter how big they are, if you think of the Stratford Festival, for example, and our orchestras, as well as very little arts organizations and soccer organizations. So we're particularly worried about those sectors.

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Mr. Mike Schreiner: So, in some ways, the ones that are almost the most community-oriented are the most at risk, the way it sounds.

Ms. Cathy Taylor: Yes—

Mr. Mike Schreiner: Go ahead, Cathy.

Ms. Cathy Taylor: The irony is that over the last number of years, there has been a move by funders and governments to encourage organizations to create fee-for-service models and earned income so that they don't rely on government funding. The ones that are surviving this crisis are the ones with government funding and that have that ongoing relationship and commitment with the different levels of government. The ones that have diversified their funding to be more sustainable to registration fees and event fees and sponsorships and conferences, they're the ones that are really in trouble right now.

Mr. Mike Schreiner: Yes. My time is probably limited, and I apologize to the other two presenters, but I want to ask one more question around the social enterprise strategy. I've been a big fan of social enterprise. Can you maybe just talk about the contribution to economic recovery of such a strategy?

Ms. Cathy Taylor: Sure. Liz, can you take this one?

Ms. Liz Sutherland: Yes. The social enterprise strategy essentially would be a way to help non-profits help themselves as they participate in the recovery. So social procurement on the part of the Ontario government would be a great plank in that because it doesn't involve new dollars. It is a reinvestment of existing spending in different parts of the economy. We all saw how much people realize that investment in local economies is really important, instead of sending our dollars to foreign places where they don't benefit job creation in Ontario. Social procurement is a great plank for that.

On top of that, there are lots of ways to help organizations reach new markets. It would involve perhaps setting up a platform or leveraging existing platforms for non-profit social enterprise to participate in marketing opportunities. And then another one would be essentially supporting some of the small intermediaries that help do social enterprise development in communities around Ontario. This would be a few of the planks.

Mr. Mike Schreiner: Great. How important is social enterprise for equity-seeking groups, who have probably been disproportionately affected by COVID?

Ms. Liz Sutherland: Yes, that's a great question. Social enterprise is critically important, especially for groups that have not had the same kind of access to funding and financing opportunities. If you think of Black-led organizations in urban centres or you think of Indigenous organizations or Indigenous enterprises, whether they're in First Nations or off-reserve—

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

Ms. Liz Sutherland: —it is critically important that they gain access to markets and procurement opportunities because there are limited ways for some of these communities to access jobs. So it's a way of promoting equity, absolutely.

Mr. Mike Schreiner: Great. I appreciate that.

I know we're almost out of time, but the gentleman from GOOD—I just want to ask: Could you submit in writing the difference between Quebec and Ontario in terms of how tax credits work? I've seen that particular graph before. I think it would be valuable to the committee to see if we can align the way Ontario approaches tax credits to Quebec. If you want to comment on that, you're welcome to—

Mr. Matthew Walach: Denis is on mute there, but absolutely. We're in the process of wrapping up policy submission documentation that details that in great detail. So that should be out to you by the end of the week.

Mr. Mike Schreiner: Great, I appreciate that. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go to the government side now. I'll start with MPP Tangri.

Mrs. Nina Tangri: I want to thank all of the presenters for joining us this afternoon.

My first question is for Denis. Having three sons of my own, I can clearly say I've invested a lot in the gaming world, so I want to thank you for providing us with your recommendations.

But I'm also sure you can agree that in Ontario we have a significant amount of talent, and the ability to invent and build in the gaming world, as well as other areas such as artificial intelligence and IT. As you know, more people, of course, are at home and therefore, being unable to go out, they're using gaming as part of their entertainment world. How has government support changed the way your organization can remain competitive and deliver services going on into the future?

Mr. Denis Dyack: I think that's a great question. Because of the way the world has changed and particularly, as I was alluding to, with the free-to-play market—free-to-play is all cloud-based. The tax credits have helped grow the industry in Ontario to a certain extent, but because of bureaucracy, where they take three years to get to developers, and because they're not as competitive as they are in Quebec, you're seeing huge growth in Quebec and not that much in Ontario. Our goal by these recommendations is actually to increase employment right away through getting capital to developers and helping make us competitive worldwide and grow the industry. Where we are partnered, our company—as an example, Apocalypse has partnered with Waterloo, McMaster, many other universities. We would immediately increase employment right away just by getting more capital in. Because of COVID, all of the capital has dried up, and so what we're suggesting is low-hanging fruit like bank loans and other government support to get that.

Mrs. Nina Tangri: Thank you. In the entertainment world, as people are at home, mostly, in the future, I think

it's great that you're providing a lot of free services. I think that's key for a lot of people who are unable to afford the expensive games to play, and I've seen many of those.

In what other areas do you think that the government could provide support, whether it's the Ontario or the federal government or even local, in ways to help you not just in financial support but other supports—red tape reduction and other areas like that?

Mr. Denis Dyack: Red tape reduction and the way that everything is—the way the current tax credits are set up, they're set up on the old industry where you would see all of these triple-A games that take four or five years to make and they launch them at Christmas. That model accounts for less than 10% of all global gaming revenue now. The free-to-play market—which is actually good for the pandemic, because if people don't have money, they can still play for free—really doesn't work well with the current tax credit system, and a lot of the costs are ineligible. Bringing new talent to Ontario, bringing some of those people back who move to the west coast in the US—that is also very difficult. So we're making recommendations for the free-to-play market which our group, GOOD—everyone in GOOD does free-to-play, and there are specific recommendations that could really bring the tax credits up to speed right away and help create employment for us.

Mrs. Nina Tangri: Great, thank you.

Just to switch around a little bit, Paul, I know it's been a very difficult time in all industries throughout COVID. You spoke a little bit about using UVC light in the airport world. Does that include cleaning up the taxis? I know that that's been somewhere we've done a lot of work with the industry, where they've been cleaning the vehicles between passengers. Is that something that you would have done, as well?

Mr. Paul Cudmore: Well, it's certainly an adjacent market that we could chase. Our primary goal was to look after our existing customers, which are the airport operators. So the fire truck operators, the snowplow operators—that's a lot of the work we do, military and commercial. But the application has adjacent markets and the ability to scale.

Just to the idea that COVID pushes you in many different directions: We didn't have this product six, eight weeks ago. We were brainstorming to figure out, "What are we going to do here? How are we going to help ourselves out of this? How are we going to help our customers?" The device is absolutely transferrable. It's not fixed to a device; it's easily mounted in a cab or a snowplow or a fire truck. Immediately upon launch, we got our first order from the United States Air Force. So it has a great reach.

What we're going to run into, I think, is not so much that we can't help adjacent markets like taxis or rental cars; it's going to be the capital available to scale. That, to me, is going to be the piece for this specific project and a few others. That's our limit right now.

Mrs. Nina Tangri: So if you had access to that capital, would you be able to actually go into the airplanes and be

able to use your product to clean not just the seats and the armrests, but underneath the seats and washrooms and all areas? We're looking at the confidence of the travelling passenger, who right now—that confidence just isn't there, so of course—

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

Mrs. Nina Tangri: —the industry is hurt [*inaudible*]. Could you elaborate on that?

Mr. Paul Cudmore: Yes, I could. Actually, before this call, I was just on a call with Honeywell, a major computer company. They have a solution for that very deed. What they did was pick up on our vehicle side and said, “Hey, how do we work together here? How do we scale?” It's these kinds of partnerships that are absolutely imperative, especially for a rural Ontario STEM-based company, to get that reach. But you're right on target. There is applicability in many adjacent markets for this kind of tech. It's maintaining the first-mover advantage for us that's going to be key.

Mrs. Nina Tangri: Thank you very much.

Mr. Paul Cudmore: Thank you.

The Chair (Mr. Amarjot Sandhu): We have only 10 seconds, so we'll go to the independent members now for their second round. MPP Coteau? Unmute, please.

Mr. Michael Coteau: Sorry about that.

Interruption.

Mr. Michael Coteau: I apologize; There may be some background noise.

I just want to talk a bit about the video game sector in Ontario and maybe get some insight. It's incredible. This industry is a \$42-billion industry here in Ontario and around the world, larger than film, television, music. It's just an extraordinary sector that's out there. I do believe that we should be looking for ways to make improvements to, number one, get the money to developers as quickly as possible, but also looking for ways to support the industry for future potential growth.

The current monetization of the sector—and this is really my question. The sector here in Ontario, the monetization of it, is most of that money kept in Ontario or does it actually go outside of the country eventually? If there's any feedback on that, that would be very helpful.

Mr. Paul Cudmore: Sure. That's a really simple question: It comes down to who owns the IP. If you're doing service work, it generally goes outside of Ontario. For most members of our organization, we own all the IP. That would be another recommendation: If you're looking to invest domestically into the companies that are going to create true growth in Ontario, not only in employment, but in the sector itself, you want to invest in the companies that actually own the IP.

Mr. Michael Coteau: Right. Okay. Very nice. So a lot of that removing red tape or freeing up more investment would really benefit the companies here in Ontario that own the IP. That's great to hear.

My next question, Mr. Chair, is over to the not-for-profit folks. Being from the not-for-profit sector myself, as a former executive director of a literacy organization,

one of the first things I thought is that the not-for-profit sector is going to have a big challenge here in this province, and in fact right across the country, because of the amount of money that's going to be invested into the recovery. Rightfully so; we need to buy the right type of product and invest in health care. But it's the not-for-profit sector that's really going to carry a lot of the long-term weight of this pandemic. I'm looking around and I see indicators now. For example, eviction rates are higher. I see long lines at food banks, which traditionally I didn't see.

My question to the folks from the not-for-profit sector is, as we move forward—and I really do like these ideas: the stabilization fund, looking at insurance. I think these are great ideas. But are there other sectors internationally or across North America or Canada that are saying the exact same thing as you? Is this a local phenomenon or is this experienced internationally, currently?

Ms. Cathy Taylor: It's absolutely an international phenomenon, MPP Coteau. We've been following what's been happening in Australia, the UK, other European countries, and particularly in the US. We have many colleagues in the US, and they're reporting the exact same things, doing similar surveys with similar numbers. There are definitely some differences in how governments have responded. Actually, in the US, the Republican government has invested heavily in wage subsidies as well as savings for non-profits and has made some of the liability exclusions that we have been asking for. But this is definitely an across-the-world issue for non-profits and charities. One of the things that we're most worried about is, as the needs increase, we know that the ramifications of this crisis will be a long time coming over the next number of years, and organizations will need the support now to make sure that they're here for the duration.

Mr. Michael Coteau: Yes. Again, it's not like we'll be seeing the impact on the not-for-profit sector's ability to deliver overnight. In some areas, we will.

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

Mr. Michael Coteau: But long-term, this is going to be very, very challenging. I think that we have an opportunity here in Ontario to make the right types of investment and, even more importantly, a commitment to the not-for-profit sector that is going to have to carry a lot of that pressure that COVID will bring.

I think we've got this great opportunity to do something right, and I just want you to know that we'll be advocating, and I'm sure many MPPs from all different parties will be advocating, for your sector. Thank you for sharing all of that great information and the report with us. It's very valuable, and I think very timely. I wish the sector all the best, and you can count on me for continued support.

Ms. Cathy Taylor: Thank you.

Mr. Michael Coteau: Thank you, Mr. Chair.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go to the government side now. MPP Kusendova.

Unmute, please.

Ms. Natalia Kusendova: Hello. Good afternoon. Can you hear me?

The Chair (Mr. Amarjot Sandhu): Yes.

Ms. Natalia Kusendova: Thank you very much, Chair. I'd like to thank all the presenters for their very insightful presentations today. I do apologize to the other two presenters, but my questions will be directed today at Cathy and Liz from ONN.

Thank you so much for sending your report yesterday to my office. I had the opportunity to skim through it and my questions will be directly related to your report, which was very insightful and very important. We have met in the past, and I'm more than happy to have a follow-up meeting as you have requested.

I also wanted to congratulate you on the collaboration with the Assemblée de la francophonie de l'Ontario. I think it's really important to include our francophone not-for-profits in any of the work that we're doing. I know Bryan and Carol very well, and they're doing excellent work advocating for francophones, who have a 400-year-old history here in Ontario.

The theme of this pandemic has truly been collaboration. I wanted to, first, ask, how did you decide that this collaboration was important and to put forward this report together with l'Assemblée de la francophonie de l'Ontario?

Ms. Cathy Taylor: It's a great question, MPP Kusendova. It's good to see you again.

Absolutely. We've been challenged for a little while. We're not a bilingual organization, as most organizations aren't that just serve the province of Ontario, but we know that there is a healthy francophone population in the province—about 8% of our organizations, and they have different needs and different struggles as well.

We've recently been working quite closely with AFO to make sure that with anything we work on together, we think about what some of the joint issues are that our non-profits are facing, whether they serve francophone communities or whether they're bilingual organizations or anglophone. It's been a great partnership and the survey—certainly, we would not have had the response rate from the francophone community without their support, as well as some of the media coverage that we had in French yesterday as a result of their support. So we look forward to more work with them.

Ms. Natalia Kusendova: That's great to hear. Furthermore, on the topic of collaboration, I'm interested to know—you've mentioned that one of the recommendations is the \$680-million stabilization fund. You're probably aware that through the Ontario Trillium Foundation, our government has provided about \$83 million to various not-for-profits for vital programming throughout the province. As you know, our Minister of Finance, a few weeks ago, has given an economic update in which he stated that our current net-to-GDP ratio is 47%, which is quite alarming. We know that once it surpasses 40%, we are in the red.

Throughout this pandemic, so many businesses and the private sector have actually stepped up to collaborate and so I was wondering whether some of that \$680 million that you're proposing—whether there have been any efforts or

suggestions made to some of your members to actually look for local partnerships with the private sector.

Ms. Cathy Taylor: Great question. Absolutely. There's an opportunity for partnerships with the private sector, both in-kind partnerships as well as through private philanthropies, through foundations and corporate philanthropy. The challenge, though, is at this point, quite frankly, all of those industries are also struggling and they're trying not to lay off their own staff. To go to them to ask for additional funding for their local non-profit or charity right now—it puts the local organizations in a difficult spot. It's a challenging time to leverage those relationships.

We certainly have seen some great examples of companies being able to donate in-kind things: transportation for food for food banks, for example, or being able to provide laptops and iPads to organizations that didn't have the technology. We're seeing some great examples of that.

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We're pleased to see the Trillium Foundation announcement, but just to note, that's not new money. That's their existing budget for this year that they've actually taken out of other grant streams and made responsive to COVID—which is helpful for sure and it will be helpful to organizations, but it is also project funding. It doesn't cover operating expenses, and that's what organizations need right now.

Ms. Natalia Kusendova: Well, thank you for making that distinction.

Back to francophone organizations, as the francophone community is very near and dear to my heart, I have myself partnered up during the pandemic—

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

Ms. Natalia Kusendova: —with the Centre Francophone du Grand Toronto to deliver some meals to our francophone-speaking seniors here in Mississauga. They bring great value to our communities.

I'm reading from page 31 of your report, and it states that at the provincial level, the COVID-related programs most often accessed by Franco-Ontarian not-for-profits are the employer health tax exemption for organizations with a payroll of \$500,000 to \$1 million, the Workplace Safety and Insurance Board premium deferral, and assistance to access centrally and publically procured personal protective equipment; and that none of the Franco-Ontarian not-for-profits reported having accessed the residential relief fund or supports for food banks.

I wonder, is it because of the language barrier or is it—what are some of the barriers to access, for francophone not-for-profits, some of the funding that's available out there by the government of Ontario?

Ms. Cathy Taylor: I don't think it's a language barrier. One of the things we learned from the survey is how non-profits and charities get their information. Not a lot of them have the time to watch the Ontario News website for the government of Ontario or read the media, or even necessarily connect with their MPP. We know some MPPs to do a great job of letting the organizations in their communities know when there is funding available, but

they really do rely on organizations like ours, like other sort of umbrella or intermediary organizations, to make sure that they have the information they need.

Fundamentally, I believe they've just been so busy trying to keep the doors open in the last few months—

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

Ms. Cathy Taylor:—that they just have not had the time to look around to see what else they should be applying for.

Ms. Natalia Kusendova: Thank you for your incredible report, and I look forward to our follow-up conversation, hopefully next week. We can schedule something. Thank you very much.

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

Ms. Laura Mae Lindo: Thank you so much, Chair. I'm actually also going to start with Cathy and Liz. Nice to see you both. I am particularly taken by the notion of a social enterprise strategy. Because part of our job in the committee is to be forward-thinking and try to figure out ways to better support, should anything else happen, should a second wave come, all of that stuff, I know that locally—I'm out in Kitchener. Prior to this, I was at Laurier. Laurier is an Ashoka-designated campus, so there's this focus on social enterprise. Prior to that, I was at Ryerson. They also have an Ashoka designation, so the focus is on that as well. I feel like that kind of an investment is an investment in our future and a different way of supporting non-profits. So I just wanted to give you a bit of time to speak a little bit more to the government about that, the possibilities there.

Ms. Cathy Taylor: Liz, do you want to take this one?

Ms. Liz Sutherland: Yes, thank you. Thank you so much for the question, MPP Lindo. Yes, I started to get into it with MPP Schreiner, but certainly, we haven't had a social enterprise strategy for a couple of years now in the province. I think that it's an excellent way to help the non-profit sector to be more self-sufficient and to generate both social and economic benefits for their communities.

Many social enterprises also employ people who face barriers to the labour force. There's this category called "employment social enterprises" that employ people with disabilities of varying types or people who have come into conflict with the law in the past. They create an entry point into the labour market for a lot of people who face barriers. That can actually create benefits down the road in terms of reduced reliance on social programs and so on for those people.

But for the enterprises, in terms of the economic benefits they produce, for example, in Quebec, there's a very large social enterprise community there. It's because they've had many, many years of investment, so everything from non-profit housing—their whole child care sector is based on a social enterprise model. They have really important community-based care homes for seniors that are social enterprises generating fee-for-service revenue that, over time, can be reinvested in the organization and then can help it to grow, which creates further jobs.

We always refer back to a number of pillars that can help build this ecosystem up, because you have to create the demand and the supply at the same time. It's very difficult to nurture the social enterprise community without making sure there's adequate demand. You do need an enterprise skill development program. You need access to capital and investment—or social finance is another way of saying that. You do need the market opportunity, so a way for organizations to market. Then promoting the value of social enterprise: Many people don't even understand the benefits of that business model and what it can do for the workers, the communities they serve, and the economy overall. You need a regulatory framework that enables that as well, so making sure that, say, small business investment funds are available to non-profit social enterprise. So those are some of the pillars that you would have in your enabling environment. You can actually create a much more sustainable non-profit sector, and you can create more inclusive local economies that way as well.

Ms. Laura Mae Lindo: Thank you so much for that. That's actually such a brilliant assessment of how we can go about framing it, and it draws on some of the information from the earlier speakers. Paul was talking about some of that innovation and the fact that we've got to start to partner with different people. It also ties into a big push that we've had around trying to stimulate local economic development, which brings me to my next question.

I'm going to actually move over to Matthew and Denis. Part of the stimulating of the local economy and trying to think differently about how we can partner—it's nice to see you both again, because I remember we had a discussion the last time. I don't remember what sector it was, but it was a sector, and here we were. And I remember thinking a lot about the gaming industry, also part of my own background.

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

Ms. Laura Mae Lindo: I'm curious about whether or not there has been any discussion with any of the video game developers, just within your networks and circles, around partnership with educators, because now that kids are going to be online, there's going to be so much of that. I know that there are all sorts of research around educational video games and how we might be able to even address some of the health stuff. I'd love to hear whether or not you folks have heard anything about that.

Mr. Denis Dyack: Absolutely, there is. As a matter of fact, we're engaging and working on a research cluster with the University of Waterloo on some of these very topics, in which we'll be working with both masters and post-docs on looking into and employing students, because COVID has hit the co-op industry pretty hard, actually. We're bringing up to six to eight co-ops on board to do some of the research and development for our games that's going to specifically look at the social impact and how video games can help de-stress people in this time of crisis, as well as look towards working with universities directly, and this is with the gaming institute at Waterloo, which is a fantastic place.

Ms. Laura Mae Lindo: That is fantastic. I know we don't have that much time, but I'm going to speak for MPP Fife, who's actually at Queen's Park right now. It would be lovely to get an opportunity to meet with you folks and talk about how we can help with that. I think it is so important, so I'm just happy that you had a chance to put that on record.

Chair, how much time do we have?

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

Ms. Laura Mae Lindo: Twenty seconds? Okay. Twenty seconds. I'm just going to keep saying thank you, and video games are super cool, and we can do a lot of learning around health impacts using them. I got it all in.

Mr. Denis Dyack: Thanks very much.

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

COMMUNITY FIBRE COMPANY
CARPENTERS' DISTRICT COUNCIL
OF ONTARIO
ANGEL INVESTORS ONTARIO
AND GEORGIAN ANGEL NETWORK

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

Mr. Benjamin LaHaise: Good afternoon. My name is Benjamin LaHaise. I am the founder and president of the Community Fibre Company. We are a small, facilities-based Internet provider operating mostly in and around Lanark county and the rural city of Ottawa. We specialize in and only use fibre optics for our work in last-mile connection to customers, and we focus primarily on rural communities and underserved residents.

Community Fibre arose out of a need I have myself, as I'm in an area where I'm about six kilometres from the nearest Bell central office and we don't really have much of an ability to get DSL out here. The other challenge is in rural areas, especially in places like Lanark Highlands where we have the Canadian Shield and lots of hills and tree coverage, wireless is not a particularly good match for broadband in the area because the presence of trees and such makes it difficult for us to get a good wireless signal in.

