

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

Official Report of Debates (Hansard)

P-6

Journal des débats (Hansard)

P-6

Standing Committee on Public Accounts

2021 Annual Report,
Auditor General:

Value-for-money-audit,
COVID-19 Economic Response
and Supports for Businesses

2nd Session
42nd Parliament

Wednesday 23 March 2022

Comité permanent des comptes publics

Rapport annuel 2021,
vérificatrice générale :

Audit de l'optimisation
des ressources, Intervention
économique et mesures
de soutien aux entreprises
en réponse à la COVID-19

2^e session
42^e législature

Mercredi 23 mars 2022

Chair: Taras Natyshak
Clerk: Christopher Tyrell

Président : Taras Natyshak
Greffier : Christopher Tyrell

Hansard on the Internet

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

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

Index inquiries

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

Le Journal des débats sur Internet

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

Renseignements sur l'index

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

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



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

CONTENTS

Wednesday 23 March 2022

2021 Annual Report, Auditor General.....	P-53
Ministry of Economic Development, Job Creation and Trade; Ministry of Energy; Ministry of Finance; Ministry of Government and Consumer Affairs; Treasury Board Secretariat.....	P-53
Ms. Maud Murray	
Mr. Stephen Rhodes	
Mr. Greg Orencsak	
Ms. Renu Kulendran	
Mr. Ali Veshkini	
Mr. Victor Severino	

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
PUBLIC ACCOUNTS**

**COMITÉ PERMANENT DES
COMPTES PUBLICS**

Wednesday 23 March 2022

Mercredi 23 mars 2022

The committee met at 0900 in room 151.

The Clerk of the Committee (Mr. Christopher Tyrell): Good morning, honourable members. In the absence of the Chair and Vice-Chair, it is my duty to call upon you to elect an Acting Chair. Are there any nominations? Mr. Bailey.

Mr. Robert Bailey: Clerk, I'd like to nominate MPP France Gélinas, please.

The Clerk of the Committee (Mr. Christopher Tyrell): Those nominated must be either permanent members or properly substituted members on the committee, unfortunately.

Mr. Robert Bailey: Okay. Who's a permanent member? I don't know who they are.

Interjections.

The Clerk of the Committee (Mr. Christopher Tyrell): Are there any other nominations?

M^{me} France Gélinas: Chris, can you tell us who's allowed to be nominated?

The Clerk of the Committee (Mr. Christopher Tyrell): Anyone but yourself.

Mr. Robert Bailey: I'll nominate MPP Stephen Crawford.

The Clerk of the Committee (Mr. Christopher Tyrell): Does the member accept the nomination?

Mr. Stephen Crawford: Yes.

The Clerk of the Committee (Mr. Christopher Tyrell): Are there any further nominations? There being no further nominations, I declare the nominations closed and MPP Crawford elected Acting Chair of the committee.

The Acting Chair (Mr. Stephen Crawford): Good morning, everyone. Thank you for electing me as your Acting Chair today. We will now go into closed session for the committee's briefing with the research officer and the Auditor General.

The committee continued in closed session at 0902 and resumed at 1230.

2021 ANNUAL REPORT,
AUDITOR GENERAL
MINISTRY OF ECONOMIC
DEVELOPMENT,
JOB CREATION AND TRADE
MINISTRY OF ENERGY
MINISTRY OF FINANCE

MINISTRY OF GOVERNMENT
AND CONSUMER AFFAIRS
TREASURY BOARD SECRETARIAT

Consideration of value-for-money audit: COVID-19 economic response and supports for businesses.

The Acting Chair (Mr. Stephen Crawford): Good afternoon. I would to call this meeting of the Standing Committee on Public Accounts to order. We're here for consideration of the value-for-money audit on COVID-19 economic response and supports for businesses from the 2021 Annual Report of the Office of the Auditor General of Ontario.

Joining us today are officials from the Ministry of Economic Development, Job Creation and Trade; Ministry of Government and Consumer Services; Ministry of Energy; Ministry of Finance; and the Treasury Board Secretariat. You will have 20 minutes collectively for an opening presentation to the committee. We will then move into the question-and-answer portion of the meeting, where we will rotate back and forth between the government and the official opposition caucuses in 20-minute intervals, with some time for questioning allocated for the independent member.

I would invite each of you to introduce yourselves for Hansard before you begin speaking. You may begin when ready. You may now proceed with your 20 minutes, please. If you'd like to introduce yourself to Hansard, you may begin your presentation. Hopefully we are connected okay.

Ms. Maud Murray: Yes, we are connected. May I begin?

The Acting Chair (Mr. Stephen Crawford): Yes. Please introduce yourself for Hansard and then you may begin.

Ms. Maud Murray: My name is Maud Murray. Good afternoon, Chair. I'm the deputy minister of the Ministry of Economic Development, Job Creation and Trade. Thank you for the opportunity to appear before you today to discuss the work of our ministry in delivering programs to support businesses during the pandemic. I also appreciate you allowing me to participate virtually today as my family isolates following an exposure to COVID-19. Thankfully, Victor Severino, the assistant deputy minister of the Pandemic Response Secretariat is at the table with you today.

I would like to start by thanking the Auditor General and her staff for their work on the value-for-money audit

and their recommendations. The pandemic created an unprecedented challenge for people, businesses and governments around the world. Together with our colleagues across government, our priority has been to protect the health and safety of our province and to take swift action to mitigate the impacts of COVID-19 on our economy. These programs were not developed as part of the ordinary course of business. They came as an immediate and urgent need to support businesses. The government adapted its support as information became available about the impacts of the pandemic on our economy.

With the pandemic spread to the province, the government quickly recognized that with an unreliable international supply of masks, gloves, gowns and other critical supplies, we needed to strengthen Ontario supply chains. That's why in April 2020, the government launched the \$50 million Ontario Together Fund. The first round invested in manufacturing operations to support domestic production of essential medical supplies. These investments addressed the immediate and future challenges of foreign supply of equipment and technology that was needed at the beginning of the pandemic. The second round supported home-grown manufacturing and innovation to provide other equipment critical to the health, safety and security of Ontarians.

The Ontario's Main Street Relief Grant provided eligible small businesses with financial support to help cover the cost of PPE and protective supplies.

Before the Digital Main Street program, or DMS, only about 60% of Ontario small businesses had a website and only 7% had an online payment system. The supports from DMS were crucial in helping 21,000 businesses increase their digital presence and help them with the cost of digital adoption.

The largest program we delivered was the Ontario Small Business Support Grant, or OSBSG. It delivered \$3 billion in urgent and unprecedented support to more than 110,000 small businesses. These businesses needed support immediately. The OSBSG provided funds to businesses to use however they saw fit, from paying employee wages to maintaining their inventory. The lessons learned and best practices from the program have already been applied to the Ontario Tourism and Travel Small Business Support Grant and, more recently, the Ontario COVID-19 Small Business Relief Grant. The nimble delivery, rigorous oversight and focus on continuous improvement that characterized the delivery of the OSBSG ensured that struggling businesses could concentrate on getting back on track.