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During the time of COVID-19, we found that we had our busiest month ever in May. The importance of Internet and broadband to rural residents has become, effectively, an essential service for everyone because they need it for both being able to go and work from home and also for the purposes of education for their children. We have a lot of residents in our area who do not have access to broadband that even meets the 5 Mbps service, let alone the CRTC's 50/10 service that's been a target for the basic service obligation as of about three years ago.

At this point, I think it's highly important that we begin to work on deploying fibre in rural communities in order

to close the gap in rural broadband between urban and residential areas. The number one problem and obstacle to this in Ontario is essentially the matter of red tape associated with the hydroelectric companies, and most specifically, Hydro One.

Hydro One has upwards of 1.6 million poles in the province. If you take a look at some projects, a typical project has about 10% of the poles that you touch having to be replaced. The cost for pole replacement with Hydro One varies between \$1,500 and \$15,000 per pole. In a lot of cases, this is excessive. A lot of the poles in rural areas were put in 50, 60 years ago and are effectively at the end of their life.

Another issue that is causing a lot of problems with poles is that, because of the ice storm in 1998, the increase in standards implemented by the CSA and the Electrical Safety Authority in the early 2000s has made it such that poles in rural areas are unable to meet modern standards. In some areas around lakes like Patterson Lake and Dalhousie Lake, you have poles which are extremely old and have essentially no safety clearance between the electrical facilities and the telecommunications facilities. Moreover, it's also a huge challenge for small providers because we can't access financing for pole replacement that meets the 30- to 40-year expected lifespan of a new pole.

Another challenge with Hydro One is that they don't plan for the future. We also have the pleasure of dealing with Hydro Ottawa in addition to Hydro One. With Hydro Ottawa, the access to poles is a completely different situation. Hydro Ottawa is very good. They have a 30-day permit processing timeline and they have very little make-ready on their poles because their design standards include the attachment of three telecommunications cables. Hydro One, on the other hand, ends up with anywhere between \$10,000 and \$125,000 per kilometre associated with pole replacement and make-ready costs.

Telecom is a particularly challenging file because it crosses a number of jurisdictions. In Ontario, Hydro One has to answer to the Electrical Safety Authority and the Ontario Energy Board. Federally, Bell has to respond to the CRTC. This is a significant cost and is the main source of the red tape.

Part of what I think is necessary now that broadband has become such a crucial part of day-to-day life in Ontario and in Canada is we need to actually plan for how to go and deploy fibre and replace the obsolete copper telephone lines that were installed back in the 1980s and 1990s as part of private line installation in rural areas.

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

Mr. Benjamin LaHaise: Yes. Some background to that: The sources of a lot of the make-ready costs are associated with several different issues. The primary one that is most important is safety-related issues; for example, replacement of broken, suspect or restricted insulators. These have to be replaced, but in my paper submission, I provide an instance where just replacing eight of these insulators costs \$20,000 for a six-kilometre stretch of road in a rural area where you only have a couple of dozen homes.

Another problem is underclass poles—poles that are not big enough for the load according to modern design standards. The big one with Hydro One is their permitting process, which can in some cases take them anywhere from one to two years to respond to a permit and deal with the pole replacement and make-ready.

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

Mr. Benjamin LaHaise: We had a meeting with Hydro One back in September 2019. There are executives at Hydro One who want to reform the process, but it is, I believe, necessary for us to have external pressure to make reform happen at Hydro One. The way that Hydro Ottawa deals with things shows that it can be done in a better way, and I think we need to force Hydro One to reform and change itself.

Again, this is a very complicated file. It's very difficult to sum it up in a few minutes, but given the importance of the issue and that COVID-19 has changed a lot of conversations over the last six months, everybody in rural areas is desperate for broadband. We need it, it's part of life, and you just can't avoid it in 2020.

The Chair (Mr. Amarjot Sandhu): Thank you. Our next presenter is the Carpenters' District Council of Ontario. If you can please state your name for the record, and you can get right into your presentation.

Mr. Mike Yorke: Certainly. Thank you very much for the opportunity to do a presentation. My name is Mike Yorke. I'm the president of the Carpenters' District Council of Ontario, with 30,000 men and women in all sectors of the construction industry, manufacturing and elsewhere. With me today is a colleague of mine, Mark Lewis, our general counsel for the carpenters' union in the province of Ontario.

We're going to be addressing the issue of small business, and I can tell you, certainly, that's one of the main areas of our interest. In fact, actually, we have literally hundreds of smaller contractors employing thousands of our members across the province of Ontario. I know many times we'll see major projects and see the major names in our industry, but beneath that is an incredible mobilization of forces and training developed and delivered by our member contractors. So we really want to speak and address some of the specific concerns of those contractors. Mark and I will do that joint presentation and certainly handle a number of questions. But the industry, as we all know, is a driver of the economic health of our whole country, and that's based on the contributions of our small businesses.

Mark, can you please add to that?

Mr. Mark Lewis: Thank you, and thank you to the committee for hearing from us again. Mike and I had the privilege of speaking to the committee before when it was dealing with construction and building and municipalities, and it's a pleasure to be back again to deal with small business.

As Mike said, we represent workers, some 30,000 men and women primarily in the construction industry across the province. More importantly, for the purposes of what

we're talking about here today, though, we have contractual relationships and collective agreements with somewhere above 12,000 companies. The vast majority of those companies that we have contractual relations with would fall within the small to medium-sized businesses. Many, many of our companies—I would say 80% of them—are small businesses, and many of those small businesses are family-owned and run. Now, while we don't always see eye to eye on every issue with them, we do regard them as our partners because they're the employers that employ our members, and it is vitally important to us that they are as successful as possible.

With respect to the particular impacts of COVID-19 on our small businesses, the small businesses that we deal with on a daily basis and that employ our members, the biggest single impact that we have seen during the crisis and coming out of the crisis is the delay in regulatory permissions, permits and assessments which are required as construction goes on. Obviously, construction—building new buildings, building infrastructure—is one of the most heavily regulated industries and functions which government deals with, and for good reason. We're not looking for less regulation or less control per se, but what we are looking for is anything that the committee could suggest to try and speed up the issuing of building permits and environmental assessments, in terms of getting inspectors out there, as construction work has to be inspected at various stages of the project, to ensure that projects flow.

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This is particularly important for our smaller businesses. One can see, when one drives past a big construction project, a mega-project, which I see all the time—in Toronto, for example, the Eglinton Crosstown—there can be a tendency to think that that's a big company at work. While the general contractor might be big, below the surface are tens, sometimes hundreds, of smaller sub-contractors who are heavily invested in terms of their capital equipment, in terms of their lines of credit and their cash flow in those projects and getting work done so they can continue to work into the future. If there are delays, it can have critical impacts upon them. So anything that the committee could do on that level for recommendations going into the future—

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

Mr. Mark Lewis: Okay. My most important point is to return again to an issue we spoke about before, which is apprenticeship. Education is going to be different in Ontario in the future. Colleges, university campuses: We do not know what their status is going to be in terms of educational delivery. All of the small businesses across the length and breadth of Ontario can deliver education through apprenticeships, getting people into the trades where we need them—the earn-while-you-learn model for young people to go out there on our job sites, which are open now, which are cleaner and safer than they have ever been at any time in the construction industry in Ontario. If the government could see fit to encourage smaller businesses to take on more apprentices through grants or

through some tax preferences, we think this is a huge benefit for our province and would benefit every portion of the province if done right, because those small construction businesses are everywhere.

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

Mr. Mark Lewis: They are not simply in larger centres, like community colleges are, for example. Every workplace in Ontario, with the right encouragement, can potentially become a classroom which is open for learning now and can continue to be open for learning, as we go into the new reality which COVID-19 has put in place.

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

Our next presenter is Angel Investors Ontario and Georgian Angel Network. If you could please state your name for the record, and you will have seven minutes for your presentation.

Mr. Mark Lawrence: Good afternoon, Chair and members. My name is Mark Lawrence. I'm the volunteer chair of the Angel Investors Ontario organization. I have with me today Michael Badham, who is managing director of Georgian Angel Network, and Jeffrey Steiner, the president of Angel Investors Ontario.

Michael will lead off with the first part of the presentation, followed by myself and then Jeffrey as third. I would like to now hand it over to Michael and have his microphone unmuted.

Mr. Michael Badham: Thank you, Mark. Thank you, Chair. I'd like to talk for a couple of minutes about what angel investing is all about.

Essentially, angel investing is about financing and mentoring innovators and start-ups in the new economy in Ontario. Angel investment fills the gap between the founders, family and friends and venture capital. As you see on this chart, there's lots of capital for later-stage expansion companies, but at the seed, the prototype and the start-up stage, this is really limited to angel investing. Angel investing is all about individual people taking money out of their savings and, instead of spending it on themselves, actually investing it in young people and their start-ups. Angel investing is really important, because this is the way in which founders can get their ideas, their innovations, commercialized and get them to market.

What's really fascinating about the start-up community in Ontario—as you all know, Ontario has become a real focus for start-ups and high-growth companies in the tech sector. Last year, over \$60 million was invested by just over 1,000 individuals in Ontario into 300-plus companies. This is about the annual run rate for angel investing. If you just think about \$60 million and you think that the vast majority of that money goes to salaries, the impact is thousands of jobs and over \$20 million in tax revenues—that would be income tax and HST—directly into the government's source of revenue. Governments at all levels support the angel ecosystem to the tune of about \$3 million a year, and without angel investments, quite frankly, founders and young people would take their businesses elsewhere.

These are companies—and I've just selected a few from the hundreds that have been angel-financed over the last

10 years; these are just a few of the well-known names in Ontario. Enthusiast Gaming and Shopify are two very large public companies that have been directly the result of angel investment in Ontario. We have a unique opportunity now to continue to support the angel investment community so that individual angel members can continue to fund these start-ups and actually attract businesses from all over the world who now want to be in Canada instead of the US.

Over to you, Mark.

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

Mr. Mark Lawrence: Thanks very much, Michael. Angel Investors Ontario's mission is to grow an angel investing ecosystem to build prosperity, create jobs and strengthen communities. We do this through facilitating best practices for increasing the number of angel investors and also increasing the number of tech start-ups that we can support. We do this through supporting the ecosystem in Ontario, through active communications and collaboration. This includes teaching founders and shareholders the expectations of angel investors and how to deal with certain investment criteria to make it all happen.

We also help facilitate the syndication of deals amongst all of our groups across the province. AIO, the provincial umbrella organization, has been used to allocate government funds to regional angel groups, thereby providing the capital on a very accountable basis in a central area.

Angel Investors Ontario has 13 angel groups across the province, 1,500 members, \$60 million invested annually. But most importantly, these groups span all rural and all urban areas of the province—

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

Mr. Mark Lawrence:—so all the members can have a local angel group that they can talk to.

Next slide: The strategy of building the start-up ecosystem has already helped Ontario transition to the new economy. More than 50% of Canada's start-ups occur in Ontario. We're viewed as a global centre for digital transformation of health care, advanced manufacturing, agri-food, clean tech, and government service and government tech. Like the oil and gas sector is important for the province of Alberta, tech start-ups are a major Ontario asset, and we have to continue to take ownership of that challenge, and support them going forward.

I'd like to turn it over to Jeffrey.

Mr. Jeffrey Steiner: Good afternoon, members of the Legislature, Chair. I'll just add a few points about the role of government in supporting the ecosystem and the benefits that come to the start-up companies by angel investors funding their investments, but also their mentoring.

There is a market failure when a company needs to raise \$500,000 or their first \$2 million—the gap that Michael showed on the chart. There's no way for the private sector to be the intermediary to find that money for the start-ups and still earn a fee that's significant enough to make it worth their while.

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With that goal of supporting start-ups, angels come in and fill that gap—

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

Mr. Jeffery Steiner: —but they do [*inaudible*] some government assistance and support for the infrastructure so that these meetings and these pitch sessions across the province can occur.

We used to have a program in Ontario that was cancelled about a year and a half ago. We'd like that particularly to deal with COVID, because the demands on angel investors for their funds and for their mentoring has increased.

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

We'll start with the questions now and we'll start the first round of questions with the government side. MPP Martow.

Mrs. Gila Martow: Hi. Sorry, it takes a second to unmute. We're doing our meeting virtually, so we know how important it is to have those virtual platforms.

I wanted to start by asking a couple of questions to Community Fibre. You didn't mention at all, Benjamin, our initiative from our infrastructure ministry to improve broadband across the province. We recognize that approximately 12% of homes in Ontario do not have adequate Internet. We know it's a huge problem in rural and northern communities. Benjamin, if you could just let us know—I'm sure that you've researched what we're proposing—if you have any recommendations or improvements or concerns.

Mr. Benjamin LaHaise: I've looked into the ICON program. The application timeline was a little bit tight in terms of what we could do for the first round of intake. In my local township that I actually live in, we are planning to put in an application for the second round of intake in the winter, because it was just too tight for us to try to get anything in for August.

One of the points I would like to make is that in a lot of cases, rural broadband doesn't necessarily need funding where they get a government subsidy; what they need is financing. Financing is the number one problem. As the Angel Investors folks mentioned, there is a huge gap when you're trying to go between a small project, where you can fund a couple of hundred thousand dollars personally out of your own credit, and then getting to the \$2 million-plus kind of thing.

The need is very localized in Ontario. People know what the broadband gaps are locally in their own area, but when you expand out and look at the entire province, it's too big for a couple of hundred million dollars. It's a drop in the bucket because in a lot of cases, with fibre deployment, you have these excessive costs coming from Hydro One.

Wireless is a good technology where it works, but it's limited in capacity. It doesn't replace the land line service, with unlimited usage with high speeds and everything else that is provided. Copper phone lines are obsolete. We have millions of kilometres of copper phone lines in Ontario. They don't do it anymore. It needs to be replaced with fibre. We need to take the steps to try to reduce the costs and the red tape that are associated with the deployment of

fibre, because for me, if I do things correctly, I can deploy fibre at a cost of \$2,000 a kilometre in a rural area. But when I have thousands of dollars per kilometre for permits, it makes it difficult.

Mrs. Gila Martow: Just to recap, you are working with your municipality, so that's great, and I made a note about financing, not just government funding programs. I want to thank you for your presentation. I think we learned a lot from you today.

I'm going to move on quickly to the carpenter team. I actually spoke to somebody in my riding very recently who is in the concrete industry. He normally brings in migrant workers—not something that, really, had been on my mind. Is that a concern for your industry, the fact that many companies do bring in migrant workers to help with what I understood to be some of the carpentry work? And what can we do to encourage our young people to go into the fields where you need skilled labour?

Mr. Mike Yorke: That's a great question. There are a couple of points to it. One is that in a moment of crisis, let's say, in terms of meeting the needs of the industry, we have worked with the industry and worked with our employers to, in many cases, bring in workers from outside the country. Currently, that's not really possible; that's not happening. We've always said, over the longer term, we need to develop that relationship with young people and introduce them to our industry and the benefits that it brings.

Over the last number of years, we've taken a two-pronged approach: One is as I had said. We work with the contractors. We say, "Okay, if we need, in a crisis moment, to bring in workers, we've done that." But at the same time, we have developed great relationships with school boards across the province and with many community groups, educating young people in terms of the benefits of the construction industry. As an example, for the last two or three weekends, we have been out in various communities around the city of Toronto and beyond in the GTA, doing grassroots organizing, directly speaking to young people and their parents—

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

Mr. Mike Yorke: —at shopping malls, on major thoroughfares and saying, "Look, when we're seeing major investment in Toronto, let's say, for instance, in the Eglinton Crosstown LRT, there's a great opportunity and need for young people to find work there. We can provide that access to a great career."

So I want to address your point. We're doing everything that we can, and we're consistently looking for partners to be able to get that message out to the next generation of young people. If you can assist in that, in terms of creating those pathways for employment, we are there.

Mark, do you have anything to add to that?

Mr. Mark Lewis: I would just say on that very quickly: We're in a demographic crisis within our industry and within most of the trades. We are constantly trying to get skilled workers into Canada. It takes four years to develop a journeyman carpenter. We need young people, and we need them in—

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

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

Ms. Catherine Fife: Thank you to all the presenters. It's a good learning opportunity for all committee members.

I'm going to focus my questions for the Angel Investors Ontario and Georgian Angel Network. I represent the riding of Waterloo—Kitchener-Waterloo, myself and Laura Mae Lindo. It's a huge ecosystem around new start-ups. Some of our more successful companies are Miovision, Kik, RSVP. They would not have existed without angel investments. The key part is that these companies have thrived because of that, the jobs have stayed here, and the government has benefited because of tax revenue. I really do see it. I see angel investors as a key part of the start-up ecosystem. While the investments are often small, the funds are critical to the future of early stage start-ups.

I'm thankful that you're here today, because COVID-19 and this committee provide an opportunity to reset how we see angel investments in Ontario, how we see supporting research and the commercialization of that research and therefore the creation of those good jobs. I'm excited about the fact that women entrepreneurs have been pulled into this whole world of possibilities.

Jeffrey, you got cut off in your presentation. This is the key part for this committee to hear: What is the role that this government can play in coming to the table in partnership with angel investors so that we can actually kick-start these start-ups, keep these jobs here and strengthen the economy?

Mr. Jeffrey Steiner: You mentioned the important role of that small funding, that early funding that nobody else other than the angels is willing to do. The role of government would just be really to be part of the solution. The way I'd ask, maybe, to think about it is, the role of government is to supply some support for the infrastructure for the ecosystem to operate that would help bring the angel investors together with the start-ups to do the pitches so that they can make that connection. That takes time and effort. It has to be organized to be efficient both for the innovators and also, of course, for the angel investors who are taking their own money and their own time. So a partnership with the government where the government supplies some of the funding—it doesn't go to pick winners and losers. The funding doesn't go to the companies themselves and the government funding doesn't go to any angel investor, but more for the infrastructure, for the 13 angel groups we have and our central organization, AIO, to help coordinate and make the experience good to make more investment happen in these very good companies.

1430

The last thing I'd kind of answer is, when we've analyzed the past program, the leverage, the power of just a small investment by government, was \$90 of angel investment for every single dollar of government support. Just \$1 of government support resulted in \$90 of angels

putting money into a start-up, plus their volunteer time and their mentoring, which is on top of all of that. So it's a highly powerful impact that government can have by just being a partner in supporting the ecosystem.

Ms. Catherine Fife: Okay. Specifically, though—and this goes to Mark or Jeffrey or Michael—you had mentioned that a program had been cancelled about a year and a half ago, an infrastructure support program. When you talk about programs like this, I think of Communtech, for instance, in Waterloo or the Wilfrid Laurier Sandbox, for instance, which generates those ideas, provides some infrastructure, be it Internet, be it tech support, be it marketing, be it finance advice. Communtech was actually cut by 30% of their budget even though, as you mentioned, the return on investment was \$1 for government investment and then the \$90 return in the local economy.

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

Ms. Catherine Fife: So I want you to talk about the program that was cancelled. I want to know all the details about it so that we can fight to get it reinitiated.

Mr. Mark Lawrence: Actually, operator, can you turn it back to Jeffrey and let him answer this one?

Mr. Jeffrey Steiner: Great, and I'll be very brief. The program that was there before was cut in a series of cuts that were across the board. So it wasn't anything specifically to cut the angel investor support. There were so many programs that were chopped, and ours happened to be one of them. There's incubators. There's all the RICs that do have some investment. When those companies are ready to grow, the first place and, quite frankly, most of the time the only place they can get funding is from the angel investors.

So we were having a struggle, even before COVID, of meeting the demands of these new companies that need funding, want to come and pitch—

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

Mr. Jeffrey Steiner: Well, who's going to organize all of that coordination? That's where the angel groups come, and the spreading of best practices and mechanisms that AIO helps the 13 angel groups do so they don't all have to reinvent the wheel, each of the 13 groups; we coordinate that.

So that's the missing piece. Now, even under COVID, the demands and requests of angel investors for their money from these start-ups is even higher, and we could really use some government support by bringing back that investment in the infrastructure and the architecture of the ecosystem.

Ms. Catherine Fife: And that will lead us, hopefully, to another conversation around intellectual property as well. The province actually went to one of the angel investor pitches that I had attended in Waterloo region and held this company up as the future, but that future is dependent on these angel investments because that's the only reason they've survived, because of angel investors.

Thank you so much for being here today. We're going to fight for resources like that here at this committee.

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

Mr. Jeffrey Steiner: Thank you very much.

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

Mr. Michael Coteau: I want to thank all of the participants today on the call. I find these presentations very informative and very insightful. As proud Canadians and proud Ontarians, contributing to strengthening the direction in which our provincial government's going in is something that I think we could all be very thankful for.

Just a bit of a shout-out to the carpenters, because I've been watching some of the programs they've been doing and the activity of the last few weeks in regard to supporting young people and trying to build a more inclusive workforce out there in Ontario. I think it's great work you're doing.

But my question today is to the Community Fibre Company. Benjamin, you said that it costs about \$20,000 to lay, I think it was, six kilometres of line, sometimes only serving a small group of people. On one side, I believe in connectivity equity across Ontario. I think it is part of our future. But how do we as Ontarians—it has been one of the biggest struggles we've had as Canadians and as Ontarians to really accommodate every single person in the province, because of the size of the province we have. The landmass is just so extreme.

I lived in South Korea back in 1999 to 2002, I think it was, and I was just always impressed, even back then, with the fact that you could download things so quickly. They had speed that was comparable to our speed today in our cities back then, which was 20 years ago.

How do we find the balance between those right types of investments, making sure that we get the best value for the dollar, and at the same time ensuring connectivity equity? Because again, we're talking about—if you have slow Internet, it compromises your ability to generate revenue. Even when it comes to democracy and participation, it compromises your ability if you don't have Internet or it's slow, especially during COVID. I'll turn it back over to you. Maybe you can provide some insight.

Mr. Benjamin LaHaise: Okay. The \$20,000 cost number I associated is just what Hydro One wants to replace eight or nine insulators along the six-kilometre stretch. Our cost for the fibre for that—that fibre costs 68 cents a metre and it took 100 hours of labour to go and put it up, so we're talking about putting up that fibre costing on the order of about \$12,000 or so. The Hydro One costs specifically are pretty much double the cost of putting the fibre up.

The only way I see forward is if we have a coordinated plan like I proposed in my write-up, where we take the steps to replace obsolete copper with fibre. We have to put up fibre in the most cost-effective manner first, initially, so that we can migrate all of the telecommunication services people have off of the obsolete copper phone lines and onto fibre, remove the obsolete copper to free up space and capacity on poles, and then replace it with fibre and robustify the work done in the first step.

It's not a small task. If you're doing a good job, you can put up a kilometre or two kilometres of fibre in a day, so—

Mr. Michael Coteau: I used to work in Ottawa when I was just starting off in university, so we're talking about the mid-1990s. We had Connecting Canadians, SchoolNet and Computers for Schools—all these great programs for connectivity in northern Ontario and northern Canada. For the last 20 or 30 years, governments have been saying they want to build Internet—all governments; again, I'm not trying to be partisan here—all governments. Why do you think regulators and legislators are failing on this front? What's the biggest failure?

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

Mr. Benjamin LaHaise: It is a complex file, and it has a mess of overlapping jurisdictions. Here in Ontario, you've got the company that actually owns the poles, the LDC, like Hydro One; you've got Bell, who own the communications strand; you've got the OEB, which sets rates; you've got the Electrical Safety Authority, which sets the rules; and you've then got the engineers within Hydro One who decide how the rules are applied to their poles. The number of people across the country who understand the process from end to end is very small. You're looking at a few dozen people who deal with it end-to-end, and because it's such a specialized job—it's got everything. You've got construction. You've got rights-of-way. You've got to deal with municipalities. Dealing with any one aspect of it is challenging, is perhaps the best way to put it, and the only way to improve the situation is to incrementally start going down the list: "What do we need to do to remove the obstacles from this?", and so on.

1440

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

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

Mr. Michael Coteau: Okay. Well, I'll just say thank you to each and every one of the presenters. Over to you, Chair.

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

Mr. Guy Bourgouin: My question is to the carpenters, the two Marks. I'm a millwright by trade. I'm a product of apprenticeships. Apprenticing runs deep in my family. My brother is an electrician. My son is now an apprentice. I'm a big supporter of "earn as you learn" because I come from that.

That being said, back then when I started as an apprentice, there were good incentives for companies to do that—working with unions, as you talked about, and your partners, these small contractors. I've spoken to a lot of small contractors, asking them about apprenticeships: Why aren't they using the apprentice way, and what could be helpful? They pretty well told me it was financially difficult to have an apprentice when it was in normal times; in COVID, it's even worse.

I would like to hear from you, the carpenters: If we could go back to the former incentives that government would give to companies to hire an apprentice, because there were good incentives for companies to do that,

would that facilitate the process? And would that help some of your smaller contractors? Because it is costly to educate an apprentice, and if we could have more incentives, differently, I believe that would help. But I would like to hear from your end what your thoughts are on this particular issue.

Mr. Mark Lewis: Any kind of incentive we could get for our contractors and our young people would be of benefit: the more, the better. Now, we realize government doesn't have a limitless pot of money, but right now, coming out of COVID, we think this has so many broad benefits.

Even a small incentive, if you can get a contractor or a smaller business over the initial hump to get an apprentice in there, they can become the right apprentice—as you probably know from your own experience—and become part of the family and the furniture. They bring them up and they become journeymen and they look after them. Sometimes they have relationships that last for a lifetime between journeymen and apprentices.

It's getting the small companies—especially now, given the uncertainties that we have in this environment—some sort of encouragement, whether that's tax breaks which may be—I know it's not a direct grant and maybe that's more appealing. But if companies could get tax breaks to get apprentices going, that would be wonderful.

I'll just say, this is not just work opportunities for Ontario's young people; this is part of education. I realize that the Internet and this kind of virtual hearing is wonderful, and we have that in education, but it's also not for everyone. Some people learn better with hands-on or with direct instruction. If we can get our young people out there as apprentices, it encourages our education system and it's producing the skilled trades workforce that we need for the next 20 years. If we're going to redo the fibre optic cables across the country, somebody has to lay those fibre optic cables. Somebody has to build them. So it advances us on that front. And right now, with so many young people thinking the future is dire with a lot of industries struggling—service and hospitality—this is the chance that we can spread it across the province.

The great thing about smaller construction companies—union, non-union, whatever they are—is that they are in every community.

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

Mr. Mark Lewis: They are in the west end of Toronto and they are in the smallest hamlets up in northern Ontario. So it could just be a huge benefit for our whole province.

Mr. Guy Bourgouin: Chair, how many minutes do we have left?

The Chair (Mr. Amarjot Sandhu): Less than two minutes.

Mr. Guy Bourgouin: Okay. I can tell you, for northern Ontario, when I used to be in the union, we had units that couldn't even open a third shift because of a lack of tradesmen. The sawmills could not operate a third shift, because they couldn't find an electrician or millwrights, or labour for that matter. The basin in northern Ontario is very drained. They used to be able to steal from each company; now they can't.

I know a lot of employers are looking at starting apprenticeships, but they need help. That's what they're asking, and it goes back to what you were saying. They need any type of break, because there's a whole bunch of—like plumbers—and the list goes on. It doesn't have to be union, of course, like you say, but any help that can be given, and because they're far apart. There are a lot of kids—and you're right, once you've taken an apprentice, they settle in the community, especially in the north because they love the hunting and the fishing. They want to stay in their own community. I take the example from my son. But these small employers need help. Definitely, I thank you for your presentation and I can give you the last seconds or minutes just so that you can emphasize even more and explain more how we can be of any assistance.

Mr. Mark Lewis: One way of assistance—and this is for all of the MPPs on the line; go out and tell your colleagues—if you have young people who come in to your offices who don't know what to do, our industry isn't for everyone, but maybe you could tell them to go talk to the local carpenters' union in their community—

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

Mr. Mike Schreiner: Thanks to all three presenters. I'm hoping to ask each of you a question, but I think, since the carpenters were last speaking, I'll direct my question to them.

First, do you have some examples of best practices around the world in other jurisdictions that have either used grants or tax incentives for apprentices, and what difference that's made to attract more people into the trades? I'm thinking especially there's a lot of interest in potential retraining for women and people of colour to enter the trades.

Mr. Mike Yorke: Look, it's a good question. What we've seen across the board, as Mark has mentioned, are often tax incentives on tool purchase for young people. We really want to have them go through those four years of their apprenticeship program knowing that there's a support mechanism for them. So certainly with us, our College of Carpenters and Allied Trades—we have support mechanisms there; we have staff who bring them along. With us, part of that is role-modelling for young women as well. We have young women as instructors. There is a kind of a safety net for the next generation for training. They know they have support out on the job site and that we negotiate with the employers. It's very important to have government support, and that can come in the way of tax benefits for training, tax benefits for tool purchases etc.

Some areas that we've seen and wanted—what might be an example I would give you is, say, for instance, for Eglinton LRT Crosslinx, to have in the tender documents that apprenticeships have to be a part of that overall development, that overall project. That really opens the doors to young people coming in, and then we sit down with the employers and say, "Here's how we can collaborate and make it work." So there are some benchmarks,

and the issue of community benefits, which I've just mentioned on Eglinton LRT, is very instrumental in opening the door for young women, for young men who may be not necessarily in the construction industry. So that's an opportunity—

Mr. Mike Schreiner: I appreciate that.

Mr. Mark Lewis: I will say this: The gold standard in terms of apprenticeships is found in Germany.

Mr. Mike Schreiner: I was going to ask about Germany, so thank you.

Mr. Mark Lewis: They encourage apprenticeships throughout their system. If you look at the average age of people entering apprenticeships in Germany, it's just over 18, but in Ontario, it's 26 to 27. We're just not catching up. If we could just see apprenticeship as part of the education system, that would be great. Any kind of incentive that the German government provides to businesses of all sorts—there are industries that make sure they have tool and die makers being brought through their systems for their manufacturing etc.

1450

One thing that the government could do and perhaps all of you could do: First off, if we got more recognition about the contributions that tradespeople make to their societies. When we go to Germany and we speak to our equivalents at every level—in government, in unions, in the employers—they talk about the profession of carpentry, the profession of being an electrician, the profession of being a communications technologist in laying these fibre optic cables. There is real respect shown for people who actually build the infrastructures on which we're all relying. Everyone is as guilty of that as everyone else. But even a simple thing like that, trying to up where we see trades within the social hierarchy, would be a great help to us.

Mr. Mike Schreiner: That's great. Maybe research staff can take your advice for the committee and do a little German research for us.

I'm going to shift to Benjamin really quickly. I've heard the story of the challenges of Hydro One on more than one occasion now—another example of why we should never have privatized Hydro One.

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

Mr. Mike Schreiner: I'm wondering, what kind of leverage do you think we have to put pressure on Hydro One to remove some of these barriers to moving forward with broadband?

Mr. Benjamin LaHaise: There are two tools that we have provincially. The Electrical Safety Authority is the entity that sets all of the regulations that Hydro One has to go and follow that directly impact construction and such. The Electrical Safety Authority has in fact made—there's one bulletin they put out a few years ago called "Materially Insignificant" Alterations, the idea being that if you make a very small change to loading on a pole, you shouldn't have to do the full engineering and trigger all of the process that ends up requiring pole replacement. It is only a bulletin, so Hydro One and Hydro Ottawa are not required to accept use of that as a means—

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

Mr. Benjamin LaHaise: The Electrical Safety Authority is part of it; the other part is the Ontario Energy Board, which sets rates.

One of the challenges as a third-party attacher to poles is that we don't have those joint ownership agreements that Bell and Hydro One have. As a result, the cost allocation, especially for safety-related issues—as a third-party attacher, we have to bear the full cost for this. My argument is that we aren't the sole benefit of replacing insulators. If Hydro One doesn't have to go and pay overtime for a crew to go out on a weekend because an insulator failed and a conductor falls on the pole, and now you've got a pole fire that calls out the fire department and Hydro One guys and everything else—

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. We'll go back to the government side. MPP Piccini. Unmute, please.

Mr. David Piccini: Thanks, I was just waiting for you guys to unmute me. Thank you very much, Chair, and thank you to all the presenters for your presentations.

I'm going to start with Benjamin, please. Benjamin, I'm a rural member from eastern Ontario. Broadband, as you've heard, is a non-partisan issue; certainly, everybody recognizes it. I would say we have a moral imperative now with COVID-19. If not now, then when? If we can't get our act together now, then we never can. Of course, the province has invested in ICON. I know locally, for what it's worth, my local 12—two First Nations communities, 10 municipalities—we jointly wrote a letter to the feds asking to front-end that investment.

My question first: We would like to see real leadership at a federal level; do you think we've seen it to date? Secondly, when you talk about leveraging hydro poles, what are your thoughts from a municipal planning process, when they're building new subdivisions, about addressing it right off the bat with new developers and others and looking at, even with asset management planning now mandated at a municipal level, building it into regular road maintenance etc. down the road?

Mr. Benjamin LaHaise: The challenge with including it in road maintenance and such is that the timeline for that is just far too long. What I think has been a problem with a lot of the broadband programs so far is that there has been no real sense of urgency to solve the issue across the entire country, and it is these red tape issues that go and cause delays and increase costs and such. Without change, I do not consider projects involving Hydro One poles to be a good investment for my company. I would far rather work with a company like Hydro Ottawa where I know the permits are going to get done in 30 days. I don't have these, "Oops, it took two years," kind of things.

The problem with Hydro One affects Bell as well. They have poles that they've been waiting for Hydro One to replace around Carleton Place for two, three years. So I think there needs to be a sense of urgency to recognize that this infrastructure needs to get built.

Mr. David Piccini: Can you flesh that out a little more for me, though, the process? You said two years with

Hydro One: Just for everybody's sake, just take a deeper dive there.

Mr. Benjamin LaHaise: The problem is Hydro One doesn't have a standard for permit processing. They don't have a ticket-tracking system, for example. You submit a permit; there's no way to tell what the status of it is. Bell has that problem as well.

We're talking about basic infrastructure for managing a business, and business processes that are essentially 50 years old. I like to say Hydro One's processes are out of the 1950s. How they do pole engineering for themselves is they have a guide go out and measure things at each pole with a hot stick. Why not use modern infrastructure where you can get these lidar and camera units with GPS and then you go and you spend less time surveying each pole. You use modern pole-loading software to do the loading calculations rather than doing it by hand on a piece of paper. These are fundamental modernization activities that need to be a requirement for Hydro One. Even the OEB changing the rules on pole rental and requiring that Hydro One has to respond within a given timeline would make a huge, huge difference.

Mr. David Piccini: Thank you, Benjamin. Do you think you've seen the urgency at the federal level?

Mr. Benjamin LaHaise: I still don't think there is a sense of urgency to it, because it's such a big problem that it needs a coordinated effort. When you have funding programs that have a limited amount of money to hand out for these projects, they only just scratch the surface on a portion of the project. If, on the other hand, you had something like the infrastructure funding tools that municipalities have within the province where they can get that 30-year amortization for the infrastructure that they're building—that isn't available to the small providers and such who are trying to go and solve the problems in their communities. If I go to a bank and say, "Well, I think I can get money from this project," and they go, "Well, you don't have any guarantees or revenue stream for that," as a small provider, it's a huge hurdle to overcome. But yes, we need this infrastructure. The incumbents aren't investing in these communities. I don't know what they're waiting for.

Mr. David Piccini: Thanks very much, Benjamin. I appreciate the work you're doing and thank you for appearing before the finance committee.

Next, to Mark and Mike. I agree with you wholeheartedly on the culture piece and stigma piece you spoke about with the trades. Obviously, the government has taken real action on the trades file with ontario.ca/page/hire-apprentice. Obviously, the campaign to really promote the trades—"Gain what you train" and things like that—are critical. But I'm curious—

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

Mr. David Piccini: You spoke about the tender process and community benefits. From a rural perspective, would you like to see a greater coordination of perhaps, I don't know, school boards and our municipalities on this? Where do you see that? Just if you can flesh that out a bit more, and thanks again for all that you're doing. And hi,

Jeffrey. Sorry, I'm just—trades for me in rural Ontario. So over to Mark and Mike.

Mr. Mark Lewis: We would love coordination. Sometimes this is seen as a big city issue; we don't see it that way. We have locals everywhere. They want to keep their young people there. There is investment in infrastructure across this province. Hopefully, there will be more rural investment in that broadband Internet and fibre cables. That should be local young people who are training while that work is being done.

1500

It's not going to be a be-all and end-all, but if they could just award some points within the tender process—

The Chair (Mr. Amarjot Sandhu): Thank you. I apologize to cut you off. The time has come up. That concludes our time. Thank you to all three presenters for your time. We appreciate your presentations.

Moving along to our next group of presenters, first I would like to call upon—before we do that, I would like to do an attendance check. MPP Thanigasalam, if you can please confirm your attendance, and that you're present in Ontario.

Mr. Vijay Thanigasalam: Yes, it's Vijay Thanigasalam. I'm calling from Scarborough, Ontario.

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

Mr. Tom Rakocevic: It's MPP Tom Rakocevic, from Humber River–Black Creek.

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

MUNICIPALITY OF SIOUX LOOKOUT MORTGAGE PROFESSIONALS CANADA

The Chair (Mr. Amarjot Sandhu): Our first presenter is Splash On Water Parks. If you can please state your name for the record, and you will have seven minutes for your presentation. Unmute, please. You have to press unmute on your end, or press star nine if you're calling through audio only.

Interjection.

The Chair (Mr. Amarjot Sandhu): Star six.

We'll move to our next presenter for now and we'll come back to the first one. Our next one is the Municipality of Sioux Lookout. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Doug Lawrance: Thank you. My name is Mayor Doug Lawrance, from the municipality of Sioux Lookout. Sioux Lookout is located in relatively remote northwestern Ontario. Often when we are communicating with the provincial government, it is about our unique role as the hub community for 30 First Nation communities. Those First Nations generally lie to our north. We are also a hub community for American tourists, who are attracted by our remoteness, natural beauty and quality of life. They come and stay in the 25 tourism businesses operating out of Sioux Lookout.

Please see figure 1, the last sheet of the briefing note that I provided for you. It shows the markets within reasonable distance of our area, and that emphasizes the dependence of Sioux Lookout businesses on the huge American market for their operations to succeed and be profitable. Tourists from southern Ontario rarely travel to Sioux Lookout for the northern experience. They traditionally travel to what is their north, perhaps the Muskokas.

In order to inform you of the impact of the closure of the American border on local businesses, we have chosen to focus on one typical business so you can see the individual impact. The math for the overall impact on people and business in our community can be done using this example.

Anderson's Lodge is one of approximately 250 resource-based tourism businesses in northwestern Ontario and one of 25 in the Sioux Lookout district. They are all suffering tremendously during the COVID-19 crisis. Some 95% of the market associated with these businesses is from the US. Although the industry has aggressively marketed domestically for years and has had some success in doing so, this has had minimal impact to make any significant difference or gains during this COVID time.

Anderson's main lodge, based in Sioux Lookout, houses a retail and tackle shop, along with a dining room. These facilities are also open to the local public. The main base has 13 cabins that house a total capacity of 60 people. Anderson's also operates four fly-in outpost camps with another 30 beds. In 2019, Anderson's employed 52 staff. This year they have 16 on payroll, mostly part-time. By the end of June, Anderson's was down in stays by 3,000 person days, down 95% compared to 2019 for the same period. This annualizes to approximately \$2 million in lost revenues compared to 2019.

The following information should help put the devastation into perspective. These stats are as of June 30, 2020, one third of the season. Compared to 2019, expenses are down \$304,000, which means this money, normally spent through 58 area businesses, is missing from the community of Sioux Lookout.

These businesses supply fuel, propane, bait, groceries, bars, hotel rooms for guests to overnight in prior to flying, tackle for resale, clothing, boat engine purchases, purchases on behalf of guests, furniture, supplies and equipment from hardware stores, cleaning supplies, stationery supplies and more. Fixed operating costs must still be paid—insurance, property taxes, hydro, telephone and bank fees, automobile loans, long-term debt, and more—and no leniency is being given on any of these payments.

During the winter months, October 2019 through February 2020, marketing expenses of \$74,000 were incurred by Anderson's. This includes the printing and mailing of 20,000 copies of a 28-page brochure; attendance at sports shows—two in the US and one in Toronto—advertising new fishing regulations; TV show expenses; Internet marketing; and telephone and promotions expenses. With no renewals from this season, these marketing

expenses will be required again this coming fall and winter. Anticipating that revenues from the 2020 season would cover the expenses from January to March this year, Anderson's Lodge spent \$70,000 to do upgrades to the cabins and lodge facilities, and boat equipment and motor upgrades.

Not being open to the US marketplaces has decimated Anderson's Lodge this year. Anderson's is only one lodge of 23 resource-based tourist businesses that create significant employment to the region. They're also a significant source of revenues for supporting businesses in Sioux Lookout.

Our municipal staff met with lodge and outfitter owners in Sioux Lookout to gain a perspective of how COVID has affected their livelihoods. From that meeting, the following was noted. Some of the large outfitters are new owners that have substantial loans from financial institutions and are fearful that they may lose their investments to the bank if they are unable to continue to make debt payments, not to mention the fixed costs.

Many American tourists are not willing to give up their reservations in hopes of the borders opening for the fall hunting season, leaving tourists operators in a situation whereby they're afraid to lose their secured and repeat clientele from the US, in favour of getting the odd reservation from a Canadian first-time client that may not come back.

Our lodges and outfitters have advised that some of their clientele from the US have indicated that if and when the borders open, they are not sure they would be willing to travel, fearing no health insurance coverage if they were to contract the virus. In addition, some of the US clientele has indicated that they may be required to self-isolate upon return—

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

Mr. Doug Lawrence:—which would put more of a burden on their allotted vacation time.

Tourist business owners have indicated that they may not be able to ensure property tax payments to us. We have polled 23 lodge outfitters and 15 have responded. They can accommodate a total of approximately 1,000 beds per night, but they're down 95% in this business. On average, the typical lodge/outfitter loss in revenues from May to July, as compared to 2019, is half a million dollars in revenues. Multiply that by 23 and it's over \$12 million. We also have two floating lodge businesses that put \$280,000 into our local economy.

The almost non-existent tourism industry in 2020 has a devastating impact to local businesses and our community. Whether the borders between the US and Canada open in the near future or later, we want the province to realize that, based on the information presented to the standing committee on finance, this will be an industry that will take some time to rebound from the pandemic and will require ongoing resources and financial support from the province for several years.

Thank you very much.

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

Our first presenter for 3 p.m. has cancelled, so we have one more. Splash On Water Parks has cancelled, so our

next presenter is Mortgage Professionals Canada. If you can please state your name for the record, and you will have seven minutes for your presentation.

Ms. Tracy Valko: Tracy Valko, executive secretary of Mortgage Professionals Canada, with CEO and president, Paul Taylor, of Mortgage Professionals Canada.

Chair Sandhu and members of the committee, on behalf of our 7,500 Ontario members of Mortgage Professionals Canada, thank you for providing this opportunity to add our collective voice to the discussion on the impact of COVID-19 on Ontario's small and medium enterprise sector. My name is Tracy Valko executive secretary of Mortgage Professionals Canada board of directors and a mortgage brokerage owner in the Kitchener-Waterloo municipality. With me today is Paul Taylor, president and CEO of MPC.

MPC is a national professional association of over 12,000 members. We promote and support mortgage broker-originated mortgages. By head count, mortgage brokers and agents across Canada make up the largest component of our membership; however, almost all Canadian banks and mortgage lenders that originate mortgages through our independent agents and brokers also belong to the association, as do all three of the Canadian mortgage insurers. Because of the diverse nature of our members' businesses and their respective roles in fulfilling broker-originated mortgages, MPC has a thorough understanding of the marketplace impacts of any changes to mortgage financing and funding costs, securitization and liquidity, underwriting criteria and lending guidelines, and changing consumer behaviours.