Thank you again, committee members and Chair, for the opportunity to speak to you today.

Mr. Stephen Rhodes: I'm Stephen Rhodes. I'm the Deputy Minister of Energy. Just let me begin by thanking the Auditor General and her team for the work on the audit. I certainly appreciate their advice and their work.

As Deputy Murray mentioned, when the COVID-19 pandemic hit, it had an immediate and drastic effect on the province's economy, as we all know. Many small busi-

nesses were forced to close or significantly restrict services because of provincial public health measures. With many businesses responsible for their own energy bills and experiencing urgent financial need, a program to refund their energy bills seemed like a logical choice to provide them with assistance.

The energy cost rebates program launched in November 2020, with local distribution companies providing great support in helping to promote the program. While our ministry didn't have an existing system to process the applications, we built that capacity very quickly with our colleagues at MGCS and finance, who are here today, and spent a great deal of time trying to balance the internal controls we needed to have in place with the critical need to get the support out to the businesses that so critically needed it.

Within energy, we had dozens of ministry volunteers who gave up months of their time to help process the applications. In the end, 82% of the applications were paid out to businesses in under 14 days, with an average of 10.7 days to get from a completed application to payments to the businesses. By the end of the program, there were 27,000 businesses that received energy rebates.

We're very committed, along with the Ministry of Finance, to working on the recommendations that came from the Auditor General. In fact, the second round of the rebate program was recently announced on January 18 of this year, and it incorporates many of the recommendations that came from the Auditor General, in addition to additional guidance that she and her team provided on how we could expand the outreach.

With that, I'll thank the committee and pass it on to my colleague.

Mr. Greg Orensak: Good afternoon, everyone. My name is Greg Orensak. I am the Deputy Minister of Finance and chair of the Ontario Financing Authority. I obviously welcome this opportunity to address the committee today. I also want to thank the Auditor General and her team for supporting the public sector through her value-for-money mandate, not just through this audit but through many, many other audits.

Her office plays a really important role to help inform the many important programs that the government designs and delivers. I would certainly like to thank her and her team for their thorough and engaged work on this value-for-money audit, as well as extend my thanks for the productive working relationship between her office and the Ministry of Finance. The recommendations resulting from this review have helped inform and continue to inform programs that the government has launched over the course of the pandemic and since the review itself.

Today we're here to discuss the COVID-19 economic response and supports for businesses section of the 2021 Annual Report of the Office of the Auditor General. More specifically, as the Deputy Minister of Finance, I welcome the opportunity to provide an overview of the Ontario Small Business Support Grant and the property and energy cost rebates program, which the Ministry of Finance was

involved in designing, and in the case of the latter program, in designing and delivering.

I too will provide some context first. The government's priority, as it has been communicated to us at the public service, from day one of this pandemic has been to protect the health, safety and livelihoods of the people of Ontario, while taking very swift action to support businesses and people. The programs that we are discussing here today were created during and in response to the pandemic.

In developing support programs, the government—like most governments here in Canada and elsewhere across the world—adapted its approach as more or better information became available about the impacts of COVID-19 on Ontario's economy. For example, in the summer of 2021, the government launched a tourism and travel support grant which took into account many of the policy design and administrative best practices that were learned through the delivery of the earlier pandemic support grants from the fall of 2020 and the winter of 2021. Those helpful learnings that were acted on were also consistent with many of the recommendations that were made as part of the Auditor General's report.

1240

I will talk a little bit about the policy objectives and design of the Ontario Small Business Support Grant, which delivered \$3 billion in urgent and unprecedented support to over 110,000 small businesses all across the province. The grant was developed to provide meaningful and timely relief to businesses that were facing another round of public health restrictions, including full closure, in order to protect the people of Ontario from the spread of COVID-19. Eligible small businesses were provided a total of a minimum of \$20,000 to a maximum of \$40,000 for two rounds of payments. The program was designed to target relief at small businesses most impacted by the public health restrictions by setting minimum revenue declines of 20% or more. The program was also designed to ensure that new businesses established since April 2019 could apply and be eligible.

Similarly, the property tax and energy costs rebate program provided much-needed assistance to approximately 31,000 business properties across the province. This was the first business support program in Ontario where eligibility for relief was tied to COVID-19 public health restrictions, which was a prudent approach to ensure that funding would be targeted to the most impacted businesses to help with their fixed costs, such as property tax and energy costs. Businesses were eligible for this program if they were required to close or significantly restrict services due to provincial public health measures implemented beginning in October 2020, until the program ended in July 2021. By delivering flexible and urgent support for fixed costs such as property tax and energy costs, the program was able to help tens of thousands of businesses better weather the economic storm of the pandemic.

In closing, I would like to once again thank the Auditor General and this committee for your work and your diligent oversight. As the province moves forward in its

recovery from the pandemic, the Auditor General's recommendations will help the province to better prepare for delivering programs to support businesses in the face of potential future challenges.

Thank you, and I will now pass it on to my colleague Renu.

Ms. Renu Kulendran: Thank you, Deputy. Good afternoon, everyone. I'm Renu Kulendran, and I'm the Deputy Minister of Government and Consumer Services. It's a privilege to address the Standing Committee on Public Accounts today and to provide an update on my ministry's progress on the Auditor General's value-for-money audit of the government's COVID-19 economic response and supports for businesses.

I'd like to take a moment to introduce the officials who are joining me today. With me are Noah Morris, who is the ADM of the Ministry of Government and Consumer Services, enterprise financial services division; Roy Thomas, who is the director of the Transfer Payment Ontario branch and also representing the same division; and Cameron Sinclair, who's the assistant deputy minister responsible for our customer care division at Service-Ontario.

We also would like to thank the Auditor General for this report. Collectively, we have reviewed all recommendations and continue to work to address them. We recognize that the role of the Auditor General is vital in ensuring democratic transparency and accountability. My ministry takes the recommendations in this report very seriously, and we are committed to examining areas where we can improve our programs.

As you may be aware, the Ministry of Government and Consumer Services played a critical technical role in supporting the administration of the Ontario Small Business Support Grant and the property tax and energy rebates on the ground, via the government's online application portal and contact centre. Our ServiceOntario division's resources were redeployed to provide contact centre services to support applicants to these programs, and our staff worked around the clock under the direction of partner ministries to execute and support the grant and rebates program through Transfer Payment Ontario. We worked diligently to ensure that the portal and the application were as simple and user-friendly as possible so that applicants could get access to the funds they needed so urgently.

MGCS proved its commitment to helping Ontario recover from the economic effects of the COVID-19 pandemic by supporting our partner ministries—the Ministry of Economic Development, Job Creation and Trade; the Ministry of Finance; the Ministry of Energy; and Treasury Board Secretariat—to mitigate the economic side effects of the pandemic. This was a unique and never-before-encountered situation, and we were keenly aware that we needed to act swiftly to help a multitude of Ontario businesses suffering from the economic impacts of COVID-19. These programs were created out of an immediate and urgent need to support businesses facing hardship as a direct result of the pandemic.

MGCS agrees that incorporating lessons learned from the COVID-19 economic response and supports for businesses audit will be a value to future program implementation, and my ministry has already incorporated lessons learned from the Ontario small business grant support program into the role of subsequent COVID programs, particularly for the Ontario Tourism and Travel Small Business Support Grant, the Ontario Business Costs Rebate Program and the Ontario small business relief grant. Such lessons learned include applying enhanced IT controls to all programs; using proven user experience design principles to create the application portal; and providing user-friendly support products and materials, such as instructional videos and frequently asked questions.

Overall and in retrospect, our response to COVID-19 and the Auditor General's review and recommendations for improvements has provided us with some valuable lessons that we can apply to future scenarios.

Once again, committee members, thank you for the opportunity to address you here today, and I'm happy to answer any more questions you may have over the course of the afternoon. At this point, I'll turn it over to my colleague from Treasury Board Secretariat.

Mr. Ali Veshkini: My name is Ali Veshkini. I am the associate deputy minister from the office of the Treasury Board Secretariat. I'm here on behalf of Deputy Minister Deborah Richardson, who cannot be here today.

Really, there are three germane points in terms of the Treasury Board's involvement here and why we're here, but before I get there, I do want to thank the Auditor General and her team for the collaborative work that we do and we continue to do, not only on the original audit but the follow-up to the audit as well.

In terms of the Treasury Board's role, first I would say from a process perspective, the Treasury Board's role is very important. The Treasury Board is a subcommittee of cabinet and we work closely with all ministries who submit submissions to go to the Treasury Board. The ministers that sit on the board work closely with them to refine their submissions, but really to do two things: (1) ensure that the fiscal impacts are highlighted and that the funding also is identified; (2) ensuring that government priorities are aligned and mandates are aligned and that timing is aligned as well. Those are the two key things that the Treasury Board would do during that process.

In terms our role with the actual audit, there are really two components, the first being the transparency of the financial and spending. Really, for that, we have continued to be transparent in terms of our spending. We have been transparent either through the budget or through the economic outlook, as well as quarterly financials and public accounts. So we have four vehicles there that provide COVID spending to the public and how we have spent our dollars.

Secondly is around performance measures and KPIs. There, we continue to work collaboratively with the Auditor General in terms of the follow-up audit, and it's really around strengthening our performance measures

and strengthening around time-limited spends with ministries. I'm happy to talk more about both of those in terms of the disclosure of the financials as well as the performance measures throughout this session. Thank you.

The Acting Chair (Mr. Stephen Crawford): If that concludes the remarks today, we'll proceed with the following rotation and questions: 20 minutes for the official opposition members, followed by 20 minutes to the government members and three minutes to the independent member, if present. We'll follow this rotation for two rounds. For the third and final round, we will split the remaining time evenly between the government and opposition members, with the independent member, if present, allotted three minutes for questions at the end.

We'll start now with the opposition. MPP Fife.

1250

Ms. Catherine Fife: Thank you to the folks who have appeared before this committee. I think we can start off by saying this process is meant to inform future practices and to improve. I think that when the auditor did this value-for-money audit on the program, specifically the small business grant program, certain concerns came to the surface. Certainly there were design issues in the program, which I hope can be improved going forward. The effectiveness of the support—how do you measure whether or not these programs were effective? I think that that's a good question that we hope to get some answers to from you.

Who set the parameters around eligibility? You have to remember that we as MPPs have been helping businesses in our ridings navigate this suite of programs, and it's been a frustrating process—I just want to be straight up with you—for us who want to help people navigate what appeared in some instances to be a very random program.

I'm going to start with the \$210 million paid to approximately 14,500 ineligible businesses, with no attempt to recover. I'm going to start with this point, because I think that this is a touch point for people in the province. This doesn't make sense to them. The auditor pointed out—this is in chapter 5.2.1—“The province contracted an external consulting firm in February 2021 to review high-risk applications for eligibility and develop a framework to mitigate the risk of further payments to ineligible applicants.” The review identified that over \$210 million had gone to 14,500 ineligible businesses. I'm sure that this was concerning to you as well as to the people of Ontario.

The province wrote off the \$210 million as “uncollectible” in August 2021, representing approximately 7% of the total payments under the program. This is from her report, and this would be, I believe, the Ministry of Finance chair: “The priorities and planning committee of the cabinet recommended that the ministry not pursue recovery of these amounts ‘due to the exceptional circumstances caused by COVID-19’” and that “the act of collection may appear unreasonable and unjust to business owners and the greater public during a pandemic.”

I would like for you to take us through how that decision was made and what the decision point was, because I must tell you that I've heard a lot about this \$210 million.

I still think \$210 million is a lot of money in Ontario. It just amazes me that if you are on ODSP in the province of Ontario and you work an extra one hour, the government can claw back that \$10 or \$15. What does that say about our checks and balances on accountability here? Please give us some insight as to why the province is not pursuing these ineligible businesses and trying to get that money back for the people of this province.

Mr. Greg Orencsak: Thank you for your question, MPP Fife. It's a very comprehensive question, and I'm sure that we'll get a chance to unpack various parts of your inquiries, because they are indeed very important.

I think you started out by looking for impact and performance measures in terms of these programs, and the small business support grant in particular. I think it's pretty unprecedented through a very short period of time to have a program that's able to reach 110,000 small businesses and deliver over \$3 billion of support when it was very much needed to help support these businesses whose activities were severely disrupted in terms of requiring shutting them down as a result of public health restrictions.

These were difficult times, both inside government, in terms of moving at pandemic speed to design programs and deliver programs—we're all public servants, and we care deeply about the services that we deliver to the public, so any opportunity that we have to improve on how we serve the public is always welcome, and that's why I appreciate the spirit in which you've framed your question as to how we can collectively continue to improve how we serve all citizens of this province.

We also believe that the vast majority of businesses that took advantage of applying for these programs applied in good faith for this kind of government support. We can talk a little bit more about the considerations around the debt, and I will hand that over shortly to my MEDJCT colleagues to dig into.

The last thing I'll say—and I'm sure that we'll get a chance to talk more about this—is from the perspective of the province, it's important to consider these programs that we're talking about individually as part of a suite of support programs that were delivered by both the provincial and federal governments, because we wanted to make sure that we did that in a complementary fashion, recognizing that some provincial programs responded to, perhaps, needs and gaps that existed in terms of how businesses were supported during the pandemic.

I will ask my colleague Deputy Murray to speak a bit more about your question with respect to—

The Acting Chair (Mr. Stephen Crawford): Sorry, Deputy, could you just confirm your name and position—as everyone should before they speak—for Hansard?

Mr. Greg Orencsak: Do you want us to do that every time we speak? Because we've already identified ourselves.

The Acting Chair (Mr. Stephen Crawford): Yes, please.

Mr. Greg Orencsak: I'm Greg Orencsak. I am the Deputy Minister of Finance.

The Acting Chair (Mr. Stephen Crawford): Thank you. MPP Fife.

Ms. Catherine Fife: I hope that someone is going to address the \$210 million. Is that where we are? Okay, good.

Ms. Maud Murray: That's where we are.