1510

Firstly, we'd like to thank the government for the financial support programs introduced at record speed to assist the financial system's liquidity and business supports. The Ontario government's coordinated efforts with the federal government have ensured our banks, credit unions and regional lenders can continue to be well-capitalized and well-positioned to issue credit, a necessity for a healthy marketplace. Programs for all individual businesses, interest-free and forgivable loans, the commercial rent assistance programs and income continuance programs and supplements have also been tremendously beneficial for the most financially impacted. Given the severity of the times, your response, scale and speed were commendable.

As we are now in month five of the business impact of the required closure and opening of businesses, MPC has witnessed many challenges for a number of the businesses that are our members, which, in turn, created difficulties for the Ontarians who would generally use their products or services. Social distancing has made many traditional real estate workflows unavailable: open houses, showings and many strangers gathering in a single residence for a viewing; on-site inspection and appraisal service difficulties; a legal document signing for property, registration, transfer and mortgage issuance at the traditional lawyer's office. This industry has managed to find workable alternatives for the short term, although many solutions, such as electronic signing acceptance, are considered

short-term accommodation solutions rather than acceptable forward-looking best practices.

Small businesses have been challenged in many ways. Eligibility for certain programs due to annual revenue parameters or finding their landlord unwilling to participate in their rent subsidy programs are the most common complaints we've heard from our membership. Small businesses, many of which are sole proprietorships and who have used their personal bank accounts and those that had payroll below \$20,000 annually, did not qualify for the Canadian Emergency Business Account, or CEBA. Given the vast majority of our mortgage agent and broker membership are self-employed and often use the services of a part-time assistant, or their businesses organically grow, many found themselves unable to take advantage of this program, reducing their income potential and often costing the support staff their jobs.

Similarly, while the Canadian Emergency Commercial Rent Assistance program, CECRA, was well-intentioned and shared the economic burdens between the landlord, tenant and government, many landlords are unwilling to apply for the program, given their expectation that they could achieve 100% of their rental income with a different commercial tenant, rather than 75% of the rent with their existing tenant. Many landlords themselves could not afford a 25% reduction with their rental income and still cover their operating expenses.

Lastly, smaller businesses have faced challenges from an IT nature, having to very quickly create centralized systems to permit remote employees the necessary access to database systems and software. The cost to create this access is not insignificant, and in many instances, businesses have had to decide whether to invest in technology, often through additional indebtedness and business loans, or to reduce their staff output and revenue-generated expectations in the short term. Psychologically, taking on additional credit and business risks in April was challenging.

Mr. Paul Taylor: We're asking the government consider a number of things:

(1) That the Ontario government, as part of its red tape reduction strategy, remove all legislatively required wet-ink signatures and instead amend these acts to permit electronic signatures.

(2) That a CEBA category specifically for small businesses be introduced, and for those small proprietorships using personal accounts and small or part-time payrolls, perhaps a reduced \$20,000 loan amount with a floatable \$5,000 caution could be considered. This would go some way to ensuring income continuation for many part-time employees and reduce the burden on the businesses in the future, who have to replace these part-time staff.

(3) Consider increasing the overall rent subsidy amount from 75% to 90% under the CECRA. Such a change will make the program much more compelling for landlords given the expense expectation of sourcing new tenants. The current 75% combined rent coverage is, in many instances, insufficient.

(4) Implement for 2020 a \$5,000 emergency IT grant program for businesses generating less than \$150,000 annually and consider permitting a tax relief structure, again just for this year, permitting businesses with revenues under \$500,000 to classify IT investments as capital expenditures rather than depreciating assets, if the business investments were required to accommodate employees' work-from-home requirements.

And then, very quickly: (5) For large consumers, increase opportunities for aspiring homebuyers by reducing zoning and NIMBY roadblocks.

(6) Reduce land transfer taxes for folks—and I have a number 7 that I'll talk to in question period, hopefully.

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

Mr. Mike Schreiner: Thanks to both presenters, and hopefully we'll get some answers during this question period. Mr. Taylor, I will let you take the time to provide us with your final recommendation.

Mr. Paul Taylor: Thank you very much, indeed. I really appreciate that.

The final recommendation is actually regarding the mortgage deferral expiry dates of September and October that you have no doubt heard about in the media. We have been asking at the federal level for OSFI, which is the superintendent that oversees federally chartered banks, to provide an additional six months' worth of capital relief to lenders, for folks that really do need to continue to get those mortgage deferrals.

As the mayor of Sioux Lookout was talking about, very specifically anybody involved in travel, tourism or hospitality industries is probably significantly more impacted, at least from a time frame perspective, to get their income back on track, and so we would like to see at the provincial level, as well, capital easing available for provincially regulated lenders who would like to, for the next additional six months, continue to offer those deferrals. It will keep an awful lot of families in their homes.

If we set a maximum, say, of 5% of the full mortgage portfolios that the lenders offer to be included in that deferral capital relief program, we think that's reasonable. CBA's most recent numbers say about 16% of mortgage holders had availed themselves of that mortgage deferral at some point. So 5% is significantly reduced from that but will allow the lenders to target that support quite specifically to the folks who need it.

Mr. Mike Schreiner: Great. I appreciate that. I'm hoping to ask Mayor Lawrance a question as well, but while I have you here, I want to ask you about the rent program, because I've heard from so many small businesses that it's just simply not working, and many small businesses have suggested that it be tenant-driven rather than landlord-driven in terms of being able to apply. But your recommendation suggests that if the Ontario government might step in and top it up, somewhat similar to what Quebec has done, that that might provide an incentive for landlords to actually apply. Have you had any conversations with commercial landlords that a 90% threshold

would provide the incentive for them to actually submit applications?

Mr. Doug Lawrance: I apologize, that wasn't—

Mr. Mike Schreiner: No, that was for Mr. Taylor or Ms. Valko, and then I'll go to you for a question, Mayor Lawrance.

Mr. Paul Taylor: A number of the members within our group do actually own the commercial space in which their own businesses run, and so they have tenants of their own. Tracy is a practising broker and runs her own mortgage brokerage out of K-W. She's probably more directly able to answer experientially, even, from her own landlord discussions on how that might go.

Mr. Mike Schreiner: Yes, go ahead, Tracy.

Ms. Tracy Valko: Yes, thank you. I have spoken to my landlord. I actually have a lot of my clients that are small business owners in the Kitchener-Waterloo area. They are experiencing what I'm experiencing with my current landlord, where they applied for the rent relief program for the first three months, which was March, April and May. They put the application in, and their conversation was that the application process was very onerous and difficult to be able to complete. But my landlord did complete it and was approved for it, so it assisted many of the small businesses, especially in the building that I am in. There is a restaurant and some smaller services like a hair salon that have just recently got back with stage 3 in Kitchener-Waterloo. They were able to get the program. We were able to get some rent relief.

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But the issue is that the second time around when the government announced that the landlords were able to apply again for the commercial assistance program, these landlords' conversation with the tenants was that they couldn't afford to apply for it. They would rather try to seek to get 100% of rent from the current tenants than apply for the reduction, because they could not afford it. They might own, as my landlord does, many other buildings in the K-W facility, and he's suffering immensely from not getting any rent at all. They're not in a position where they're applying, which is affecting a lot of people.

Mr. Mike Schreiner: Great. Thanks for that additional insight. I really appreciate it.

Ms. Tracy Valko: Thank you.

Mr. Mike Schreiner: Before I run out of time, Mayor Lawrance, I wanted to ask you—we've heard from a lot of tourism businesses, particularly lodges in the north just on US travel restrictions etc. When you mentioned the need for government support to keep these businesses alive, what types of specific supports do you think are needed to prevent them from going under?

Mr. Doug Lawrance: I think one thing would be a direct loan to the businesses, but the important part of that would be that the loan not begin repayments for two years and then the repayment be spread out over eight, nine, 10 years, because this is going to be a huge impact.

The market is gone for this year. It's not like a business where the customers will start walking in the door in a month or two. It is gone. The year is done, and next year

is very, very tenuous. Many of the return customers won't return. We don't know what the status of the border will be, what the status in the United States will be. It's that money to get them through the next two years but not be forced to pay it back. That's one: a loan.

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

Mr. Doug Lawrance: Another would be tax relief directly to owners somehow, if somehow the province could give the municipality relief on the property taxes for the businesses. They're easy to identify, the 25 businesses that depend entirely on the American tourist market. So those are some ideas.

Mr. Mike Schreiner: And how devastating would it be for your community's economy to lose these lodges?

Mr. Doug Lawrance: We're highly dependent on First Nations. Servicing First Nations: That's the backbone of the economy. But we have been fortunate over the years to have the diversity of having CN run through our town and the tourism business. Tourism is really what has been there for decades—

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

Mr. Doug Lawrance: Thank you.

The Chair (Mr. Amarjot Sandhu): All right. Before we move to the government side for their time of questioning, I just want to make sure who—someone is calling through audio only. If you want to please introduce yourself by pressing star six. If you can press star six.

Okay; never mind.

We'll move to the government. MPP Smith.

Mr. Dave Smith: I'm going to start with Mayor Lawrance. Sioux Lookout has 30 different First Nations all around it, and you're the hub community for it. We've heard from the Tourism Industry Association of Ontario. I'm also chairing a northern recovery committee for northern development, mines and energy, and what we've heard is that approximately 82% of Indigenous tourism is from foreign visitors. With what's going on in the United States, it's going to be very difficult to open up the borders and to bring US tourists into Ontario.

Do you have any suggestions for us on how we can do something to promote more of a hyperlocal tourism and get some of the people from southern Ontario who have never discovered the beauty of northern Ontario to actually come up and discover what northern Ontario has to offer?

Mr. Doug Lawrance: Well, I would suggest that you go to a marketer for that kind of advice, but I think if you do look at the map that I've provided—the figure—you will see that Sioux Lookout and north of us is dependent on that American market. To the west, it's Winnipeg. Winnipeg only needs to go as far as their own north or to Kenora and Lake of the Woods. We're a three-hour drive from Kenora, and between us and them are umpteen tourist facilities in the area that are just as good as ours.

We're closer to Calgary than we are to Ottawa. You have a northern market there, and it's five million, six million, eight million people. Go to the south, to Milwaukee, to Chicago, to Detroit, and that circle is just

to give you an idea. There are 25 million Americans there who crave the absolute wilderness that we have—not all of them, but it's a market of 25 million. That's more than the province of Ontario. This marketer would have to be a really good marketer to get the people up from southern Ontario to our north. It would be worth the experience, but even if we could do it, it's going to be a trickle compared to what we can get from the States. I don't want to be pessimistic on that, and I can't tell you how to market it, because it's a long way past Muskoka or Algonquin Park to come up to our north.

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

I'm going to turn focus a little bit and go to Tracy and Paul. On Saturday, the Toronto Star published an article about CMHC investigating an equity tax to be put on principal residences. Do you have any thoughts on how this would affect the mortgage market with respect to the purchasing of new homes or resale, moving into the second home or possibly even the third home?

Mr. Paul Taylor: Thank you very much indeed for the question. I think an equity tax would be incredibly detrimental to the real estate market in general, and I think I read the same article. But I do have to be fair: When the news broke that the CMHC was investigating such a tax, we reached out directly to the minister who is responsible for CMHC federally who clarified for us very, very quickly—as did Evan Siddall himself, who is the CEO of the organization—that they're not investigating that as a public policy implementation at all. The article that originally reported that was a little bit overzealous. They fund academic grants as a crown corporation, as you would expect.

There's a think tank called Generation Squeeze actually affiliated with the University of British Columbia that was putting together a thought paper that would include the topic of an equity tax. But I believe that the federal government has quite specifically and very quickly tried to distance themselves from any implication that they were actually considering that, because the impact would be tremendous.

The vast majority of Canadians really do consider the tax-free capital gains of their home to be the cornerstone of their retirement funding. So to suddenly implement a requirement to take away some of that equity upon selling would have significant psychological impacts to the wealth effect of the nation and would potentially drive a bit of a consumer-driven recession, as people suddenly feel like they have to save very quickly to make up the shortfall that they've just been required to cover. It would be very detrimental, but I don't believe it's really imminent.

Mr. Dave Smith: Okay. Have you done any modeling? You mentioned the tax relief for capital expenditures, rather than having it as part of the depreciation. Anyone who's been involved in business knows that cash is king and that yes, on paper you can demonstrate that you've made a whole lot of money, but the reality is that you've spent far more than what you actually brought in because of depreciating capital assets. Have you done any

calculations on what that would mean in terms of revenue for government if we were to do an accelerated capital cost allocation and do it over the course of 12 months or one tax period, rather than extending it—I believe it’s about five years for IT, is what you amortize it over. Do you have any idea what that would do to revenues?

Mr. Paul Taylor: I think for hardware and software, it’s actually generally about three. You would lose basically two thirds or two years’ worth of tax revenue. But the recommendation is actually quite specifically for the smaller businesses, not for the larger enterprises, because we figure they can probably absorb that in the normal course of business, given that their top-line revenue, frankly—

Mr. Dave Smith: I’m going to interrupt you for just one second. Where I’m trying to go with this is not to suggest that this would be a bad thing for the government, but I was hoping that you could point out that really it’s a small amount of money to be worried about.

Mr. Paul Taylor: Oh, it is.

Mr. Dave Smith: So don’t be worried about it, because it would really improve cash flow for small businesses.

Mr. Paul Taylor: Yes, absolutely.

Mr. Dave Smith: Not that I’m trying to put words in your mouth.

Mr. Paul Taylor: No, no. Thank you very much indeed. I should ask you the question yourself next time. Compared to the overall volume of dollars that have been spent already to support small businesses—

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

Mr. Paul Taylor:—this is a really practical way, at not a very large ticket, to assist those businesses to continue.

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

Mr. Dave Smith: Thank you.

The Chair (Mr. Amarjot Sandhu): We’ll move back to the opposition. MPP Mamakwa.

Mr. Sol Mamakwa: Hi, can you hear me?

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

Mr. Sol Mamakwa: Hi, Mayor Lawrance. Thank you for presenting to this committee. I know it has been a number of times that you’ve presented to this committee with respect to some of the Far North issues that some of our organizations and some of our businesses face.

Just to give some context of where we are: In the early shutdown of the province, there were times I had to drive down to Queen’s Park from Sioux Lookout. It was pretty much a 22-hour drive to get down here. When we try to provide an opportunity for businesses or for tourists to come from southern Ontario, it’s quite a ways.

I hear from all the tourist operators on what they’re facing with respect to the financial hardships that they’re feeling, and not only that but it will probably go into next year. There has been minimal assistance from the provincial government on how to do that, like any subsidies that are there.

Especially in the springtime and in the summertime, the town of Sioux Lookout is a very happening place whereby

there are a lot of things happening from the north: festivals, but also the tourists who come from the States.

I know one of the things that recently happened in our neighbouring community of Red Lake is that they had an evacuation. Were there any people who came to Sioux Lookout area or the camps? Because I know the regional tourist operators were very helpful in housing some of the 5,000 evacuees from Red Lake. I’m just wondering if there were any people who came to the Sioux Lookout area—or explain further how you keep evacuees in the summertime as well.

Mr. Doug Lawrance: As for the Red Lake evacuees, I’m not sure; we don’t have the numbers yet. We facilitated working with Red Lake and PEOC that people could come to Sioux Lookout, but it would be of their own accord. We’re not sure where the numbers are right now on that.

In a normal year, we would be a host community for fire evacuations from northern First Nations communities. This year, the fire activity, thankfully, has been quite low. There was a recent Fort Hope evacuation. But as you saw, from the amount of water that fell here today, I don’t think there is any forest fire that has any hope. It was a tremendous rain.

But to go to your point—thank you, MPP Mamakwa; it’s nice to see you too—Minneapolis is about a six-to-seven-hour drive from here. When you cross that border, you don’t drive for 50 kilometres at a stretch without seeing any civilization. Even though it’s north in the US, the civilization is fairly intense compared to up here. Those Americans, they crave for what we have up here—the well-managed fishery resource and the hunting resource that we have—and they come.

It’s a unique situation where—and I appreciate the comments about can we create a larger market, but MPP Mamakwa is right: It’s a 22-hour drive to Ottawa; it’s a 20-hour drive to Toronto. There are lots of places people can go four or five hours north of Toronto. They don’t have to come all the way to Sioux Lookout. They’re going to be somewhat similar—not as good, of course, but a lot more economical for people.

In this one-or-two-year period, to try to replace that American market is virtually impossible.

Mr. Sol Mamakwa: Okay, I guess for some type of financial compensation—you answered questions with some of my colleagues earlier. I know you mentioned something about some type of [*inaudible*] and also the advertising costs that our organizations, our resorts have to invest in. Would you be open to some type of commercial rent subsidies for these resorts?

Mr. Doug Lawrance: Sure. I don’t know that the rent subsidy program would be—most of these businesses are—there’s been quite a change in hands to younger owners now. They’ve bought from older owners so there is a lot of debt at the bank for the purchasing that they have to pay off. So it’s loan deferrals—if there’s any way that that could be accommodated. Direct loans from the province, again: It’s money the province will get back. And if you don’t make the loan—

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

Mr. Doug Lawrence: —and these businesses go under, I don't know how we're going to replace them, what's going to work. Everybody will lose. So we need to make that extra effort: loans to the businesses with a longer payment period; tax relief; maybe tax through the municipality for property tax, if we can be reimbursed. We're going to lose property tax, but if we can give a deferral or let them off the hook for property tax for a year or two, and with assistance from the province. There are definite ways where you can track specific amounts and make it formula-driven so that this isn't a risk. The risk is in not doing something.

Mr. Sol Mamakwa: I know one of the things I face too, like when I'm at Queen's Park, because we're such in the far—in northern Ontario—and sometimes because of the population, sometimes what's happening in Toronto may not be similar to what's happening in the Sioux Lookout area—

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

Mr. Sol Mamakwa: Pardon?

The Chair (Mr. Amarjot Sandhu): The time has come up.

Mr. Sol Mamakwa: Okay.

The Chair (Mr. Amarjot Sandhu): We'll move to the government side now for their second round. MPP Smith or MPP Tangri.

Mrs. Nina Tangri: Well, thank you, and I want to thank all the presenters for joining us here today, as well. My questions are actually for Paul and Tracy, initially. Open houses and appraisals, as we know and as you've mentioned, have been very difficult, but I do really want to commend your industry for stepping up and adapting to the challenges of the pandemic.

Government programs including CEBA were recently changed to include more small businesses, and I know you've spoken about those challenges. How do you think the response has been to those new changes so that more people can actually apply for it? I've taken a look at it, I've walked some people through it, and I found it very difficult because now they're asking for lots of documentation rather than they did in the past. How has the response been from your industry?

Mr. Paul Taylor: The folks that qualified for it I think were incredibly thankful for it. It was a cash injection at a time when it was very much needed, when businesses were closing their doors.

We are actually very fortunate, I'll be honest. The mortgage broker community was deemed to be an essential service, as were the banks and the lenders that they produce loans for, and the mortgage insurers, of course. So we were able to continue to operate, but because consumer confidence fell to next to zero, actually, in the months of April and May, there was almost no activity, really, taking place. Even though we were open—Tracy will probably tell you herself—there was an awful lot of effort spent on non-revenue-generating transactions and really just psychologically counselling Canadians and Ontarians about

how the marketplace would continue, how the mortgage deferral programs were accessible to those that really were struggling. The cash injection through CEBA and others was critical, actually, to their survival. As a previous MPP mentioned, cash flow is what keeps businesses alive. Profit is always a matter of opinion, but cash is a matter of fact. Those programs were certainly very assistive.

Tracy, you can probably talk to that directly, too.

Ms. Tracy Valko: Okay. Again, going back to how a lot of my clients are small business owners, I have coached and assisted many clients during this time. With the CEBA program, there is a lot of paperwork for them and it's very onerous.

What I'm finding is that as this program continues to go on, the delay in people getting approved for it has increased immensely. Many of these small business owners are in an industry where they were just opening up in stage 3, still haven't received the funds to be able to start even helping cover costs to be COVID-safe before they open their doors, and have not been able to reopen. So it's a delay in them being able to get the funds, and I think it's just the immense amount of pressure on that program—a lot of people applying for it. And it's not as easy as it was. It was becoming a lot more document-heavy.

1540

Mrs. Nina Tangri: And just on that, two things: You spoke about, perhaps, a smaller loan—instead of the \$40,000, maybe a \$20,000 loan. I think that's certainly a good suggestion and something that we should bring forth to the federal government.

But, also, Paul, I think you spoke on something on red tape reduction: removing wet-ink signatures completely. Obviously, there's a concern of fraud, which there always will be when we make changes like this. How concerned are you with that? It is the way of the future. We're doing so much more electronically. You can purchase a house using electronic signatures now, so why not the mortgage application? What would you say the challenges could be in that area?

Mr. Paul Taylor: I think the recommendation is simply to just remove the wet-ink signature as the mandatory confirmation. There will still be some business practices that might be a little slower to move, but certainly for many of the legal signings for title registry changing, as well as the mortgage issuance. In the very early days, it was next to impossible. The first two or three weeks, actually, for our industry were really quite concerning, because there were people—Tracy will have customers like this—who would have had a home to sell and a home that they were hoping to close that they could move into, and because they couldn't finalize the transaction of the purchase they were making, there was a quite real threat they were going to be homeless in the interim until the process to capture a wet-ink signature could actually be finalized. Fortunately, we did make it through that and I think the law society has permitted, at least on a temporary basis, that lawyers are able to use electronic signature or other means to verify.