Ms. Catherine Fife: Thank you.

Ms. Maud Murray: Thanks for the question, and thanks to Deputy Orencsak for the beginning, responding to a portion of that.

Just to reiterate that we are confident that the vast majority—

The Acting Chair (Mr. Stephen Crawford): Deputy, if you could just confirm your name and position again, for Hansard. It's required.

Ms. Maud Murray: Apologies. It's Deputy Maud Murray from MEDJCT.

As I was saying earlier, we're confident that the vast majority of businesses that applied for the program did so in good faith. We put ourselves in the shoes of business owners whose livelihoods had just been devastated, and somehow, they found their way to this grant program and felt that they were eligible. Given the impact of the pandemic on business, they applied, thinking they had nothing to lose.

Under normal circumstances, the government would have collected payments made to ineligible businesses, but these circumstances were far from normal, as Deputy Orencsak mentioned. While businesses that received the first round of payments and were found ineligible did not receive a second payment, it was determined that pursuing businesses for repayment under these circumstances would, firstly, not be good use of government resources, and secondly, was not the right thing to do under the circumstances. Pursuing repayment would simply create yet another financial hardship for these struggling small businesses just as our economic recovery was getting under way.

Ms. Catherine Fife: Can I—

The Acting Chair (Mr. Stephen Crawford): MPP Fife.

Ms. Catherine Fife: Thank you very much. But the point of the matter was that these businesses never qualified for the support, so how can you say that it was a hardship for them? They created the hardship for the hard-working people in the Ministry of Finance. They submitted applications when they should not have. They secured funding because there wasn't enough due diligence on the process to determine whether or not they were eligible. Instead, they received the money. So I'm sorry, I don't get that rationale that this would be an undue hardship for those businesses when they were never qualified for the funding in the first place.

But I do think it is important—because you've raised an interesting point for me on process. I think that this is a huge learning moment, because the pandemic is not over, and we are going to be in these situations, I suspect, again.

The auditor found that—under 4.2, she said there is “no documentation of discussions about” the “province's

economic response or essential business list by supporting tables and committees.” I can tell you, as MPPs, this is something that we struggled with. When a business said, “Why am I not eligible? Who determined the eligibility? What were the parameters? What were the benchmarks? What can I do to make my case to the government?”—there was no clarity on that. And then when you go through the report, we find out that there were no official minutes that were taken at meetings held by the province’s economic response structure. There was also no formal documentation of advice provided by the Ontario Jobs and Recovery Committee to cabinet. The committee met 40 times between April and May, and there’s no record. There’s no documentation.

1300

How do you actually go out to the public and say, “This is the determination we met and this is how we met that”? I know there are businesses watching right now, so I want them to hear from those people who made that decision. How did you make the criteria? What parameters were used in making those decisions? I don’t know if this is to Ms. Murray or not, or if it’s economic development.

Mr. Greg Orencsak: It’s Greg Orencsak, Deputy Minister of Finance, for the purposes of Hansard.

I’ll help direct the questions, MPP Fife, so don’t worry about that. There’s no wrong door in terms of asking questions. We’ve got a big team with us here today. Let me tackle your question, hopefully to your satisfaction.

The Jobs and Recovery Committee and economic response structure were an advisory structure. It wasn’t a decision-making body. Decision-making bodies in respect of programs continued to be made by cabinet, through the advice that would have been received through the Treasury Board, which, again, is a committee of ministers that makes decisions and recommendations to cabinet, which then get ratified by cabinet. There is ample documentation in terms of submissions to the Treasury Board and submissions to cabinet that document the criteria that were used to establish these particular programs.

In terms of our economic support structure that the government established during the course of the pandemic to continue to help respond to the needs of individuals and businesses, they played an advisory role. They did not make minuted recommendations. They provided advice to cabinet.

How did this work? For example, the chair of the Jobs and Recovery Committee would provide a verbal update to cabinet colleagues about some of the work that was being conducted around the committee that he chaired. The chair of that committee was the Minister of Finance. There were ample documents that were discussed and tabled at the committee. I just want to be really clear about that in terms of the kind of analysis and support that that kind of an advisory committee would have benefited from. But in terms of the advice itself, it was conveyed to cabinet through the minister.

Ms. Catherine Fife: So presumably the Minister of Finance, then, as chair of that committee, would have had a hand in deciding who qualified for \$10,000 or who

qualified for \$20,000, or how many employees you had to have, or if you were a family business and you didn’t have a certain bank account? So the Minister of Finance was directly involved in making those decisions? As the chair, I would think that he would be, but—

Mr. Greg Orencsak: It’s Greg Orencsak again, the Deputy Minister of Finance, for the purposes of Hansard.

The decision-maker in this instance, in terms of the program criteria, like with all government programs, is the Treasury Board. The Treasury Board is chaired by the President of the Treasury Board. The Minister of Finance is on the Treasury Board. There are other ministers who form part of the Treasury Board. It’s the Treasury Board that is the decision-maker that makes recommendations to cabinet, and it’s through the Treasury Board that there is formal approval that’s obtained to establish programs, to secure funding to implement programs, and the Treasury Board usually continues to track the progress around how programs are being implemented.

Ms. Catherine Fife: So that’s where the power is—that’s where the money is, so that’s where the power is. We get that part. So then Minister Sarkaria would have been involved in those decisions.

Were there any small businesses consulted? Process matters; really, it does. Any small businesses, were they pulled into these meetings to give you their feedback? For instance, some hotels qualified for some support, but the laundry services businesses that serviced the hotels did not qualify. That would have been good information for you to know, secondary and third businesses that are impacted by the closure of a small business—that trickle-out effect. Were there any businesses consulted as you went through this process?

Mr. Greg Orencsak: It’s Greg Orencsak again, Deputy Minister of Finance, for the purposes of Hansard.

The Treasury Board makes decisions based on submissions and recommendations from ministries, but obviously the government and government members, just like MPPs, talk frequently to constituents and stakeholders. These programs were designed during the pandemic very quickly to be able to respond to the suddenly changing public health environment. You will recall that it was within a matter of days that in December 2020, as case counts increased, the government, based on the advice of public health officials, implemented a province-wide shutdown. But because there has been regular dialogue with the business community, some of the features of the small business support grant were actually responsive to that feedback that was being received.

Again, as I alluded to a little bit earlier, these programs were designed as part of a portfolio of programs that were available to businesses that included federal programs like support for wages and rents, for example. The federal government provided direct support to businesses, but mostly through loans. One important feedback that the government had heard from the business community and the small business community was that loans are not as helpful to businesses during that time, because it creates uncertainty as to whether the business has the ability to pay back

that loan. That's why, for example, the government decided to make the small business support grant into a grant. That's how feedback was reflected—

Ms. Catherine Fife: Thank you very much for that.

How much time do I have, Chair?

The Acting Chair (Mr. Stephen Crawford): MPP Fife, you have exactly two minutes left, and I will be giving warnings at two minutes.

Ms. Catherine Fife: I just want to say, I don't think we need to have everybody introduce themselves before they speak, because we've never done that before. He's still the same person that he was before—but anyway.

If I only have two minutes left—because I do want to get into the \$14.3 million in property tax reimbursements and the \$1.7 million in energy costs reimbursements that went to ineligible businesses. This, again, is a design flaw. But I do note that the auditor made a recommendation that property tax and energy costs rebates made to ineligible businesses should be recovered on a timely basis, and recommended that the Ministry of Finance and the Ministry of Energy continue to recover funds paid to—and I support that, and I think most people would support that. That's why I don't understand the \$210 million.

But since the audit, since December, the ministry has only recovered \$20,000 to date. I wanted to give you an opportunity to tell us how difficult it is and why you've only recovered \$20,000 out of a good chunk of change.

Mr. Greg Orencsak: I'm at the Chair's disposal, so I'm happy to state my name for Hansard, but it's really up to you, Chair.

The Acting Chair (Mr. Stephen Crawford): I've been advised by Hansard to do it, so—

Mr. Greg Orencsak: Okay.

The Acting Chair (Mr. Stephen Crawford): There are only 30 second left.

Mr. Greg Orencsak: Greg Orencsak still, Deputy Minister of Finance.

I'll be brief. We are continuing to work in a fair and balanced fashion to recover overpayments or ineligible payments under those programs. Since December of last year, the government launched a new property and energy rebates program, the Ontario Business Costs Rebate Program. We've prioritized delivering that program, when it was needed in response to the Omicron surge, over recoveries.

1310

The Acting Chair (Mr. Stephen Crawford): Thank you. We're going to have to now move to the government side for 20 minutes of questions. We'll start with MPP Barrett.

Mr. Toby Barrett: I'd like to maybe kick off a couple of questions. Maybe just to try to sort out the afternoon, I'll direct them to our first presenter, Deputy Minister Murray with economic development, job creation and trade.

However, having said that, I just think it's really valuable to have representatives from so many different ministries here that, in one way or another, have been involved

with this devastating hit to small business and our economy over the past two years.

I think Hansard is really important. There are guys like me who will read this later, to know just who said what.

From the perspective of an elected representative—and I think of what my offices went through during those two years, which pales in comparison to what businesses were going through. I don't know whether my staff—I don't know how many hundreds of calls they received from small business. We were surprised we weren't getting more. So many of the small businesses seemed to tough it out, or they went under. I think of the restaurants. In my riding, Haldimand–Norfolk, the tourist industry is very important. Steel, refining, agriculture seemed to get through it okay, but there were so many very, very vulnerable businesses.

My question—perhaps if the answer could be couched in—if you could summarize the last two years, how did it work out? I know this was unprecedented.

For example, the Ontario Small Business Support Grant alone: I see here \$3 billion was transferred to 110,000 small businesses. How effective were we? Who fell through the cracks? Is there evaluation going on now? Is there research being done, at minimum looking at bankruptcies? I just see it from the perspective of the communities, or even walking up Yonge Street in Toronto. All the restaurants have changed ownership, from what I can tell. What kind of evaluation are we doing to find out just how efficient the whole process was? Beyond Band-Aids, how successful were we?

So could you summarize the past two years? Is that possible?

Ms. Maud Murray: Thank you very much for the question, member. I will do my best to summarize the past two years.

As we all know, it was quite an extraordinary time for our province and the world. The pandemic has had far-reaching consequences, ones that affected Ontario communities and small businesses on which they rely, with the government having recognized the necessary COVID-19-related public health measures—recognizing that they came at a cost to Ontario businesses. Through the Ontario Small Business Support Grant, urgent relief was provided to support eligible businesses that were required to close or significantly restrict services due to necessary provincial public health measures.

It's important to note that the Ontario Small Business Support Grant achieved its goal, which was to get much-needed funds into the hands of struggling businesses in record time. The program has delivered, as you heard earlier, nearly \$3 billion in urgent and unprecedented support to over 110,000 small businesses in Ontario, helping them through this difficult time.

This program was also created during and in response to the pandemic out of an immediate and urgent need to support. The government understood the extreme sense of urgency small businesses felt during this time, and it did its utmost to implement this program, resolving difficulties surrounding eligibility, as system capacity issues came along the way.

The extraordinary response to the grants demonstrates just how important this assistance was to small businesses. Within four weeks of opening, the program received 90,000 submissions. By the time the program closed, it had received 210,000 submissions. The ministry worked across government to make sure that as many small businesses as possible were able to receive the support that they were counting on in a timely and responsible way.

The ministry also ensured that it provided eligible businesses with support as soon as possible, while continuing to perform the due diligence that's needed and that's expected from taxpayers and that we take pride in doing. That included tripling the number of staff who reviewed applications to increase the number of grants processed daily. We released a detailed step-by-step instructional video on the application portal to help guide applicants through the process, and also working directly with applicants to ensure forms are filled out correctly and eligible businesses were not being denied funding.

In fact, to ensure due diligence and to deliver this programming in an accountable way, an external provider was engaged to conduct reviews, in addition to reaching out to applicants to provide more information where that was needed. The government engaged a trusted external provider with experience in delivery of small grant programs, and it was also engaged to help get money into the accounts of small businesses, once they were deemed eligible across the province, immediately.

Their experience allowed them to ramp up quickly and meet our tight timelines to process applications. They also had procedures in place to protect small businesses, and they were working closely with government staff to ensure that our strict processes were being followed. In addition, thanks to the additional resources that the government devoted to processing the grants, including external support, we managed to release funds for all approved applications as soon as possible, regardless of their complexity.

That gives you a bit of a summary of the work that we did to make sure that we were responding as quickly as possible, making changes along the way as information became available to us.

The Acting Chair (Mr. Stephen Crawford): MPP Barrett.

Mr. Toby Barrett: Just quickly, perhaps from the lens or the perspective of a small business who we were trying to help: Going in, there was a fair bit of confusion. I know there was a 1-888 toll-free number. I think that's still in operation, and perhaps ServiceOntario has picked up some of the load. Now, at the end of the two years, we still seem to—if my constituent staff were sitting here, they would have a hundred questions for you. That's why we have good staff, I guess. We're still trying to wrap up some loose ends.

You mentioned the support grant, and that 110,000 small businesses received delivery. But 210,000 applied, so they didn't receive the money. I guess that's when they phoned the MPP. So going in, and even at present, how are we doing as far as making sure that there's communication or information transferred to these businesses—the ones

that didn't get the grant? Secondly, I just want to know what we are doing as far as evaluation? What are the numbers on bankruptcies and things like that that perhaps are related to these lockdowns? That's to Deputy Minister Murray.

Ms. Maud Murray: Thank you for that. In terms of the part of your question, member, in relation to the communications that we're providing to the businesses to help them through the application process, and the 1-800 number, I will be asking my colleagues at MGCS to help us with that portion of the question.

You also had a question around, I think, bankruptcy. Is that right? What we are doing around those companies?

Mr. Toby Barrett: Yes, I'm just thinking of measures: how we can measure success or a lack of success.