But if we're already operating in an arena where that practice is accepted now, then clearly the businesses

themselves have put appropriate and prudent structures in place to make sure that those electronic confirmations are well-founded. There are an awful lot of technological tools available. The lenders and the banks themselves can actually mandate a particular electronic signature product, if they wish, that meets their own security guidelines. We just want additional flexibility. Right now, if there is an act in Ontario that requires a wet-ink signature, the ask is that the requirement be expanded to also include electronic signatures and that we're not constrained quite specifically to an office and a pen.

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

Mrs. Nina Tangri: Thank you. Just quickly on a couple of other points, the IT grant—I think MPP Smith has alluded to this a little bit about the capital expenditures. As you know, a capital cost allowance for capital equipment—we've allowed now that you can write it off in the first year without that, and you're looking to, say, perhaps up to \$5,000 of an IT grant, whether it's software or hardware, should be used for that, so I think that's certainly something we can bring forward.

And then I think you spoke a little bit about deferrals of expiration dates, that six-month mark. I think that is something that is reasonable and something that we should bring forward. The last thing we want is to see people's mortgage renewals come up and they're not able to secure that financing because the job situation is in such a place right now.

Another thing I'd like to see is if you've had any of your clients apply for the Digital Main Street funding as part of the IT. There's a \$2,500 grant that is paid that can be approved there. That's going through the Ontario Business Improvement Area Association, so—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. The time has come up. We'll move back to the opposition. MPP Fife.

Ms. Catherine Fife: Thank you, Chair. I'll throw it over to MPP Rakocevic, if he's on the line, in a minute.

I just want to really touch very quickly with the Mortgage Professionals Canada, and particularly Tracy. Thank you very much for the work you've done on this file. The commercial tenants in Kitchener-Waterloo have reached out to my office in great stress. I want to raise this with you, because commercial landlords have asked them to sign NDAs; they have increased their rent by sometimes as much as 30%; they have increased their ancillary fees. These are landlords who have been unwilling to apply for the federal program, and so, really, this whole situation has flushed out a real inequity, I think, that commercial tenants see with the Commercial Tenancies Act, 1990. I'm sure it has been very stressful for you and for mortgage brokers to see really good businesses trying to be part of the solution during COVID-19 and then see this sort of—really, there's no other way to describe it—bullying behaviour towards tenants. There have been good landlords; don't get me wrong. But when Shopify or KPMG is not going to renew their commercial lease because they see now that workers can work from home, this is going to change the whole nature, I think, of this relationship.

I just wanted to get your thoughts on, going forward, what this relationship is going to look like. This may be a longer conversation that we can have. But also the fact that Saskatchewan's finance minister has asked the federal government to take—they want to take over the federal program and they want to make it tenant-driven, because tenants want to fight for their survival; they just need the rent support to make it happen.

We are also fighting for that. I'm the economic development critic, and we have written to the finance minister of Ontario that we want to make this happen in the province of Ontario as well. So can you just share your thoughts of what you've seen and how you think that we're going to move forward in this new culture?

Ms. Tracy Valko: Thank you very much, and thank you for the kind remarks. It's actually a daily conversation that I'm having with many small businesses and tenant owners. It takes up a lot of my day, to be honest. I'm disappointed but understanding of landlords. I know they're in a stressful situation. But there is a significant issue in Kitchener-Waterloo. There are a lot of small businesses where they're not getting the relief from the rental program, because the landlords at this point are not applying for it. A lot of landlords that I have spoken to in the area decided in the last three months not to apply for it. They simply say they cannot afford it.

Many of these tenants feel that they're not going to be able to continue their small business for the next four months and that they will be out of business by the end of the year, which is concerning.

I agree with you. I think that the tenant should be able to have the initiative to be able to apply for this themselves so that they can get some relief, because it's stressful enough to start your business again in stage 3, where you've had no funds for the last six months, and now you have to worry about full rent payments. They just won't survive. So I agree; I think it should be run by the tenants.

It is concerning. I've talked to my landlord and even for myself to try to downsize my unit; he told me to look at getting tenants in, myself, to sublet. But what tenants are going to sublet at this point? Commercial space is going to become abundant in K-W, as even large businesses are moving towards people working at home, like Shopify. I think it's going to be a big issue in our municipality, for sure.

Ms. Catherine Fife: Thank you so much for that feedback, and maybe on a go-forward basis, you and I can sit down and we can try to figure out new commercial tenant rights.

Ms. Tracy Valko: Absolutely.

Ms. Catherine Fife: Is MPP Rakocevic on the line? No?

The Chair (Mr. Amarjot Sandhu): Yes, he is.

Ms. Catherine Fife: Oh, he is? Okay, because I think that he also has a question on this same issue. But we'll set up another meeting, okay? This is really just the introduction. But the recommendations need to be placed with this committee so that we can make sure that the government listens to these concerns.

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

Ms. Catherine Fife: Okay, if he's not here, Paul, you actually had your hand up. Do you want to weigh in on this same issue?

Mr. Paul Taylor: Yes, just a bit of a corollary to that, really: Many of the landlords in Ontario are also small businesses themselves. We definitely, of course, want to ensure that all businesses continue. If you empower the application with the tenants, I think that's very good. But the reason why we were advocating for an increase from 75% to 90% is also to protect those landlords' interests as well. Without that, we would effectively be mandating a 25% top-line revenue reduction for the small businesses that are landlords. You can't escape the fact, unfortunately, that rent is generally market-driven, and it also drives the sale prices of commercial spaces. So there will be mortgages backing those properties that require a certain amount of income to be able to service the loan.

Ms. Catherine Fife: Listen, I don't disagree with you at all. We can all agree right now. Everyone in this room and on the government side will agree that CECRA is a fundamentally flawed program when there's only 10% of uptake across the country. This is a huge issue. It affects landlords, it affects tenants, and ultimately it will affect the economy, because once we lose these businesses, getting them back online is going to take more investment. So the proactive position that we have taken is that the Ontario government should ask to be removed from a federal program that is ineffective, design our own made-in-Ontario program, make sure that landlords receive the funding, but that it be tenant driven.

1550

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

Mr. Michael Coteau: Mr. Chair, I'm sorry; I had to leave for about 20 minutes, so I missed that deputation. I'll pass, unless Michael from the Green Party would like to speak.

The Chair (Mr. Amarjot Sandhu): He's not here as well, so thank you. All right, that concludes the time for the presentation. Thank you to all three presenters for coming and for your presentations.

Mr. Paul Taylor: Thank you for the opportunity.

MR. MARCO PRONTO
CANADIAN CANCER SOCIETY
MR. LOUIS ROESCH

The Chair (Mr. Amarjot Sandhu): Our next presenter for the 4 p.m. slot: First, I'd like to call upon Marco Pronto. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Marco Pronto: My name is Marco Pronto, from Sugar Tubes. Let me know when I can go.

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

Mr. Marco Pronto: My name is Marco Pronto. I have a company called Sugar Tubes. We make these: these little

packets of sugar. We have developed our own technology to print the logo across the sugar, and we supply various restaurants, coffee shops, the food and beverage industry. You'll find our sugar in places like the CN Tower, Mercatto and AGO. In fact, right across Canada, if you see a packet of sugar that is this long type of packet, there's about a 95% chance that it was made in my little factory in Scarborough. We regard ourselves as being part of the backbone of the supply chain to restaurants and coffee shops.

When the lockdown occurred, we lost 90% of our business sales. Just to let you know, I didn't sit down with my arms folded, hoping that something would change and the government would just step in, I immediately started working quite hard to revamp my machines to make this. This here is hand sanitizer in a little packet. I've also made this. This over here is hand lotion in a little packet. The premise behind this is to try and do something about my situation. I have been trying to get this to market, trying to get the federal government's approval for hand sanitizer; we're going into the month of October at the very least. Basically, I'm out of time in trying to get something new out to the market.

I'm hereby applying and appealing for an extension to the eviction moratorium on small businesses. Please note that I am not actually asking for CECRA assistance or any form of money. I believe that we, as small businesses, need the extension only because there are currently government-regulated restrictions on our businesses. Those government-regulated restrictions are placing too many small businesses in a position of unprecedented low revenue generation. I firmly believe that the extended moratorium is going to be important as we enter the winter months. Restaurants will close their patios and operate under heavily restricted occupancy.

I propose a new level of sophistication to the extension on the moratorium. There are four items that I'm proposing:

(1) That the moratorium stand alone. I am aware that the current legislation has the moratorium blended in with the CECRA program.

(2) The moratorium should only cover businesses that are impacted by both the existing government-regulated restrictions and the 70% drop in revenue. Those are the kind of companies that would be eligible for an extension or to fall under the moratorium.

(3) Any rental agreement signed after the month of April of this year would be exempt from the moratorium. Any company entering into a formal rental agreement right now would know exactly the environment they're in. But most importantly, landlords who are aware that this moratorium may be extended over and over again may actually be willing to sit down at the table and negotiate with us, the tenants. If they're willing to negotiate and sign a new lease, that lease would automatically become exempt from the moratorium.

(4) I believe the moratorium should be reviewed in about three months; that would make it November 30. We'd be looking at various bits of data; for example, are

there still government-regulated restrictions in place? How many new rental agreements have actually been signed? And what's the current state of activity?

Please keep in mind—I must emphasize this over and over again: We are about to enter the winter months. I believe that we are like deer staring at headlights as to what's about to happen.

The base principle of my proposal is that there is a category of small businesses that has been particularly hard hit and continues to be hard hit by the ongoing government-regulated restrictions. It seems that the government may be taking a viewpoint that as of September 1, a band-aid will be removed and the free market will just work it all out for itself. If that is true, if that is the position that the government is going to take, I believe that's a very hypocritical position, because the government is currently imposing heavy regulations in the form of restrictions on that very same free market.

I believe we, as a province, need to understand what is our biggest economic driver. We are, first and foremost, a manufacturing province. All of our famous businesses that we're very proud of, which have grown and become well-known, started as small businesses. Our biggest employer by far and away are small businesses. The biggest driver of creativity and innovation comes from small businesses. We need to now weigh that against landlords. Are landlords the biggest driver of creativity and innovation? Are they the biggest employers? How do they even compare in numbers to the amount of small businesses that are out there?

The current status has it that landlords want full rent. Now, I'm not just talking about me; I'm talking about all other small businesses I've spoken to. Landlords are not willing to negotiate a rental reduction. Most landlords are not participating in CECRA, and for those who did, most of them are bailing out of CECRA, and they're demanding deferred payments from the small businesses in the face of the government-enforced regulation of small businesses. Yet it appears that on the first of September, our government is going to stop the moratorium and allow landlords full legal power to enforce full payment as though COVID never existed, and they're going to evict us.

In summary, I propose a solution that does not cost taxpayers money and helps level the playing field between landlords and small businesses. I'm pleading out here: Please, we have about two weeks to go. After 16 years of operation, it appears that my business may actually be closed down on me against my will.

I yield my time.

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

Mr. Marco Pronto: No, I don't need any more time.

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

We'll go to the Canadian Cancer Society now. Please state your name for the record, and you will have seven minutes for your presentation.

Ms. Helena Sonea: Hello. My name is Helena Sonea. I'm the senior manager of public issues. With me today is my colleague Stephen Piazza, manager of public issues in Ontario.

Good afternoon. Thank you to the Chair and committee members for having us here today, and thank you to my fellow witnesses for their comments.

The pandemic is testing us in more ways than we ever thought possible, and we are rising to the challenge on many fronts. It has exposed vulnerabilities and sharpened our focus. Our health care system is evolving quickly, and elected officials in governments across the country have shown incredible leadership. We are grateful for the rapid response and support programs developed to date by the Ontario government. We are utilizing every government program we're eligible for. However, these programs do not fill the sizable financial gap that the Canadian Cancer Society is facing.

The Canadian Cancer Society is one of the largest charitable organizations in the country. In a normal year, we fund over \$40 million in groundbreaking research and invest over \$50 million in practical support services. But the COVID-19 pandemic has brought us our greatest financial challenge in our 80-year history.

We are doing everything we can to adjust and adapt our fundraising and stay connected to our supportive community, but the impact of the pandemic is very real. We are forecasting an \$80-million to \$100-million drop in revenue this year and have already seen a \$20.3-million loss in April alone. We had to make the difficult decision to lay off more than one third of our staff and close several community offices across Ontario as a result.

Despite these challenges, the Canadian Cancer Society continues to support people at every stage of their cancer journey. We're here for everyone in over 200 languages, including 14 Indigenous languages, and we are only a click or a phone call away. Through our online and telephone practical support services, we are hearing first-hand about the worries and anxieties of Ontarians affected by cancer during COVID-19.

When the pandemic began, patients and caregivers reached out to us for specific information about the virus and cancer. Over time, these concerns have shifted to coping with feelings of isolation and depression, and now frustration and fear, as treatments are delayed and people worry about how it will affect their prognosis.

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Our research and support services are needed now more than ever. The reality is that cancer doesn't stop being a life-changing and life-threatening disease in the middle of a global health crisis. More than one million Canadians are living with and beyond cancer, and in Ontario, prior to COVID, almost 250 people were diagnosed every day. They are among the most vulnerable in our communities right now, relying on a health care system facing a staggering backlog of appointments and surgeries, community organizations that are overwhelmed, and a support system of family and friends forced to stay away.

Then there are those who have yet to be diagnosed and are waiting to find out if they have cancer. In the words of one cancer patient, I feel like I am on planet leukemia and the rest of the world is on planet COVID-19, and I am not entirely certain of where Earth is anymore or if I will ever

get back. My colleague, Stephen, will now continue with our remarks.

Mr. Stephen Piazza: To help us support people with cancer through the pandemic and beyond, the Canadian Cancer Society is calling on the Ontario government to support the Ontario Nonprofit Network's request for a \$680-million sectoral stabilization fund. This fund would allow charities and non-profits to continue to meet our missions and serve our communities while fundraising dollars dwindle in the midst of the pandemic.

In particular, CCS would use this fund to help backstop our fundraising losses, helping to support services like our Wheels of Hope volunteer program in Ontario. People that need transportation to their cancer appointments call us and we coordinate volunteer drivers to their community to support them through the Wheels of Hope program. We ask that clients who can afford it pay a nominal \$100 fee for transportation for the year to help offset some of the cost of the program expenses. For the most part, our volunteer drivers use their own vehicles and are reimbursed mileage, carpooling and transporting multiple people at once to maximize efficiency.

The program cost approximately \$3.7 million to deliver last year, which included a critical contribution of \$800,000 annually from the Ontario government through Ontario Health's Cancer Care Ontario.

Across Ontario, the Wheels of Hope program has been working for 60 years to reduce the burden of transportation to patients and the cancer care system. We work with over 1,400 volunteer drivers to transport people and their caregivers to and from their cancer appointments. Last year, we helped over 8,000 cancer patients take over 50,000 rides to treatment in every corner of the province. Our volunteers drove 8.2 million kilometres. That's the equivalent of 19 one-way trips to the moon. Seniors account for 75% of people accessing the service, and 80% of our volunteer drivers.

At the outset of the pandemic we made the difficult decision to suspend the Wheels of Hope program, to protect our volunteer drivers and clients until steps could be taken to mitigate the risks of the virus. In the interim, we provided direct funding to patients to ensure their own transportation.

We also entered into a short-term partnership with Uber to help drive patients to appointments in limited areas of the province. Our Uber partnership ended in July. Direct funding of patient transportation is costly and transports clients only a fraction of kilometres when compared to our volunteer driver program.

We hope to safely relaunch the Wheels of Hope program in Ontario as soon as possible to ensure people can get to their appointments as the province works through the backlog of postponed cancer treatments. The annual \$800,000 investment from the Ontario government to the Wheels of Hope program continues to be crucial to its success, but it simply isn't sufficient to make up for our unprecedented loss in revenue—

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

Mr. Stephen Piazza: —and the financial hardship brought on by the pandemic.

We request that the Ontario government deliver a sectoral stabilization fund to help us offset our sharp decline in revenue and continue our programs like the Wheels of Hope. We know that there are an infinite number of organizations asking for financial support, and a finite amount of government resources right now. But the reality is that people can't benefit from Ontario's leading cancer system if they can't get to their appointments.

We're calling on members of this committee to support the Wheels of Hope program and help ensure that no one struggles to access the care they need. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll move to our last presenter for the 4 p.m. slot, Louis Roesch. If you can please state your name for the record, and you will have seven minutes for your presentation.

Mr. Louis Roesch: Thank you. Good afternoon. My name is Louis Roesch. My wife, Clara, and I own a farm in Chatham-Kent, and we have a small farrow-to-finish hog operation on our farm as well as a small laying flock of 500 birds. We have a free-standing further-processing meat plant.

COVID has affected us in many ways. We have two staff members who returned from a two-week holiday offshore, just as the lockdown started. They were in self-isolation for two weeks after they returned. We had a staff member who did not return to work once COVID-19 had started. She had no child care for the school-aged children. This loss of manpower greatly increased our anxiety, stress and man-hours. We also lost 99% of all the catering we would normally do in the season. This loss of income will definitely show on our bottom line.

PPE equipment demands for COVID kept changing. Grant monies were available, but if you did not act quickly, you were left out of the process. Some providers offered visits to the plant, but we didn't feel that that was safe to have someone outside of the area come into the plant for these discussions. So cost increases on incoming products for the shop were faster than our turnaround time because we needed to justify these increases to our customers.

We were able to offset some of these losses because we raise and further process our own pork. The difficulty was making sure that we had enough kill time for animals that we needed to process. Increased demand on time and staff shortages led to more stress and anxiety in the workplace. Our off-hours are pretty small because we were working 14 to 18 hours a day, and we were processing meat from other abattoirs because of the shortage of processing time and manpower. Our plant was definitely not the only one doing this.

Monies were announced for upgrades to increase food safety and production upgrades for abattoirs and further processing. As we tried to access the new funds, we quickly discovered we do not qualify. These new monies were only meant for abattoirs and their further processing, not for free-standing meat plants like ours. There are many more in the same boat. OMAFRA was encouraging us to apply for these funds. Obviously the information that was

out there was not clear to anyone, or they wouldn't have been pushing this for us to continue to try and get it. So free-standing further-processing meat plants who were doing the extra processing, in turn, felt very left out of the grant process to upgrade our plants. We also had extra demands on our facilities as we picked up overflow from the abattoirs. To ensure food sovereignty, these free-standing further-processing meat plants need financial aid just like the abattoirs who were able to access it.

We need to be ready for future outbreaks and the high demand on our facilities. Small free-standing further-processing meat plants can and will be available to pick up much of the extra needs in industry as outbreaks continue to happen. Any help we can get to get upgrades to our facilities would go a long way to ensure more food safety and food sovereignty.

Please don't overlook the possibility of further full border closures in the future. That's kind of one of the big things that we need to look at. We have many more things, but that's the main gist of where things are at.

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

We'll start with the questions now, and we'll start—sorry. Before we start with the questions, I would like to do an attendance check. MPP Gélinas, if you can please confirm your attendance?

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

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

Mr. Sheref Sabawy: Hi. MPP Sheref Sabawy, and I'm in Mississauga.

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

We'll start with the opposition for the first set of questions. MPP Fife.

Ms. Catherine Fife: Thank you very much, Chair. I'll be moving quickly to MPP Gélinas, but I just want to touch on Marco Pronto from the Sugar Tubes company and your presentation. I want to tell you that it's very impactful. You've done everything as a small business. You've innovated, you've responded to a crisis in a very creative manner, and obviously you are fighting for your existence. I just wanted to let you know that that was heard by the committee.

Asking for a three-month extension for eviction protection is something that this government should be considering. I also wanted to let you know it is something that we fought for initially, to get the extension to August, and then asking for November 30 is reasonable, primarily because of your testimony about the winter and how your industry and sector is going to be adapting to what we all know will be a second wave. So I just wanted to give you one quick minute to say what it would mean for us to move forward with an eviction prevention strategy to November 30.

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Mr. Marco Pronto: Thank you very much for your words. It is very difficult to actually answer that question, because I am emotionally going through emotional swings. It feels like just about everything that is done is

done almost at the last minute. I have actually even noticed physical changes: my eyes swelling up because I'm struggling to sleep. This is everything I have created over the years, my business that I have built. It's my source of income. It's all on the line, and we've got less than two weeks to go.

So your question, again, is what would be the impact? A two weeks' increase is perhaps the hope that I have that I will be able to get a product line off the ground, as an example. I'm trying to be as reasonable about it as much as I can in everything that I propose, and saying, "I wish for six months." But three months sounds logical, because we at least get an opportunity to see what are the impacts of winter on the business overall. Does that answer your question?

Ms. Catherine Fife: Yes, thank you very much. MPP Gélinas?

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

M^{me} France Gélinas: Thank you. My questions will be for the Canadian Cancer Society. Thank you for your deputation and for putting clearly the important role that you play for the 250 Ontarians who, every day, get a diagnostic of cancer. Although cancer is now often a treatable chronic disease, the diagnostic is still a pretty difficult moment for everyone. But you are there. You are there to help them, and I cannot think of losing you.

You have put the amount of money at \$650 million for charities in order for you to continue. The government has not been very giving towards not-for-profit and charity, or legions, or any of this in the past. I'll open it up to either Stephen or Helena to really make your pitch as to what will it mean if you haven't got that money and you are not there anymore. I don't want to think about it, but it needs to be said because this is what's on the line right now, as I understand it.

Mr. Stephen Piazza: I can start. Thank you so much for those kind words, MPP Gélinas. It's very much appreciated, and we appreciate the time that the committee is taking today to speak with us.

Quite simply, we see ourselves as embedded in the cancer care system in Ontario. If we're not available to provide our services, there are Ontarians that are going to go without support. Our Cancer Information Service, for instance, answers phone calls, emails and text messages from 20,000 Ontarians each year about their diagnostic or treatment. We provide communities for people experiencing cancer through our cancerconnection.ca virtually now. And then the program we're speaking about to you today, our Wheels of Hope program, provides transportation to so many Ontarians in high-risk populations to their cancer appointment. We transport a large number of Ontarians from rural Ontario, vulnerable Ontarians living on a low income who don't have that family support network to get them to and from their cancer treatments.