Ms. Maud Murray: The success of the program, as I said earlier, in terms of it being able to achieve its goal, was making sure that eligible businesses received their grants as quickly as possible and that we helped them through the application process, and ensuring that we were putting into place and implementing accountability measures that would ensure that the businesses that were eligible were actually the ones that were getting paid.

1320

In terms of other measures around success, one of the things that all of us here today will tell you is that the lessons learned are something that we are applying across the board in new programs that are going to be developed in the future, and even current ones that are in place.

I'm going to be turning it to my colleague, Assistant Deputy Minister Victor Severino, to be able to give some information specifically on bankruptcy and what we're doing on that end.

Mr. Victor Severino: Thank you very much, Deputy Murray. Victor Severino, assistant deputy minister, Ministry of Economic Development.

We're constantly evaluating the programs that we implement. Throughout the entire pandemic, there were several lessons learned that we were applying in real time. I'll note that initially, probably, at the beginning of the pandemic, we wouldn't think we would have five waves. That's what it looks like now; it's not what it looked like at the time.

The lessons learned from the first grant that we paid, which was the PPE grant—we learned lessons from there and we applied that to the small business grant, and our colleagues in other ministries would have applied it as well to the property tax grant as well as the energy rebate grant. We applied those lessons learned to the second payment of the small business grant, and we're continuing to apply those lessons learned to the main street relief grant which we are currently delivering right now.

It's an ongoing issue in terms of evaluating the success of programs. I daresay there are still lessons to be learned from what we're doing now, in a few years from now. I think there's both microeconomic impacts and macroeconomic impacts. On microeconomic impacts, I think the lessons are still probably not clear enough. On the macro level, there are all sorts of other disruptions in the world

economy and in the national economies due to geopolitical issues, so it's sometimes difficult to tell what is causing what.

There is a provincial budget to be released soon. I'm sure there's lots of evaluation and research being done at the Ministry of Finance and at other central agencies on this matter. From the Ministry of Economic Development's perspective, when we are asked to implement a program, of course we do the necessary research. Our primary role is to implement, but we do the necessary research to understand our clientele and make sure that lessons learned from previous programs are implemented.

The Acting Chair (Mr. Stephen Crawford): MPP Barrett.

Mr. Toby Barrett: Maybe—if I could ask a subsequent question. How much time do we have, Chair?

The Acting Chair (Mr. Stephen Crawford): You have seven minutes and 13 seconds.

Interjection.

Mr. Toby Barrett: Okay, Bob.

The Acting Chair (Mr. Stephen Crawford): MPP Bailey.

Mr. Robert Bailey: Thank you to all the deputy ministers who have taken the time to come here today. It's very informative for myself. I'm new to the public accounts committee. I'm not new to Queen's Park, but new to this committee. It's very interesting how government works, the funding and how it goes through the process. We've learned a lot from the Auditor General, of course, the issues she brought up from her studies, and then of course we hear today from all the deputy ministers about how the process works, how the programs are processed.

A comment on the member from Haldimand–Norfolk, my colleague MPP Toby Barrett—I was asking my staff to get back to me, but they haven't got back here yet. I think we processed, in my riding of Sarnia–Lambton, something like over 400 businesses that actually received funding from the small business grants, and we're working on the other ones now. That was something to the tune of \$12 million, I think. I'm going from memory here. And it took a lot of phone calls, as MPP Barrett said, from our office, working with the different ministries, especially government services—a ministry I'm quite familiar with—and finance as well. We had a lot of success stories there.

I remember one business that the ministry kept telling us qualified and that the funding should be flowing, but I don't know whether they ever did get it. There was something with the banking information that just—it would have been easier for me to bring the cheque home from Queen's Park and deliver it to them than to wait for the transfer to happen—I don't know whether that ever did get—I would like to have done that. Anyway, that's in the old days; that's the way you used to do it. But it never did actually ever flow, that I know of. I'm going to look into that before the day is out.

Interjection.

Mr. Robert Bailey: Yes, we had a way of doing that in the past, in the 1970s and the 1960s.

I guess one question is—it's open to any of the deputies who feel like they would like to get on the record, if maybe they didn't have a chance to say much yet. But especially, I'd like to direct it to Renu. Could you explain how MGCS supported the Ministry of Economic Development in addressing the Auditor General's recommendations about lessons learned about the delivery of the Ontario small business grant? Anybody else can comment too, but I'd like to direct it first to Deputy Minister Renu.

Ms. Renu Kulendran: Thank you very much to the honourable member.

This is Renu Kulendran. I'm the deputy minister at the Ministry of Government and Consumer Services, for the purposes of Hansard.

I would say that we worked very closely with our inter-ministerial partners throughout the process. We worked with them as we set up—and I can speak to how we supported other ministries through our contact centre and through a tiered approach to addressing questions and concerns from applicants, which I think you were talking about a little bit earlier.

As we went through the process for the small business grant program and as we noted some anomalies in terms of the application process, which the Auditor General referenced in the report, we addressed them. That would include things like a foreign IP address or a single bank account with multiple applicants. Some of that work was iterative.

The Auditor General did make reference to the fact that there were 23 changes made to the TPON portal, and that was really because we were very careful in our review of applications to look for those kinds of oddities and to investigate them further and work closely with our inter-ministerial partners to address those pieces. As an example, one of the changes made—the first change was made, I think, just days into the program, as soon as we were able to flag some concerns. So I would say that doing this helped prevent things like multiple applications with the same banking information, preventing invalid branch transit and institution numbers and flagging business addresses that were used on other applications and also where a bank account holder was used in another application. These are the types of things that we wanted to address and correct in terms of addressing those questions around eligibility.

With respect to—because I know the honourable member and his colleague the honourable member Mr. Barrett—

The Acting Chair (Mr. Stephen Crawford): Two minutes.

Ms. Renu Kulendran: —also wanted to understand how we supported individuals through the application process. From the beginning, there was a contact centre that was stood up that ran Monday to Friday, 8:30 to 5, and, I do believe, around the launch time, longer hours than that, over the course of the program until today, because we are working on the next generation of the programs. They have been available to answer questions, and while volumes spiked around the key dates of program

launch, I would say that our average call wait times are really about a minute, 30 seconds. We've had, to date, about 240,000 calls from program applicants. Some of the most common questions that they ask about are questions around eligibility, whether they're flagging a mistake that they made on their application in good faith and they wanted to revise, and also wanting to find out the status of their particular applications. But I would say that there is an application portal where individuals can see the status of their applications.

We also work with our ministry partners to have a second-tier approach to allow for escalation of issues, and I know my colleague Deputy Murray has also had people in her office who have been supporting MPPs and others around applications as well. So we do work very closely with the program to escalate those issues where further program knowledge is required.

1330

The Acting Chair (Mr. Stephen Crawford): Great. Thank you. We've run out of time, so we will now go to the official opposition for the next round of questions. It will be MPP Bell.

Ms. Jessica Bell: Thank you very much. Thank you also for being here to address some of the questions and concerns we have about the Ontario Small Business Support Grant program and other programs. My name is Jessica Bell. I'm the MPP for University-Rosedale.

Overall, I want to summarize the auditor's finding, which is that "on the whole, the ministries did not design effective and efficient systems and procedures to deliver cost-effective programs to only eligible recipients to support Ontario's economy during the COVID-19 pandemic." That was the Auditor General's finding.

I saw this as being most relevant for me when it came to the Ontario Small Business Support Grant program, so this is probably a question directed to Deputy Minister Murray. We did a survey of over 14,000 small businesses in our riding and we found that 85% of eligible businesses that applied and had been declared eligible were still waiting for their funding for six weeks or more—and for some of them, they'd been waiting months. Even now, we're dealing with businesses who are communicating with us about the lack of funding they've received or the difficulty they're finding with wanting to appeal a decision that has been made.

For instance, Banu, an owner of a yoga studio in Kensington, was denied because his business was ineligible because he was not required to close. But he was required to close. They were the public health guidelines—and there's no appeal mechanism there. We continue to have issues with a series of small restaurants run by Ascari Hospitality. They're still waiting for \$50,000 in small business support grant money, and they haven't got it yet.

These are just examples that I'm giving, but the overall trend I've experienced over the last two years is that businesses that have been eligible have had an incredible amount of difficulty in getting the money that they are eligible for in a timely fashion. And then when they have

issues, there is no appeal mechanism. It's gotten to the point where they've contacted our office and we have been told that we are no longer able to communicate with ministry staff around businesses in our riding that are not able to get that funding. We have gone through Lorne Coe's office and we got some movement there, but it just feels like it's a black box, and it's really chaotic.

That's been our experience, and we have a huge number of small businesses in our riding. We have Kensington, we have Dundas, we have Ossington, we have Bloor. We have so many small businesses, and they're really struggling.

These are my questions that I have to you: When are small businesses that are eligible for this program going to get their money? This would be a question to, I believe, Deputy Minister Murray, because the program is more under your realm, right?

Ms. Maud Murray: That's right. Thank you very much. I'm Deputy Minister Murray from the Ministry of Economic Development, Job Creation and Trade, and I thank you, member, for your question.

Part of your question also was really around the eligibility and, aside from being eligible, when businesses are going to receive their payments. So—

Ms. Jessica Bell: Just to clarify, I have additional questions around eligibility that I will get to, but the question I have now is, when are businesses that are eligible—most of them have been told that they're eligible. They've received an email saying, "You're going to get your funding." When are they going to get their money? That is my question.

Ms. Maud Murray: Thank you, member.

Once the applications have been reviewed and a business is deemed eligible, it's about a 20-day process to get that to completion, to being able to send the funds. Sometimes, what we do find is that we're able to send the funds, but maybe the business is not able to receive them. That's an issue that we have seen on our end as well. We are diligent once eligibility has been confirmed, ensuring that the businesses get their funds, but we're not able to control how their banking, for example, is able to—the measures that are there that they will be dealing with on their end.

I'm going to also turn it to my colleague ADM Severino to give any specifics around if there's any awareness of any businesses that we know of already that are waiting to have their payments made.

Mr. Victor Severino: Thank you very much, Deputy Minister. Victor Severino, deputy minister, Pandemic Response Secretariat, Ministry of Economic Development.

Thank you very much, MPP Bell. We take this quite seriously. We distributed 110,000 payments, so clearly, money is getting out there; \$3 billion is a large amount to get out there, so we take this quite seriously.

It is true that the program is closed. It is also true that if we had that information before the program closed, we would continue to process it, and if there was either an error on the application—

Ms. Jessica Bell: Sorry, can I just interrupt you there? You're telling me the program is closed even though

businesses have outstanding funding that hasn't been provided to them yet. Can you clarify that?

Mr. Victor Severino: MPP Bell, what I'm telling you is that if we had that information before the program closed, we would continue to process it. If the information came in after, then the program is closed. So we're continuing to process payments. I approve them almost every week.

It is also true, as Deputy Minister Murray alluded to, that sometimes it's beyond our control whether the small business receives their payment. There are issues with banking; there are issues with the alignment with their CRA number; there are issues that the bank might be aware of that we are not aware of. So there could be other reasons why the money has not arrived into their account. At the ministry level, we don't always have insights into what that might be. What I can tell you, though, because we do take this seriously, and not knowing precisely the circumstances of the businesses you've described, is I'm happy to take that information and take it back. I can't guarantee that they are eligible; I should put that on the record as well.

Ms. Jessica Bell: I just want to summarize here. I don't have a lot of time, so if I'm interrupting you, I'm not trying to be rude, I just don't have a lot of time. I do want to summarize that I am going to follow up with your ministry with specific businesses that have been deemed eligible by this program to see if some movement can be made to get them the funding that they're eligible for.

My question also is that there doesn't seem to be any appeal mechanism right now. Is there an appeal mechanism? If there's not an appeal mechanism, can you establish an appeal mechanism for the Ontario Small Business Support Grant program?

Mr. Victor Severino: MPP Bell, I think what I've just described is, in essence, an appeals mechanism. I've just described a situation where if you want to get me the information about the businesses you're talking about, and if we had that information before the program closed, we are happy to look at those cases.

Ms. Jessica Bell: There is a big difference between me communicating with you about businesses within my riding that I have been working with and there being an established, transparent, clear appeal mechanism for businesses across Ontario. I urge you to create an appeal mechanism that is transparent for the entirety of Ontario.

I'm going to move on to another question here, and this is around equity. The reason why I bring up equity is one thing that I noticed with the Ontario Small Business Support Grant program, as well as the energy rebate program and the property tax rebate program, is that some businesses in my riding knew about the program, and some businesses in my riding didn't know about the program. Myself and my staff went to most of the small businesses that had a retail outlet in my riding. It took us a while. This is what we noticed: Businesses that were racialized—Black-owned businesses, Chinese-owned businesses—by and large knew less about these support programs than businesses that were run by white people,

Anglo-Saxon people. It was really, very quickly paramount, an issue. I am wanting to know, have you done an assessment on which small businesses, by ethnicity, received grants, which small business, by ethnicity, applied for grants, to see if these programs were being equitably distributed across Ontario?

Mr. Greg Orencsak: Maybe our colleagues at the Ministry of Economic Development could look to see if they can answer this question based on the information that they collect in respect of when a business applies for the programs—maybe Deputy Minister Murray.

1340

Ms. Maud Murray: Deputy Minister Murray for economic development, job creation and trade.

Thank you for the question, member. In terms of that type of information, I don't believe that those kinds of questions around ethnicity are something that are part of the application process. I'll ask my colleagues here to jump in and correct me, but as far as I know we wouldn't be collecting that kind of information and then be able to assess it on that point that you've made there, member.

Ms. Jessica Bell: Okay.

Mr. Victor Severino: May I, Chair?

The Acting Chair (Mr. Stephen Crawford): Yes, sure.

Mr. Victor Severino: Victor Severino, Ministry of Economic Development.

Once again, this is a pretty important issue. It may not sound like it, but my first language is also not English, and what I can tell you is that we did reach out. There was quite a bit of marketing that went into these programs, including with ethnic communities. So if we've missed somebody or if somebody feels underserved, that's certainly something that we would want to consider very seriously, take stock of it and rectify.