The \$680-million figure is for non-profits and charities in their entirety. I think, through the process, we're really learning all of the work and the various roles that charities and non-profits play in Ontario.

Over to Helena, if she has anything to add.

Ms. Helena Sonea: Thanks, Stephen.

Thank you very much for the question and comments. The role of health charities and not just our own—we are complementary to the health care system. We are that evidence-based cancer information organization that many Ontarians turn to when they hear those very challenging words: “You have cancer.” And so our website, on an annual basis, will receive 14 million hits because we are that go-to source of information for people. We have done our very best to adapt, as so many other organizations have. But as I said during my remarks, our loss this year is anticipated to be between \$80 million and \$100 million. So we’re very grateful for the support programs that have been put in place for charities, both in Ontario and then federally as well. We’re doing our very best to access these. However, it doesn’t close the gap for the significant financial challenge that we’re facing.

M^{me} France Gélinas: In Ontario, how many of your sites are at risk of closing—

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. The time has come up. We’ll come to that in the second round. We’ll go to the independent members now. MPP Coteau.

Mr. Michael Coteau: Unfortunately, after this I will have to leave, but I just want to thank everyone for all of the different testimonies today.

Listening to Marco, I really felt the challenge that you’re going through. I can’t even imagine putting your life’s work into something and being at this stage. Can I just ask, Marco, how big is your company and what’s the footprint of this company in regards to the direct employment, indirect employment? How large is your footprint in Ontario currently?

Mr. Marco Pronto: The footprint of the actual premises itself is only 4,000 square feet. You’re not going to believe that we’ve actually halved that in trying to do cut-downs. I employ four people. I should say, I employed four people; now it’s only me because it’s down to 10% of the orders. The footprint—I don’t know what to add there. I have got various distributors I deal with, restaurants I deal with etc., currently about 250 small mom-and-pop outlets that I deliver to, and none of them are ordering from me right now. I supply right through to Gordon Food Service and to big, large chain outlets, such as Earls, who has got 60 outlets across Canada etc. I don’t know if that answers your question.

Mr. Michael Coteau: Yes, that really does. So you really believe that your recommendation for help for a three- or four-month period will be able to sustain your business at least to get to the next stage? You believe this wholeheartedly?

Mr. Marco Pronto: Yes. All right, let me see if I can explain it this way, and I really, really want to see if you can understand this. What we desperately need is our landlords to come to the table to negotiate a decrease in rent. There are two primary categories of landlords: those who have got bank loans and those who do not. Whether they’ve got a bank loan on the back of them or not, they’re all making profit. There’s something perverse happening

in this environment. I cannot explain; I don’t fully understand why, but landlords would rather see us be evicted than lower their rental. That’s the fundamental. We are all being forced to cut back in every way we can, but landlords are not doing that. That is the fundamental I’m trying to get to. I don’t know what more to add.

The point here is that if we are able to create a situation where we increase the moratorium so that they cannot evict us—they have a situation where they themselves realize that moratorium may be increased yet again and yet again; they don’t know when that moratorium may be stopped—they may be willing to come and sit down at the table. If they are willing to sit down and negotiate, say, a 5% decrease in rent, a nominal amount, that’s already a lot better than what we’re in. I would like to see something more significant, but still.

The fundamental is landlords are systematically not coming to the table. When I look around and see how many businesses are closing down—restaurants and coffee shops; it’s not just in the warehouse category, but it’s also storefronts on the street front. The various people I speak to, they are being taken down by their landlords, and it seems like there’s something perverse going on in the market.

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Mr. Michael Coteau: Marco, do you think it’s in anticipation that they’ll actually get a new client and be able to—and of course, this is not all landlords, because I’ve heard some great stories, but you’re more directly connected and you’re experiencing a different thing than I am. Do you think that there’s an anticipation they’ll get more rent?

Mr. Marco Pronto: Correct. I believe there are two perverse items going on in the market. Again, I’m being speculative. My speculation is that landlords are facing a situation where bigger companies that are trying to decrease their space are approaching the landlords, and the landlords are actually inundated with applications. So that’s the crazy part.

The next thing is that landlords have a sort of system going on that when they do apply for loans for whatever, whether they want to do new construction or something along those lines, a lot of that is connected to their rental agreements and the value of those rental agreements. So there seems to be something going on there.

To give you an idea how serious this is, I’ve actually been looking around as to where else to move to. I’m desperate. Where else could I move to? Where I rent my space, it’s a very typical, ubiquitous type of outlet. It doesn’t matter if you’re in Scarborough or in Mississauga, you’ll find this. It’s a small little office in front of the warehouse in the back, and it’s got a very standard repetitive-type size. I find places where they are empty. You actually can see the units are empty. There are signs up for lease, and the signs predate COVID. You contact the landlord and they say to you, “No, no, we don’t have anything yet.”

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

Mr. Marco Pronto: When you approach them and say, “I can see you have an empty unit”—my complex where I am has empty units. They’re not renting them out. It seems like they’re holding on, and they’re expecting something big to happen.

Mr. Michael Coteau: Thank you very much. Again, I can tell by the way you’ve presented today that this is very hard for you. I want you to know that the MPPs who are here today are listening to you. You’ve enlightened me. I just want to say thank you so much. Please feel free to reach out to me any time, if you think I can help in the future.

Mr. Marco Pronto: I would like to make an appeal.

Mr. Michael Coteau: Yes.

Mr. Marco Pronto: To anybody, particularly people in the Conservative Party who are—I have to be obvious; it’s obvious—running government: Notice well that I am not asking for money; I’m not asking for CECRA assistance. Please notice what I have said. The lady from the cancer association: She needs money. I totally appreciate that. I have no argument about that—

The Chair (Mr. Amarjot Sandhu): Thank you so much. Sorry to cut you off. I have to move to the government side now. MPP Tangri.

Mrs. Nina Tangri: I want to thank all of you for presenting to us this afternoon. We do listen to such a diverse group of people from many different industry sectors—not-for-profit, for-profit—and it’s very challenging. I appreciate all of you coming out.

I have some comments and questions for Marco. I really wanted to thank you. When COVID hit, you immediately became creative. You became innovative by changing your product over to provide something we desperately need, which is hand sanitizer, which was impossible to find once COVID began. You had spoken earlier, I think, in your deputation about applying to the government of Canada for approval. But I was wondering if you had reached out to the Ontario Together portal to put your product there. That is somewhere here that we in our government—I’m the parliamentary assistant for economic development, job creation and trade, so it is going through our ministry.

That’s my first question, if you want to go ahead and answer that.

Mr. Marco Pronto: My understanding of the portal that you’re talking about is the made-in-Ontario portal, correct?

Mrs. Nina Tangri: No, that’s the secondary one. There was the Ontario Together portal, which is something that we brought out very early on in COVID where we wanted people—especially for masks, gloves, sanitizer and those things we desperately needed right away. It sounds like you probably did not apply to that portal.

Mr. Marco Pronto: Just to answer that question, no. But I also have to be clear. For the last two months, I’ve been trying to develop this product. The manufacturer of my machine said that it cannot be done. I’ve been able to prove it. So the first test is, can I actually do it? Once I have the product, I actually have to go get an NPN number.

That’s from the federal government, from the Ministry of Health. That process is under way right now. According to their log, it will only be ready by about mid-October. I’m out of time.

Mrs. Nina Tangri: Okay. I know that we’ve been hearing a lot of challenges that they’re going through. They have a number of products that they’re trying to get through as fast as possible, similar to yours and many others are a little different—but perhaps a conversation with our ministry, where we could perhaps go through some other areas where we could potentially help.

So you’re looking at this product, the sanitizer. Now that the restaurants are back up and running, and patios have been up for a while, are you reverting back to sugar cubes? Are you doing both, or just hand sanitizer?

Mr. Marco Pronto: To answer your question, yes, both. In fact, two days ago, on Monday, I had two skid loads go out to a wholesaler, so yes, I am. I actually do have sales. As I say, I’m down to about 10% of my sales. It’s sugar “tubes” with a T; it’s a tube. Yes, I am selling where I can. But again, the amount of sales is just so low, so even though they’ve gone to patios, people are not drinking coffee as much. If you can imagine the various outlets there are, say, along office blocks, they’re so reliant on people coming down from offices. Those coffee shops have closed, which is really heart-wrenching to see. Then my other big clients—sports stadia, hotels etc.—have all stopped.

Mrs. Nina Tangri: And I just—

Mr. Marco Pronto: Can I ask, what ministry are you saying I should reach out to?

Mrs. Nina Tangri: Economic development, job creation and trade.

Mr. Marco Pronto: Okay. Sorry, carry on.

Mrs. Nina Tangri: I’m just going to pass it on to my colleague, MPP Dave Smith, for a question, I think, for the Canadian Cancer Society. Thank you.

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

Mr. Dave Smith: Thank you very much. Actually, it’s more of a thank you than anything else to Helena and Stephen. I greatly, greatly appreciate the work that you do at the Canadian Cancer Society. When my daughter was four, she was diagnosed with stage 4 nephroblastoma. She lost her right kidney, part of her diaphragm and part of her lungs. She had 41 weeks of chemotherapy, 15 days of radiation and four surgeries, and you were there for us.

Ms. Helena Sonea: Thank you, MPP Smith. It’s nice to see you.

The Chair (Mr. Amarjot Sandhu): Thank you. Any further questions? All right. We’ll go back to the independent members for their second round. Any questions? MPP Schreiner.

Mr. Mike Schreiner: I’m going to be brief. I had to step out and meet with a number of constituents, all small businesses in my downtown. So I have only caught a few of the conversations happening during this round.

Marco, I personally could really relate to your story, because I ran a local food business for many years, and many of those years out of the exact same warehouse

location that you've described so I'm intimately familiar with those locations. The group of small businesses I was just meeting with were all talking about how they want me to advocate for an extension of the commercial eviction ban. I believe that was part of the conversation that you were having here. I'm just wondering, an extension of the ban, what that means for your business; but I would also say for your customers, because it sounds like a lot of your customers may not be able to reopen either, which is a double whammy for you.

Mr. Marco Pronto: To answer your question, we are all speaking to each other. It's amazing how many of my suppliers and my clients, restaurants—I'm getting phone calls from restaurants to find out if I'm still in business, and we get to speak to each other.

I want to emphasize this: There is a chain of outlets that I supply—I'm going to give you a good example—called Boom Breakfast. Boom Breakfast has got about six outlets. The owner of Boom Breakfast—I supplied sugar to all the various outlets with his logo on it etc. Prior to COVID, I literally had product go out to him. I get to read in the newspaper that out of a nervous reaction, he had pancreatic failure and he died.

If that gives you any idea how serious this is and what we are facing—it's a scenario of, when he looked around him and looked into the future the same way I've been doing it, we're trying to figure out what we can do under the given circumstances, how we can save ourselves and save our businesses etc. And particularly when you have a landlord who acts like nothing's ever happened—and I can show you the emails if you like—it is astonishing. It adds to an incredible amount of nervousness. When you are trying to reconfigure your business, bring everything down, your number one cost is your rent, and that's astonishing.

As I said, I wake up in the morning with—I'll find a swelling under my eyes. I've been finding myself waking up at about 2 o'clock in the morning and not being able to fall asleep until sunrise and trying to wonder what's going on. It's all nervousness. It's something I started in 2004, and I'm about to lose it.

1630

I must stop. I'm sorry; I don't want to get too emotional about it under the circumstances. But to give you an idea, it's one thing to go through emotional swings of anger at the situation—"Why am I stuck here?"—to moments, knowing that my wife is not around, when I'm in the bathroom on my own and I find myself crying because I feel like I'm about to lose everything I've created. So I hope that answers your question.

Mr. Mike Schreiner: As a long-time small business owner, I can relate. I appreciate you coming and just bringing some emotion to the statistics. Because we have all seen the statistics, but there are real people and real people's lives behind those numbers, and so I really appreciate you sharing that with us. I think it's important for the committee to hear that.

I just want to take a moment with the Canadian Cancer Society—that was very moving, what MPP Smith had to

say, and my family has been touched by cancer as well. I just wanted to thank you for the great work that you do.

Again, I apologize; I've missed most of this conversation. But the Ontario Nonprofit Network was here earlier today, talking about just how vital a stabilization fund is to keep the non-profit sector going. I know a number of non-profits work in health care. I'm assuming that you're affected as well. I'm just curious where you're at and what role a stabilization fund could play for your organization.

Mr. Stephen Piazza: Thank you so much, MPP Schreiner, and thank you again to MPP Smith for sharing that really powerful cancer story as well.

We fully support ONN's request for a \$680-million stabilization fund. Part of our deputation today was to talk about how we would use some of that money to backstop our \$80-million to \$100-million loss in fundraising revenue over the year—\$20.3 million in April alone. It would help us continue to provide services like our Wheels of Hope program, which transports people to and from their cancer treatments in Ontario, providing over eight million kilometres in transportation in a year to people with cancer in every part of the province.

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

Mr. Stephen Piazza: We need programs and services like that to support those programs.

Ms. Helena Sonea: Just building on Stephen's point really quickly: While we saw the \$20.3-million loss in April, as part of our Relay for Life initiative, which is our other fundraising campaign in the spring and summer, we saw a loss of \$15.2 million. So in total, we're seeing an \$80-million to \$100-million loss over the year, but these are some of the key milestones we're able to provide for you, statistics on our actual loss that we have faced so far. That has led us to make very challenging decisions around our support programs, including the Wheels of Hope program.

Mr. Mike Schreiner: Thank you for that. I think I'll yield the rest of my time, Chair. Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go to the government side now. MPP Kusendova.

Ms. Natalia Kusendova: Hello. Can everyone hear me?

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

Ms. Natalia Kusendova: Hi. Good afternoon. Thank you so much for your presentations, to all our presenters today.

My questions will be for the Canadian Cancer Society. As a registered nurse myself, I have worked with cancer patients in the emergency room, and I'm certainly very grateful for the support and the advocacy provided by your organization and your volunteers. Whether it's the yearly daffodil campaign or services such as Wheels of Hope, you are an integral part of the health care system. Without you, we wouldn't be able to do our work on the front lines, so thank you very much.

What we've seen throughout this pandemic is that the impact has been tremendous on everyone across different

sectors, and so it's no surprise that not-for-profit organizations such as yourself have also been impacted by the loss in projected revenue. And, yes, we did have a presentation today by the Ontario Nonprofit Network, in which they estimated that the \$680-million support fund would be appropriate.

Through the Ontario Trillium Foundation, the government of Ontario has been able to provide \$83 million so far to support not-for-profits such as yourself. I was wondering just if you ever tried to apply for that funding and if so, if you were successful.

Mr. Stephen Piazza: Thank you so much, MPP Kusendova, for the question and for the work you do both in government and on the front lines. The Resilient Communities Fund is very appreciated by the Canadian Cancer Society. That was announced in August, and I believe the first fundraising deadline is early September. So we will be applying for funding through Trillium and through this program. It largely will go towards helping our Wheels of Hope program. We're going to use some of this funding, if successful, to help train our volunteers and retrain our current volunteer network so that they are aware of public health protocols as they drive people to and from their cancer treatment.

I would say that—and I believe ONN made the point earlier, as well—this is existing funding that was already in the Trillium system, so while it's appreciated, there is still more needed. I would also note that the program caps at \$150,000 per organization, and for something like Wheels of Hope to continue in the form that we'd like it to, we'd be looking at the government for an increase of \$1.7 million.

Ms. Natalia Kusendova: Okay. Thank you so much for [*inaudible*] that. I have, actually, a question, and maybe a suggestion, because throughout the pandemic what we've seen working quite well is collaboration. Whether it's the local businesses or other community leaders, people have stepped up, and especially in my riding of Mississauga Centre, I've collaborated with businesses and not-for-profit organizations to do things like deliver meals for seniors. Many businesses have donated personal protective equipment. I was wondering whether your organization has given any thought to partnering with the private sector, such as Uber or Lyft, to have some kind of incentives or any out-of-the-box thinking to help innovate and find different solutions to the problems that we're facing as a province.

Ms. Helena Sonea: Thank you very much for the question. I can begin and then I'll pass it over to Steve. Absolutely. We were incredibly appreciative. We were actually brought to the table through the Minister of Health's office and the Premier's office to develop a partnership with Uber, which ran for a number of months and weeks. Steve can speak to the intricacies of how that partnership worked and what we were able to accomplish together.

Mr. Stephen Piazza: Thanks, Helena. I'd just add that footnote that it was the Minister of Health's office that really helped us with that creative, outside-the-box thinking in facilitating that Uber partnership. It lasted for

approximately three months. Uber gave us an equivalent value of approximately \$150,000 in rides to and from cancer treatment. We certainly appreciated that program.

Not to speak to Uber specifically, but speaking to a lot of our corporate partners, there are very tough and challenging times for them ahead as well. They're facing revenue losses similar to what we're facing. So while we are willing and hopeful to work as creatively as possible with the private sector, we're also aware of the challenges that they are facing as a sector through this pandemic.

Ms. Natalia Kusendova: Thank you. I didn't even know that, so that's great. I guess great minds do think alike, so thank you. My final question is, I know that there is some limited funding available through the Ministry for Seniors and Accessibility, particularly to seniors; of course a lot of seniors do face a diagnosis of cancer. I was just wondering if there has been any work done through that ministry to support seniors living with a cancer diagnosis.

Mr. Stephen Piazza: Thank you for that and I really appreciate that. Yes, as you suggested and noted, nearly 60% of new cancer diagnoses are in seniors. We've actually reached out to the Minister of Seniors in preparation for the seniors strategy last year talking about our programs and support services. We've reached out to them this year as well to see if any of those funding avenues are available to us. I think a lot of the funding under those envelopes announced to date have been very targeted to things like meal programs and things like that. We're willing to continue to try for this funding and would appreciate any connections or options you have for us to work with the Minister of Seniors.

Ms. Natalia Kusendova: I just want to say I'd love to work with you on this and I'm more than happy to have a follow-up meeting to see if, together, we can come up with some solutions. Thank you very much.

The Chair (Mr. Amarjot Sandhu): Thank you. We're almost out of time, so we'll move to the opposition side now for their second round.

MPP Natyshak, can you please confirm your attendance, before you ask a question, and if you're present in Ontario?

1640

Mr. Taras Natyshak: Thank you very much, Chair. Can you hear me?

The Chair (Mr. Amarjot Sandhu): Yes.

Mr. Taras Natyshak: Okay. Taras Natyshak, MPP for Essex.

My question is for Mr. Roesch. Thank you so much for presenting today and informing us about the challenges you have had. Back in March, at the onset of the pandemic, supply chains, particularly in food, were in question. That's why we saw a level of panic in grocery stores and food supply and retail chains. Your operations and the service that you provide to indeed provide food security for Ontarians is vital, and I would argue that you are among the unsung heroes of the pandemic that weren't given enough praise for keeping our province fed, quite frankly, so I want to thank you for that.

My questions are twofold. One is, I wonder if you can explain the difference of your operation, as you explained it, as a stand-alone operation and that of the abattoirs, and why the disparity in the allocation of funding, or whether you were allowed to have the funding; and also how it came to be that OMAFRA was encouraging you and your peers in similar operations to apply for funding at the same time as there seems to have been some confusion as to whether you were applicable in your format, as an operation? Did you catch that?

Mr. Louis Roesch: Yes, I did. If you could answer that, that would be a wonderful answer.

Mr. Taras Natyshak: Fair enough.

Mr. Louis Roesch: Basically, what has happened is they've kind of come in and looked things over and suggested these are things you're going to have to do, or should do in the next couple of years. I already knew that from investigating it, but they didn't seem to know that we were not going to be able to collect.

Something that I would like to add to that is that we did have a business increase. About 30% of that increase was from people who did cross-border shopping. They bought almost all their food on the other side of the border, and ended up having to come to our shop and purchase [*inaudible*]. So there's a lot of issues here.

As that increase came, it kind of overloaded our system at the same time, so we have definitely had to spend some money to update some of the equipment, which more than ate up profits that we thought we were going to have. So in the future, and currently also for that, a lot of that business has stayed. I don't know if it's going to go away or not, but the reality is we need more capacity for freezer space, in particular. Also, just the hanging area would also be quite appreciated, and we just can't afford it.

Mr. Taras Natyshak: Okay. Well, thanks so much. We'll endeavour to find where the confusion arose from within OMAFRA. I'll just simply leave it with the hope that the consumer has found a new, quality product in what you're doing and continues to purchase domestically to support regional economic development. Thanks again for appearing before committee today.

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

Ms. Suze Morrison: Can you hear me now?

The Chair (Mr. Amarjot Sandhu): Yes.

Ms. Suze Morrison: How much time do I have?

The Chair (Mr. Amarjot Sandhu): Two minutes and 30 seconds.

Ms. Suze Morrison: Okay, perfect. I'm going to direct my questions towards Marco Pronto. Thank you for being here today. I know you've been working closely with my office, so I'm a little bit familiar with your case. I want to thank you for your passionate words today, and I hope that your words get through to the government members.

My first question to you would be: What are the most urgent and important steps that the government members can take to make sure that your business survives the next two months? What urgent action do they need to do immediately?

Mr. Marco Pronto: Very simple—thank you very much, honourable member Suze Morrison—please, please, just extend the moratorium. That's all I ask. They are literally counting down the days. I feel like sometimes this is my swan song. All I ask is please just extend the moratorium. We have less than two weeks to go. It truly feels like my landlord is more than happy; they are getting ready to evict us.

Ms. Suze Morrison: Yes, it's truly shameful. We've heard this from several small businesses across the province, through these presentations over the last few weeks, that are in similar situations to you. We know that, even if everyone's businesses were able to go back to normal tomorrow, it would take months, if not years, for businesses to catch up on the arrears that they're in. Businesses need a chance for that breathing room.

I have to apologize; I did miss the first part of your presentation. I didn't realize how ahead of schedule the committee had gotten today; I thought you were up at 4 p.m. I don't know if you touched on commercial rent subsidies at all. Is that something that you think would be beneficial to your business as one solution we could be asking the government for as well?

Mr. Marco Pronto: I did make that point quite a few times.

Ms. Suze Morrison: Again, I'm sorry I missed it.

Mr. Marco Pronto: My view point is actually no. The CECRA program has actually been counterproductive. The loan program that the federal government put forward—look, please understand, I truly, truly appreciate—

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

ROYAL CITY STUDIOS

COLLAB SPACE CORP.

YMCA ONTARIO

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

Mr. Jim Duffield: Hi there. My name is Jim Duffield. I'm the owner of Royal City Studios. I'm just going to share my presentation here. Thank you for inviting me. This is great. I really appreciate the opportunity to talk with you about this.

To give you a little background on our company—my company, really—it's a music rehearsal and recording studio and has become a performance venue as well for musicians. We're really trying to support the local music community and help to raise that art level up within Guelph. Right now in Guelph, there is very little in the way of facilities. It's something that we've been trying to grow over a number of years, so I decided I had to do that myself.

We opened last year on April 15 with five staff. Unfortunately, the growth was slower than expected at first and there were some unexpected costs, so we had to lay off the staff that were here full-time. In order to handle the recording stuff, though, we're still having sound engineers and stuff like that, working with musicians so that we can continue to support the community and make things happen that way. We have about 10 audio engineers that are working with us for different projects.

On January 1, we had revamped our marketing and pricing strategy to try to increase our cash flow, and it seemed to be succeeding. We were starting to kick back up again and our event space was taking off for performances as well as for social events. Unfortunately, just as we were getting our feet underneath us as a new company, COVID hit. On March 10, we were forced to close and, at that point, still weren't quite breaking even. We did reopen for recording only on May 28 and then reopened again for our rehearsal studios on June 13. Then of course, in stage 3, we were able to open up our event space for small groups as well. So that's sort of the history of where we've been.

You can see here primarily we were sort of doing our best in September, October and November. December was kind of a neat month where we had extra stuff happen, but January, when we put our new pricing strategy in place, things dropped a bit, as we expected. They were just charging back up in February and ready to go into March, and then it all crashed and went downhill. I'll get into a little more detail about that on the next slide. Since we've reopened, you can see that things are picking back up again, which is great. Again, I'll get into some more detail on that piece.

Some of the challenges we've encountered with COVID: We had to repay thousands of dollars in deposits for cancelled bookings, primarily in the event hall, and no net revenue for four months straight. We attempted to do a drive-in concert when they were first available. However, the insurance costs were too high. Our landlord was not supportive of us doing it without adding insurance on top of the existing insurance that they had.

1650

They're also unwilling to take advantage of CECRA and unwilling to allow any further outdoor events, even with insurance. They're really tying our hands here. I'm sure you've heard this story from a number of people, as I've just heard, where landlords are not terribly eager to keep things moving for businesses that are in their establishments. Currently, our monthly costs are about \$14,000. About \$9,000 of that is rent, so a huge percentage. It's way over 50%. That's really what's causing us big struggles right now.

When it comes to the COVID benefits and other benefits, certainly CEBA was a great help. It helped us to pay for our operational expenses and do some payments to our landlord, because of course without any revenue it's pretty hard to pay the rent.

The eviction ban has been helpful, as mentioned, as well. It provided some peace of mind in the early goings

and allowed us to focus on recovery and really put some plans in place, do some outside-of-the-box thinking and trying to make partnerships with others, bring in new recognition, and social marketing—all those things that we were trying to do to improve our position so that when reopening did happen, we were ready for it.

We also acquired our liquor licence, which is going to really help as another revenue stream so when we have events or even when we have people in for rehearsals, we're now allowed to sell them alcohol for their practices or their events.

The event space has been really great in the reopening since we've gotten into stage 3. Even though the groups are small, families have been really eager to get back to celebrating their events. We've had weddings, we've had birthday parties; we've had some other small events like bar mitzvahs and showers and stuff like that. Of course, some groups have also been safely restarting performances, so there are a couple of arts groups in the area that are doing dance and performance in a very safe manner, with social distancing and all the other safety requirements around that. So that's been pretty positive and it's been really starting to help us get back toward that recovery.

However, rehearsal and recording bookings are extremely low. People are not wanting to get out of their house, even when it's safe, even when we've got all the conditions correct to protect them. We have controlled access. We've lessened the number of people per studio that we have at our location. We've done all the things we need to do. We're doing all the touch-point cleaning and disinfecting. We're doing all these things, and they're still afraid to come out.

Live performances are also very slow primarily because, well, first of all, we can't do the outdoor performances anymore, and second, for indoor performances—

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

Mr. Jim Duffield:—people are not willing to perform inside because they're worried about their bandmates, at times. So that's a big concern for us right now.

How can the province help? As you've already heard from others, as I have seen now, extend the eviction ban until the end of the year. There's no way to pay the back rent right now. We only have a couple weeks left until the eviction notices start coming out. I'm pretty sure I'm going to be getting one. That would be very, very helpful to create that peace of mind.

The direct rent assistance to small businesses instead of going through the landlords who aren't willing to do this would be a huge benefit to me. While CECRA was not successful, I think if you went directly to the businesses, it would really help.

The third thing is a special support for new businesses and those supporting the community in different ways, like arts and entertainment and those sorts of things, would really be beneficial for us.

And that's all I have.

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

Mr. Jim Duffield: Thank you very much.

The Chair (Mr. Amarjot Sandhu): All right, our next presenter is Collab Space Corp. If you can please state your name for the record, and you can get right into your presentation.

Mr. Emile Salem: Hi. Thank you. Yes, my name is Emile Salem. Good afternoon, members of the standing committee on finance. Thank you for having me speak today and also for all the hard work you guys have been doing so far.

As I mentioned, my name is Emile Salem. I'm the owner and co-founder of Collab Space and the Urban Centre. Collab Space is Ottawa's largest co-working facility and business community space. We have close to 22,000 local small and medium-sized businesses that are part of our community. The Urban Centre is a unique event space. Between the two businesses, we have employed up to 20 staff.

This is our sixth year in business and, like many of our peers, we've had to shut down operations literally overnight. While we understand why we needed to shut down, we couldn't have planned or prepared for this. Through no fault of their own, many have already closed their doors permanently or filed for bankruptcy. Thousands more now are on the verge of bankruptcy, including ourselves.

Time is of the essence here, and I can't stress that point enough. My objective today is not only to speak on my behalf but also on the behalf of the thousands of business owners here in Ottawa who are hugely impacted by this crisis. I hope I can shed some more light and give some suggestions that may help you with your decision-making.

I will begin with the top three expenses for any businesses, which are rent, staff and loans. The order of which is most costly may vary, but these are the top three.

Beginning with rent: The rent relief program, while it has provided some relief, has been grossly ineffective. You've heard all the stories. This one issue alone is the major cause for bankruptcies among business owners. And, again, time is of the essence, as you know September's rent is due in about 12 days.

One recommendation is to make this program mandatory at the very least or, even better, the government should provide the rent payments on behalf of those who qualify in full to either the landlords directly or to the business owners directly.

Having an end date to this program without having an end date to the crisis is also unrealistic. We thought at first that this was going to be a few weeks, then a few months, and we're now ending into our seventh month. Even if there is no second wave, the effects of this crisis will be with us for years to come. A one-size-fits-all program has not proven to work during this crisis. Some businesses have lost 50% revenue, but many have lost 90% to 100% of their revenue due to no fault of their own. No one can answer the question of when will this be over and how long will it take for businesses to recover.

Cost of staff is another big one. Again, programs in place have provided relief to those businesses that are still able to remain open and generate revenue. But for others

like mine and all those in the events industry, how are you able to keep staff employed when we're not generating any revenue at all? The cost of acquiring good staff and keeping them is also a factor. If we lay them off, there's no telling if we're able to get them back once we're able to.

While government employees continue to get paid in full while staying at home, small business owners were left holding the bag to pay their staff with no revenue. I understand that this may not be under your purview, but it is all of our responsibility to lobby the decision-makers for change. My recommendations are to follow the same program for government workers and pay our staff their full salary until which time they are able to restart their employment.

Business loans and accessing new financing: While many have argued that more debt may not be the answer, getting that debt has been close to impossible anyway. The \$40,000 CEBA loan would have provided great support to some small businesses, but those didn't qualify. And for those who did qualify, it didn't come close to providing much, if any, help. My fixed costs are \$75,000 per month; \$40,000 lasted me two weeks.

Access to more financing is non-existent. As you've heard from many business owners, banks aren't lending money, and BDC was a complete disaster. But above all of this is the issue of the businesses that have current loans and are unable to make their payments due to this crisis.

I believe that the government needs to step in and remove all personal guarantees during this crisis. Due to no fault of our own, we have lost our income, we have lost our businesses, and now we're losing our homes and all our personal belongings due to personal guarantees on loans and rental agreements. I personally have already lost my home trying to keep up on payments, and again, we are running out of time before we see hundreds of thousands of personal along with business bankruptcies on the horizon. The banks have received bailouts, so I ask: Where is the bailout for small and medium-sized businesses that are the real ones driving our economy?

Other issues are that insurance companies have not provided any support and were allowed to forfeit their business interruption responsibilities. We still make our premium payments, but they have no answer or will not provide any support. I recommend that the provincial government needs to hold the insurance companies accountable. Again, this shutdown was government-mandated and there has to be a reasonable degree of responsibility on the provincial government's part to force insurance companies to pay out small business owners.

1700

Lastly, capacity limits: My space is over 23,000 square feet, one of my locations, and I can easily physically distance 500 people. While I completely understand the reasons why we have limits, these same regulations do not apply to big box stores that are crushing small business in your communities. We need to level the playing field. While I don't feel forcing stores like Costco to go down to having only—

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

Mr. Emile Salem: —[inaudible] people in their store is a solution, we should open up all places under current restrictions to a minimum of 50% capacity without the fear of being fined.

In conclusion, while the government has demonstrated great leadership, we are now at a crucial point when it comes to saving small businesses. The government has done a great job trying to protect the citizens of this province and their health, but now I feel it's time they protect the health of Ontario's small businesses. Again, time is of the essence.

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

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

Mr. Medhat Mahdy: My name is Medhat Mahdy. I'm the president and CEO of the YMCA of Greater Toronto and president of YMCA Ontario. I want to thank the committee for giving us time today.

Many of you know that the YMCA is a charity with a long-standing history of service in Ontario, dating back more than 160 years. Today, there are 18 YMCA associations operating programs and services all over Ontario. In a typical year, our programs reach more than 1.5 million people at 800 program locations in 125 communities in Ontario.

Before the pandemic—or, as we refer to it at the Y, “BC”—YMCAs were busy community meeting spots where people of all backgrounds, ages and abilities came together to experience health and connect in many ways. Children, families, youth, adults and seniors came to the Y to access licensed child care—we're the largest provider of not-for-profit child care in Canada—day camps and overnight camps; youth leadership programs; employment, training and newcomer services; and, of course, health, fitness and aquatics programming. We've always prided ourselves on being a trusted and valued community partner where everyone feels welcome. Thanks to our financial assistance programs, finances have never been a barrier for people to participate.

But that was before March. The impact of COVID-19—when it hit our world, it changed overnight. We immediately closed all of our centres, child care programs and after-school programs. We halted our plans for overnight camp in the summer, and we vastly reduced our summer camp programs. We knew that families needed money back in their pockets right away, so we immediately halted all the fee-for-service payments that we normally rely on and issued refunds. As a result of the narrow margins on which we operate, we had to furlough most of our employees. We went from employing approximately 16,000 people across the province to employing less than 3,000 in a matter of weeks.

Even throughout this initial hardship, we stepped up to help our communities in need. Some examples: Many YMCAs opened their doors as emergency shelters. Others offered washrooms, showers and changing facilities for homeless populations. One Y near a hospital offered their

showers and changing facilities to front-line health care workers. Others worked in partnership with local food banks to support food distribution, and many YMCAs conducted outreach to seniors who are isolated at home. Many YMCAs provided online services across the board to people so they could access their programs. All of these were done in the true spirit of the Y: to help the people and the communities who we know and love during an unprecedented, challenging time.

We have been following all of the governments' announcements closely. With the federal CEWS program, many YMCAs have been able to rehire staff, for example. In Ontario, we have been following the extension of the temporary layoff period, the pandemic pay top-up for essential front-line workers and the Resilient Communities Fund.

These things have been helpful, to an extent, but the real problem we face hasn't been addressed. Between March and June alone, Ontario YMCAs reported a collective financial loss of \$40 million, more than 57% of our expected revenue. This figure accounts for the reduced expenses we've incurred during this time period as a result of our closures, and it includes the support that we have been able to access through the CEWS program and other government programs to date. The \$40-million loss remains despite these things. It represents important funding that we rely on to keep our facilities operational. Unfortunately, it doesn't include the losses we've experienced over the summer as a result of the cancellation of our overnight camps and the reduction in our child care and day camp programs, nor does it include any of the costs we are now incurring related to reopening, including retrofits, PPE and additional cleaning. When we factor in these issues, the overall cost becomes even higher.

We believe the province has a role to play and that we need a made-in-Ontario plan to help charities like the YMCA stabilize and recover. We're business-minded charities. We depend on fee-for-service revenues in order to maintain our operations. We also operate with razor-thin budgets and we have limited ability to accumulate reserves. As a result, the long-term viability of our operations has been dangerously destabilized, and some of us will not recover. Unfortunately, we have already started to see some YMCAs announce closures. Without urgent interventions, this is likely to become a trend across the province.

We know that our communities need the YMCA now more than ever. We want to continue to stay strong to serve our communities as we rebuild and recover. We have strong roots and are here to help, but we need your help. We're calling on the province to provide sector stabilization for Ontario charities as part of the economic recovery efforts and to allocate the funding needed to support organizations like the YMCA so that we can continue to offer the needed services that Ontarians rely on.

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

Mr. Medhat Mahdy: As the largest provider of not-for-profit child care—we have 600 program locations—we understand that child care is critical to the economic

recovery, the health recovery and gender equity. We have opened up half of those programs and we would like to open up more of them, but the costs to operate them are still fairly high. We're also dealing with the fact that many people are nervous and anxious about bringing their children to child care.

I'll stop there, and I'll thank you for giving us the time today to discuss our challenges.

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

Mr. Lorne Coe: Thank you to all the presenters.

My question is to the YMCA of Ontario. Thank you very much for your presentation and your overview about the effects of the pandemic on your programs and services that you have provided for, as you noted, well over 100 years.

You started, at the beginning of your presentation, to say you're a charity. Did I hear that correct?

Mr. Medhat Mahdy: That is correct.

Mr. Lorne Coe: Pardon me; I didn't hear you. Yes?

Mr. Medhat Mahdy: Yes, that is correct. We're a registered charity.

Mr. Lorne Coe: Okay. So that would suggest to me that to some extent you undertake fundraising. Is that correct?

Mr. Medhat Mahdy: That is correct, yes.

Mr. Lorne Coe: Can you speak to the particulars of the fundraising that you've had to undertake within a pandemic, and what does that mean exactly, so we can understand those challenges as well? It's one thing to say that you're a charity, and you've laid out very well what the impacts have been, but over the years you've had a really robust fundraising campaign or campaigns, and you've been very successful over the years. Now we're in the midst of a pandemic, so I need to understand how you've tried to adapt. You also pointed out that the pandemic is not short-term; it's longer-term. So I want to get a sense of some of the planning that you're undertaking to deal with the challenges within your fundraising regime.

In addition to the provincial government, to what extent have you met with municipalities—the city of Toronto, for example—and to what extent have you met with the federal government to discuss some of these financial challenges?

1710

Mr. Medhat Mahdy: Thank you for the question. First of all, on the fundraising part, many Ys have started to adapt to what we call a COVID response fund, and we have been able to raise money to help with supporting our COVID response initiatives that we have undertaken. So there is a stream of work in that area.

Secondly, many Ys, and the Y of greater Toronto, for example, have some major donors who have made major capital gifts. We have been connecting with them, letting them know what our situation is and asking them to help us with making connections and setting up meetings with people who can help us.

The other piece I would mention is, through YMCA Canada, which is our national federation office, we've had multiple meetings with different levels of the federal government to lay out our challenges and to also put in a very strong request for sector stabilization funding, not just for the Y but for charities across Canada. We have been working with a number of other organizations, such as Imagine Canada and United Way Canada, to continue to meet with the federal government. They're very aware of these situations, and we're hoping to see some positive response down the road.

Locally, we meet with different Ys, keeping in mind that there are 18 different associations. We do have meetings with our municipal partners. We also partner with our municipal partners on things like child care, and we partner with school boards on things like child care. We're quite active in the external world and in the fundraising world to try and address some of the issues we have. I hope I may have answered your question.

Mr. Lorne Coe: You have answered the question. The fundraising—how have you adapted your strategy because we're in a pandemic? You have traditional corporate and regular donors who have supported you for years, but you're in a whole different environment now. How have you adapted your strategy to cope? Because clearly, the corporate donors and the traditional donors are having similar groups coming to them as well. How are you adapting your strategy to deal with some of the pressures that you discussed earlier in your presentation?

Mr. Medhat Mahdy: We've adapted our strategy based on what we're doing during the COVID crisis. We are doing quite a bit to step up, so that has allowed us to put together a case for support. We have been approaching foundations, we've been approaching major donors and we've been approaching some of our members and participants who want to support the Y as we move through this. We've also been approaching a number of the banks as well. So we've made quite a few changes.

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

Mr. Medhat Mahdy: Obviously, the challenge is that they're getting a lot of requests coming forward. We're able to put together a very strong case. The case is really not around the stabilization funding, but more around the programs that we're offering right now.

Mr. Lorne Coe: I wanted to thank you very much for that response and the work that you have done and are doing, along with your colleague who's with you today, who is accountable for the government relations piece and I'm sure is doing a good job engaging other levels of government as well to address the challenges within the pandemic. Thank you, again, for your presentation today. It was very impactful. Back to you, Chair.

The Chair (Mr. Amarjot Sandhu): Thank you. Now we'll go to the opposition side for the first round. MPP Fife.

Ms. Catherine Fife: Thank you. I believe MPP Harden has comments.

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

Mr. Joel Harden: Thank you very much, Chair. Emile, it's great to see you here this afternoon, and I'm very sorry to learn of your personal hardship with respect to Collab Space, which is a fantastic organization in our city.

You mentioned a number of things in your comments about help you're looking for. You mentioned about the need to have direct help for small businesses and not percolated through landlords. You mentioned how insurance companies haven't had to share any of the pain in this particular moment, and you also mentioned how there was a disproportional experience between some of the large retail operators in what they're allowed to have in their spaces with respect to capacity and yours.

I'm wondering if there's anything else on that list, given you only have a certain amount of time, that you wanted to share with this committee and my colleagues in government—specific policy help you're looking for, so that people can pull policy levers in Toronto to help make sure that your hardship ends.

Mr. Emile Salem: All in all, the responses have been quick and have been great to help a lot of small businesses, but they've all been one-size-fits-all type of responses. I understand when speed is of the essence and you're just got to come out with something, and we were thankful for that. But it's proven that this one-size-fits-all doesn't work.

I can you give an example: My wife has a small home-cleaning business that she has run now for about three years, and she was ramping up. She had just hired a couple of staff. When this hit, she didn't qualify for the \$40,000 CEBA, for example. That would have kept her going for six months, but she doesn't qualify.

So the programs that have come out really didn't help the people who really needed it to make the difference. It would have been great if that was available to all businesses and then had a sliding scale. We do \$1.2 million to \$1.6 million in sales a year, so how is \$40,000 going to even make a dent, right?

So what type of grants and programs—unlike many of my counterparts who don't want more debt, I have no problem getting more debt, but I am unable to get any of it. How are we going to address just the financial situation of keeping businesses open? You've heard the stats. We employ seven million people across Canada. We should be getting more attention than we have, and time is of the essence right now.

Mr. Joel Harden: I hear what you're saying. Now, banking is a federally regulated sector, but insurance is a provincially regulated sector. So I'm wondering, given what you're describing, which I've heard time and again at this committee, that insurance companies have not foregone their monthly payments, would you be supportive of a provincially mandated program that required insurance companies to provide relief to organizations like yours who are bound by agreements you signed to continue some of those payments? Would that be a step in the right direction for you?

Mr. Emile Salem: It would definitely help. We've been paying insurance for six years. We've paid tens of

thousands of dollars into our insurance just for business interruption alone, and insurance companies basically have been relieved of all responsibility to help in this pandemic. They have no answers, yet they still require us to pay our premiums, and it just doesn't make any sense to me. At the very least, forgo premiums for a year. Do something to support.

My home car policy gave me a cheque for \$30 at least just to say, "We hear you. You're not driving as much," but the business insurance companies haven't done anything.

Mr. Joel Harden: Right. That says a lot, doesn't it?

Chair, how much time do we have left?

The Chair (Mr. Amarjot Sandhu): Two minutes and 30 seconds.

Mr. Joel Harden: I want to make sure I share my time with MPP Morrison. Thank you.

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

Ms. Suze Morrison: Is the mike working?

The Chair (Mr. Amarjot Sandhu): Yes.

Ms. Suze Morrison: Thank you.

I'll direct my questions towards the Y. Are there any additional supports that you'd like to see for people you serve in our community who are the most vulnerable? I know you've spoken a lot to the pressures your organization is facing, but in terms of additional community supports that you'd like to see put in place by this government, what are you hoping for?

Mr. Medhat Mahdy: We normally support people who are in vulnerable situations. For example, the YMCA of Greater Toronto works with about 700,000 people a year; half of them are requiring financial assistance, unemployed, newcomers or homeless youth. The best support for us to be able to serve those communities would be to stabilize the organization because, by nature and by definition, that is the business we're in.

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

Mr. Medhat Mahdy: So if we're not stabilized, then we aren't able to do all of those things that we normally do and do well.

1720

Ms. Suze Morrison: Yes, I think that's a really important point to make. It's not just one organization and the folks that you hire; it's the broader community impact. If organizations such as yours are allowed to fail because of the circumstances, the impact in all of our communities will be absolutely devastating, and so I really hope that the government members take that message to heart. We can't afford to allow really important community organizations like yours to fail.

Is there anything else you would like to add?

Mr. Medhat Mahdy: I would just say that during the crisis—we've been through many crises before, and recessions and pandemics—we see greater demand for services and for our work. That's why we're very vigilant about wanting to ensure a stable YMCA.

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

Interjection.

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

Mr. Mike Schreiner: There we go. Thank you. It wasn't allowing me to unmute, so thank you, Chair.

I want to thank all three presenters for coming in today, providing important and vital information and taking the time to do that. I'm going to direct my first questions to Royal City Studios. I just want to preface by saying, Jim, I want to thank you for the work you do in our community—obviously we're both in Guelph—and particularly for the arts community here, because I know the arts community has been hit particularly hard by the pandemic. I think you're doing everything you can to stay open and continue to serve a segment of our community that has been hit especially hard.

I hadn't seen your presentation until today, so I actually just want to say how impressed I am at how you managed to pivot, rethink, rejig, innovate and do whatever you can to hang on—not always with the support of your landlord, unfortunately. But I wanted to ask you how important the eviction ban is or has been to your ability to have some anxiety taken off of your shoulders, to give you the space and the time to innovate and pivot and try to come up with new, creative ways of keeping your business open.

Mr. Jim Duffield: Wow. If that eviction ban had not come in—thanks for asking that question, MPP Schreiner. When that ban came in, it basically saved the business. I was already at that doorstep, and I knew that within a very, very short time, I would just have to close the doors. The eviction ban enabled me to have that breathing room, come up with some strategies and some ideas, and work with my partners to figure out how we're going to make this happen.

Now, I knew that September 1 was the deadline. As unrealistic as that seems given that we were going to be closed for however long—it just made it really tough to understand that. At least it gave us that standing place where we could say, "Okay, here's where we are. Here's where we need to be. What are the 18 things that we can think of today to start going in that direction?" So it was huge; it really was.

Mr. Mike Schreiner: How important is it for your business to have the eviction ban extended to the end of the year, given the fact that your revenues obviously haven't recovered yet—they're starting to, but not yet—and the fact that you have back payments to cover, as well?

Mr. Jim Duffield: Well, that's just it.

Mr. Mike Schreiner: Yes, so how important is that for you to just be able to hang on and continue to innovate and stay open?

Mr. Jim Duffield: On August 1, my landlord requested full payment of all back payments, and I obviously said, "Well, I can't afford that right now, and you know why, so I'll give you as much as I can," which I did, so I still had to pay a significant amount, at least a third, up to half of my rent throughout this time, which has been a huge strain not just for the business, but also for me personally. As September 1 comes and there's no extension of that ban, that bill is going to come due and I'm not going to be able to do anything about it. I just will not survive.

Mr. Mike Schreiner: Yes, we've heard that from a number of small business owners, unfortunately. I understand how critical it is for the eviction ban to be extended. How important is it to just completely revamp this rent relief program and make it tenant-driven rather than landlord-driven?

Mr. Jim Duffield: Yes, that would be huge, because landlords have a lot of reasons why they don't want to be part of it. I've heard a few of them myself, but I've heard rumblings of a whole bunch of reasons. They don't want to own it. They don't want to be responsible for it. They just want to collect their rent. If they can't get it from me, they're going to want to get it from somebody else. That's their approach.

Getting that rent assistance would really help, and I want to go even one step further and make it not a loan but a grant because of all the hardship that we're coming up against. Maybe that varies based on the business and the conditions, but if it's a grant, we're not offsetting one debt for another debt; we're actually enabling companies to get back with their heads out of the water, breathing fresh air and able to execute. If it's just a temporary loan, even if it is to the end of next year, that's still a whole lot of money, because rent is such a huge component of our expenses.

Mr. Mike Schreiner: I know I'm getting close to being out of time. So your revenue is recovering, but it's not fully recovered. I can see that in your graphs. Do you think you have enough runway? You're clearly on the runway to recovery, but do you think you have enough runway to hang on, even with the recovery, if there are changes to the rent situation?

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

Mr. Jim Duffield: That depends a little bit on COVID itself and how quickly that safety can come back into people's minds and they can feel comfortable getting into a room with a couple of their bandmates or performing on a stage with them. That's going to be a key factor for us. The runway is variable, and that's what makes it challenging for us. We have no idea how long this is going to last, but I think giving us any runway is going to be helpful and give us that chance to sell that safety, sell that, "You're going to be fine here. Let's make it happen"; and then showing other people that people aren't getting sick coming here, because we are under control. I think if we have that opportunity to demonstrate that over the next few months, it will really make a difference.

Mr. Mike Schreiner: Emile brought up the space restrictions, and I've had other companies talk about that. I just want to switch to you really quickly, Emile. Can you elaborate on that? Because I've had other businesses in very large spaces say, "If we could have enough people to physically distance here, we could actually open"—

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

Mr. Mike Schreiner: I'll catch you on the next round.

The Chair (Mr. Amarjot Sandhu): We'll come back to that on the second round. We'll go back to the opposition.

Ms. Catherine Fife: Is MPP Morrison on the line?

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

Ms. Catherine Fife: I'm going to go quick and then I'm going to put it over to Mr. Harden.

Mr. Mahdy, from YMCA, your presentation was pretty clear. You're at a turning point right now as a not-for-profit. Obviously, you're filling in many gaps that exist in the social infrastructure of the province of Ontario. You can't fundraise your way out of this issue. You can't fundraise your way out of this problem. The not-for-profit network has asked for \$680 million to try to hold those services together.

Child care has been a huge issue across this province. I think people have a better understanding than they ever did around the value to the economy and to gender equity and to health and safety. On a go-forward basis, what should the government be doing specifically on the child care piece? Because this is the key for us moving forward as an economy.

Mr. Medhat Mahdy: I think what we need in the child care piece—there are two or three elements. One is we need to make sure that the costs to operate are fully covered, including the back-of-house supports that are required to ensure high-quality, safe and affordable child care.

Secondly, the important part of child care for us is the relationship with school boards because many of our centres are in schools. There will be an impact of how schools reopen to how we can increase the capability of the child care that we can offer.

Ms. Catherine Fife: Okay.

Mr. Medhat Mahdy: And then the biggest challenge that we're going to experience is staffing because many of the staff who work in child care are women, and they may have to look after their own children or they may have not been able to get arrangements. Before COVID, there was a shortage of ECEs, and we anticipate that there might be a greater shortage as we move forward. So I think those three elements are critical.

1730

Ms. Catherine Fife: Thank you very much for making those points. For every \$1 we invest in early learning and care, there's a \$7 return on the investment into the economy. That's the work of this committee, and so we need to embed child care into the recommendations. Thank you for making that point.

I'll go over now to MPP Harden.

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

Mr. Joel Harden: Pardon me; I started before I was unmuted.

I want actually just want to pick up on the narrative of the conversation that MPP Fife had established. I'm actually quite concerned, Mr. Mahdy, that we are heading into a moment in the province in roughly two and a half weeks where a back-to-school plan that's rather ill-conceived, with high amounts of students from grades 4 to 8, will have a knock-on impact in your organization on the child care front that you just mentioned.

A lot of parents are going to be put into a decision—they have already made the decision here in Ottawa to keep their kids home if they feel they aren't safe. Or, if we see as we've seen in other countries that went ahead with a COVID recovery plan in elementary school with a high amount of students in a classroom without proper ventilation, without proper realignment of space to allow for physical distancing—is this on your mind too? As the Y is the largest child care operator in the province Ontario, are you concerned about the back-to-school plan and how it will affect your child care operation? And if you are, what advice might you offer to my colleagues in government about what to do differently?

Mr. Medhat Mahdy: The advice we would offer is to make sure that local YMCAs are working with local school boards as the school boards are reopening to ensure that there's an involvement of the child care sector in the reopening—so as the planning is happening, to have child care sector folks like the Y at the table.

The other thing I would say is that we are working at the Y around home child care. That is probably going to take off as a major initiative in the next year and a half, two years—so really thinking through different models of child care that are not just fully reliant on physical space in schools.

Mr. Joel Harden: Okay. Thank you for that.

Chair, how much time do I have left?

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

Mr. Joel Harden: Okay. I wanted to make sure I had an opportunity to ask Jim a question. I really appreciated what you added to the conversation.

Again, really, the same question for you: You're trying to figure out how to re-establish a business in Guelph that will be required upon people being comfortable, particularly artists and patrons of the arts, to move into spaces. If in fact we do see in the next two and a half weeks an unsafe environment in our public schools that gives rise to a second wave of COVID-19, what is that going to do to you as a small business to allow for your recovery? Are you concerned about this? Has this crossed your mind?

Mr. Jim Duffield: Thank you, MPP Harden. Yes, it has actually crossed my mind. I think it's in all of our thoughts—not just the schools opening but then the flu season coming up as well. The flu is going to get confused with COVID; no one's going to know what's what. There's going to be a lot of fear around that. Potentially, it could be really bad. If we do end up with a bad situation in schools, that's going to make people not want to be around other people even more, so it will absolutely handcuff half of my revenue.

Mr. Joel Harden: I guess if I'm taking your comments to heart from a small business perspective in a precarious position—and I hear you, having given back a lot to Guelph and Guelph artists, you want us to get this right. Am I correct? You want us to make sure that we make this back-to-school right, because it could become your latest massive headache to bear.

Mr. Jim Duffield: Yes, and not just mine; I think of all the artists out there too. We don't want them getting sick. We don't want them having all these issues as well. I want them to have a place to go.

The Chair (Mr. Amarjot Sandhu): Thank you. Sorry to cut you off. The time has come up. We'll move to the independent members now. MPP Schreiner.

Mr. Mike Schreiner: Actually, Jim, I'll give you a chance to finish your thought there, because earlier today I was meeting with a number of small business owners in Guelph, and this is exactly the question they were asking me about their concerns around school and how it could affect COVID and their businesses.

Mr. Jim Duffield: Yes, and when you think about it, now you have bubbles of 30 students in a class or maybe even more. Where are they having lunch in school? That's going to be 400 people—or 1,000 people—in a lunchroom. How do you control that? So now those kids come home, and now you're exposing everyone at home to that same group of people through your contact. It's very terrifying, to be honest with you, and if it's not done right and done with thoughtfulness—I've just heard that we're going to be doing masks, I think, at all ages in schools for all kids, which is terrific, I think, but doing all of those things and making sure we're as safe as possible is going to be critical to everybody's success all through Canada.

Mr. Mike Schreiner: Thanks, Jim. I'm just going to shift to the Y for a second. Like in many communities across the province, the Y is the largest child care provider in Guelph. The other thing I've heard from business owners, whether it's small businesses to our largest employer in the city, is concern around child care, and will child care be available? I know in meeting with the local Y here, there have been some concerns around funding gaps in child care over the summer and potentially moving forward. I'm just wondering if there are funding gaps in child care and some strategies for overcoming those so we can ensure that we have access to safe child care moving forward.

Mr. Medhat Mahdy: I think there are some funding gaps, but I do think there are also some opportunities. We were able to operate emergency child care centres. One of the things that I think we figured out is how to operate them safely. As we have reopened 300 child care sites across the province, we have put in very strict safety guidelines, and as the province is now going to expand the number we can have in the room, we have those safety guidelines in, so I think that is going to help us.

One of the challenges, of course, is that many families are still nervous, and everybody is bracing for this coming second wave. People are kind of holding back on participating and making commitments, too, waiting to see what's going to happen in September. We have our revenue side that we have to work on, and then there are some funding gaps that we have shared with the province.

Mr. Mike Schreiner: Do you think a stabilization fund for the non-profit and charitable sector would provide you with some of that relief you need to make sure that you can continue your operations and overcome some of those gaps?

Mr. Medhat Mahdy: Absolutely. I think stabilization funding will be critical, because part of what it will help us do as well is that we need to reimagine how we operate. We know we're not going to go back to the way it used to be for two or three years—and who knows. Not only do we need the stabilization funding, but we need the funding so we can start to reimagine how we can operate differently. There's a real connection with what happens to us and small businesses as well, because we're all about building community and building economic development. Local economic development is about social services, but it's also about small businesses. So the support to small businesses is critical to the support to charities and vice versa. I think it's important, as well, to see the interconnection between the various issues that we're talking about.

Mr. Mike Schreiner: It will be very hard to fundraise. If all the landlords have evicted the small businesses, they're not going to have much money to donate to the Y, right?

Mr. Medhat Mahdy: What kind of neighbourhood would it be if they're closing businesses in the neighbourhood—

Mr. Mike Schreiner: Exactly.

Mr. Medhat Mahdy: And jobs for young people—all the things that are provided. The Y is one of the largest employers of young people, and small businesses employ people. These are all interconnected, in our view.

Mr. Mike Schreiner: I know I'm almost out of time. One of the things you said was that the stabilization fund would help give you the space to innovate, and I'm thinking it's the same way that for Jim the eviction ban was so important to give him some space to innovate. In my remaining seconds here, do you want to just elaborate a little bit on how that provides the ability to innovate?

1740

Mr. Medhat Mahdy: We've already started to innovate, because we've moved many of our services virtually. We have, for example—

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

Mr. Medhat Mahdy: —an online community for seniors. But the bottom line for us is the financial model was based on volumes. We're not going to have those volumes, so we have to rethink how we operate with lower volumes; what that looks like in terms of our facilities as we build them, what that looks like in terms of the programs and the staffing and the training that we need to do.

Mr. Mike Schreiner: Yes, I appreciate that. I just want to close by saying that I appreciate you getting child care into this conversation, because almost every business owner I've talked about has said there won't be an economic recovery if we don't have safe, affordable, accessible child care. Thank you for the work you are doing to innovate and figure out how to do it safely during this pandemic.

The Chair (Mr. Amarjot Sandhu): Thank you. We'll go to the government side now. MPP Kusendova.

Ms. Natalia Kusendova: Thank you very much, Chair, and thank you to all the presenters. Mr. Mahdy, you seem to be the popular guy today. But before I ask you a question, I feel compelled to disagree, respectfully, with my colleague MPP Harden about our back-to-school plan. As a registered nurse who has worked on the front lines of this pandemic, I feel quite confident with our return to school for a safe September. In fact, we are leading the country with the best plan out of all the provinces, and there are parents in other provinces actually advocating to get the Ontario plan.

For example, something that we're doing is we're embedding 500 public health nurses into our school boards who will work directly with teachers and students to implement and teach health and safety protocols, which I think is a very innovative idea and extremely needed at this time of the pandemic. We are also investing a lot of money to buy personal protective equipment and we're hiring 1,300 janitors. So respectfully, MPP Harden, I disagree with your premise that our plan is unsubstantial.

But the question that I wanted to ask is around mental health. I wanted to ask, because we know that the secondary pandemic, especially what I have been seeing in the emergency room, is that—the impacts of COVID are great, but the secondary pandemic that's going on right now, especially when it comes to our youth and young people, is a mental health crisis. Our children and our youth are already so tied into technology, and they're actually losing a lot of those socialization skills that are necessary for their developmental milestones. I was wondering, as the YMCA reopens, if you have programs geared specifically to help children to reintegrate and re-socialize and, with some of the mental health impacts of this pandemic, to actually give them some supports, in terms of that?

Mr. Medhat Mahdy: I would say there are sort of three things. One is, we immediately recognized the challenge for children and youth, and we created online communities. They seem to have been successful in helping young people stay connected and children get involved. We provided things like online camping, online story time, staying connected. We made something like 200,000 phone calls to families and children and connections.

Secondly, we're now physically offering summer camps in a physically distant and very strict guideline way. The children and the youth are really catching on and doing well, and it's really helping the parents.

The third thing is that our child cares are very focused on what we call a Playing to Learn curriculum, which is based on values and helping children connect and addressing any of the mental health challenges they have.

And then we're also bringing back our youth leadership programs and our youth programs that we have to help and reconnect. Kids today socialize. They know how to socialize online, unlike myself, and they find that very valuable to have online communities, and those have been fairly successful in the work we're doing. But we're now also moving into bringing them into the centres in a safe way and in a way for them to connect.

We've also trained our staff. Part of what we do as well is we hire young staff to be counsellors. They've also been trained to help facilitate and support the kids who are coming in. Then we've provided as employers mental health supports to our staff because the question is always, "Who is helping the helper?" As our staff are helping people, whether it's employment services or newcomers, we will provide mental health supports to our staff so that they themselves can feel well.

Ms. Natalia Kusendova: Thank you very much. I agree. Peer-to-peer socialization will be absolutely crucial as we recover from this pandemic.

My other question: You mentioned the home child care program and looking at different models of doing child care in our province. The story of this pandemic is really about looking for out-of-the-box solutions and different ways of thinking to deliver the same programs. Can you expand a little bit on home child care programs?

Mr. Medhat Mahdy: I can't get into a lot of details, but what we're doing right now is we're looking at what that looks like and what kind of training it requires. It would basically be an ECE coming to a home. There might be one or two or three children or families. Obviously, we would do it in a very safe way, and that would provide relief to the parents so that they can work or go to school or do whatever it is they need to do.

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

Mr. Medhat Mahdy: We are operating home child care up in the north; we were before the pandemic, and we're getting back to that. So we do have models that we can share as a follow-up.

Ms. Natalia Kusendova: Thank you. I believe MPP Piccini has a question.

The Chair (Mr. Amarjot Sandhu): MPP Piccini, and 40 seconds.

Mr. David Piccini: You mentioned mental health, additional staff training, cleaning, all for safe child care, correct, Mr. Mahdy?

Mr. Medhat Mahdy: Correct, yes.

Mr. David Piccini: That is also synonymous with the back-to-school plan. Would you not say both are prudent steps for protecting our youth?

Mr. Medhat Mahdy: I would say mental health, staff training and physical distancing—all the guidelines are essential for all programs.

Mr. David Piccini: Perfect. That's in the education plan and yours, both similar, and it's heading in the right direction, correct? Obviously, there's no one silver bullet, but in totality?

Mr. Medhat Mahdy: I'm not an expert on the back-to-school work; I'm more knowledgeable about the child care.

Mr. David Piccini: I'm just talking about conditions.

Mr. Medhat Mahdy: Yes, those conditions are fundamental.

Mr. David Piccini: Thank you.

The Chair (Mr. Amarjot Sandhu): Thank you so much. That concludes our time and 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 Friday, August 28. The committee is now adjourned until 9 a.m.

on August 20 when we will meet for further hearings on the small and medium enterprises sector. Thank you.

The committee adjourned at 1748.

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Mr. David Piccini (Northumberland–Peterborough South / Northumberland–Peterborough-Sud PC)

Mr. Jeremy Roberts (Ottawa West–Nepean / Ottawa-Ouest–Nepean PC)

Mr. Amarjot Sandhu (Brampton West / Brampton-Ouest PC)

Mr. Mike Schreiner (Guelph G)

Ms. Sandy Shaw (Hamilton West–Ancaster–Dundas / Hamilton-Ouest–Ancaster–Dundas ND)

Ms. Donna Skelly (Flamborough–Glanbrook PC)

Mr. Dave Smith (Peterborough–Kawartha PC)

Non-voting members / Membres sans droit de vote

Mr. Stephen Blais (Orléans L)

Ms. Catherine Fife (Waterloo ND)

Mr. Randy Hillier (Lanark–Frontenac–Kingston IND)

Ms. Andrea Khanjin (Barrie–Innisfil PC)

Ms. Laura Mae Lindo (Kitchener Centre / Kitchener-Centre ND)

Mr. Kaleed Rasheed (Mississauga East–Cooksville / Mississauga-Est–Cooksville PC)

Mr. John Vanthof (Timiskaming–Cochrane ND)

Substitutions / Membres remplaçants

Mr. Lorne Coe (Whitby PC)

Mr. Michael Coteau (Don Valley East / Don Valley-Est L)

Hon. Jill Dunlop (Simcoe North / Simcoe-Nord PC)

Ms. Natalia Kusendova (Mississauga Centre / Mississauga-Centre PC)

Mrs. Gila Martow (Thornhill PC)

Mr. Billy Pang (Markham–Unionville PC)

Mr. Sheref Sabawy (Mississauga–Erin Mills PC)

Mrs. Nina Tangri (Mississauga–Streetsville PC)

Mr. Vijay Thanigasalam (Scarborough–Rouge Park PC)

Hon. John Yakabuski (Renfrew–Nipissing–Pembroke PC)

Also taking part / Autres participants et participantes

Ms. Teresa J. Armstrong (London–Fanshawe ND)

Mr. Jeff Burch (Niagara Centre / Niagara-Centre ND)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Joel Harden (Ottawa Centre / Ottawa-Centre ND)

Mr. Logan Kanapathi (Markham–Thornhill PC)

Ms. Suze Morrison (Toronto Centre / Toronto-Centre ND)

Mr. Taras Natyshak (Essex ND)

Mr. Tom Rakocevic (Humber River–Black Creek ND)

Clerk pro tem / Greffier par intérim

Mr. Isaiah Thorning

Staff / Personnel

Ms. Laura Anthony, research officer,
Research Services

Ms. Sude Beltan, research officer,
Research Services

Ms. Sandra Lopes, research officer,
Research Services