As Deputy Murray said, we do not collect that information on the application process. There are probably good legal reasons why we don't do that, but it's certainly worthy of further study.

Ms. Jessica Bell: Thank you. I'm pleased I got to raise that issue with you today, because it's something that I noticed very quickly in my riding when I was doing that outreach.

I want to focus again on the Ontario Small Business Support Grant program and the eligibility design. Something I noticed in my riding is that there were some businesses that weren't eligible, maybe because they quickly increased their employees and then they decreased them again. Maybe it's in the film industry or it's a summer business. Many of them weren't eligible because of the criteria that you compared—April 2019 to April 2020 revenue, I believe. Then I also had some businesses that had just started up, so they didn't have any April 2019 revenue to compare it to, but they were clearly suffering as a result of the pandemic.

And then we also had some issues, which the Auditor General raised, around there being some businesses that were clearly not eligible for this program that were getting the money—and we're not talking about ones that applied

in good faith and then made some mistakes; we're talking about businesses that might not even operate in Ontario, that might be applying six or seven times, essentially using this program to get some revenue that they weren't eligible for.

The reason why I'm bringing up these examples is because it speaks to the need to redesign the eligibility criteria for the small business support grant program so that the right people get it, and the people who really aren't eligible for it don't get it.

My question, and I'm guessing this is for Deputy Minister Murray, is: What thinking has gone into changing the eligibility criteria if the Ontario Small Business Support Grant program is rolled out again? What criteria are you looking at changing? What criteria are you looking at adding? That's my question.

Ms. Maud Murray: Thank you for the question, member. Deputy Minister Murray, from the Ministry of Economic Development, Job Creation and Trade.

Just to take you back to the eligibility criteria for the program, as we mentioned earlier it was intended to support businesses that were required to close or significantly restrict services as a result of the province-wide shutdown, and so there were some businesses that were not included as a result of that. Just to remind you very quickly, the size of the organization—how many employees they had, if there were fewer than 100—would have been a factor, and in some cases, at different phases of the program, the revenue decline would also have been a criterion.

Just to also restate, that continuous improvement is part of our work. Let's hope this program never has to happen again, but if it does have to come into place again, the criteria will be built around what we're seeing at that time, and so at that specific time the circumstances of businesses may change. We'll have to take those into consideration and then advise the government and, once a decision is made, implement those eligibility criteria that have been determined.

Ms. Jessica Bell: So I guess I have some comments on that. First, my request is that you take heed of the Auditor General's comments and do outreach to the business community before criteria are finalized. It was something that I believe was done with the Digital Main Street program, where that was more effective criteria that were set up.

I guess, number one, my request is to do outreach to the business community. The second thing: My request is to really think through measures that could reduce the instances of fraud and people taking advantage of this program. Maybe it means requiring that the business owner be an Ontario resident. Maybe it means working more closely with the CRA and double-checking in some way. You're the experts on this. But having \$200 million flow out—there's this acknowledgement today that this money is essentially unrecoverable. I don't think any of us here would want that to happen again.

That's the extent of my questions today. Thank you for the time.

The Acting Chair (Mr. Stephen Crawford): Okay. You have four minutes and 30 seconds. MPP Fife.

Ms. Catherine Fife: Interesting. I just want to go back to the comment around how the ministry did adapt to some of the changes. This would go to Renu. Obviously, as the program was evolving—I mean, listen, there were obviously some pressure points that were there. But, at one point, the auditor identified that it took the ministry almost six weeks to identify, when the application process was in process, if it mentioned "Uber" or "Lyft" or another word—I can't find it right now—that we needed to adapt that program. Why did it take six weeks? There was quick feedback that there were ineligible people applying for the small business grant—this is in the first round. Why did it take six weeks to identify and pull some of those words out so that people would not qualify for government funding?

Ms. Renu Kulendran: Thank you, MPP Fife, for the question. This is Renu Kulendran, I'm the Deputy Minister of Government and Consumer Services.

I would say that, as the delivery agent of the program, we worked very closely with the program-owner ministries around some of the evolving criteria and we worked in an iterative way around some of the things that we were noticing as well. It was a very close collaboration in terms of the work that we did—

Ms. Catherine Fife: Then why did it take six weeks? This is obviously a design issue, so I just don't want it to happen again, because "taxi," "Uber" and "limo" were flagged six weeks after the program launched. These businesses were ineligible for the grant, but 995 grants were awarded, to the tune of \$12.6 million. I'm just trying to figure out, as a deputy minister, do you step back and say, "How do we prevent this from happening again?"

Ms. Renu Kulendran: I would say absolutely and just again acknowledge that we do take the recommendations very seriously. Through our own experience, we made changes to the systems and the controls and some of the delivery elements of the portal to flag anything that we saw was inconsistent. However, we did work very closely in terms of program criteria with our colleagues at the Ministry of Economic Development, Job Creation and Trade. In terms of deeming who would be eligible or not for the program to receive funds beyond being able to engineer out any potential anomalies that could signal fraud or any other activities, we—

Ms. Catherine Fife: Did you contract out any of those services? As a ministry, did you contract out some of those services about who qualified and who didn't? Did you have a third party working?

Ms. Renu Kulendran: I would say, at the Ministry of Government and Consumer Services, we worked with third-party vendors to support contact centres to expand, because we had to expand our contact centre support.

The Acting Chair (Mr. Stephen Crawford): One minute.

Ms. Renu Kulendran: And so, we would have worked to bring staff in to help answer the phones, but not to determine eligibility.

Ms. Catherine Fife: That is an issue for me and I know for my colleague as well. When we call those third-party

agents, if you will—and I can see that you would try to get some assistance to meet the need, but those third-party contractors don't even know what an MPP is. When we call them, the level of customer service—perhaps it's the nature of their job; I don't know. They're not professional, and there is very little satisfaction in getting answers. When you contract out services like that, I think there should be some quality control.

1350

Ms. Renu Kulendran: If I may, I would be interested in hearing about particular instances where you have had businesses who felt that they did not get good customer service, because we're always interested in improving. But I would say that we have—

The Acting Chair (Mr. Stephen Crawford): Thank you. The time is expired.

We're now going to move to the government side for 20 minutes. We'll start with MPP Cuzzetto.

Mr. Rudy Cuzzetto: First of all, I'm going to direct this question to the Treasury Board, so I probably need the associate deputy minister up here.

I want to thank everyone here today. COVID-19 hit the world. It didn't just hit Ontario or Toronto, it hit the world. You had to pivot really quickly to get money out to everyone out there, so I want to thank all of you for all the hard work you did, because it was difficult for you. I've got to admit that.

What was the Treasury Board Secretariat's role in the development and delivery of the COVID-19 support programs that were included in the VFM audit?

Mr. Ali Veshkini: Thank you very much for the question. Ali Veshkini, associate deputy minister of Treasury Board.

With respect to our involvement at Treasury Board, obviously, we have the ministry members of Treasury Board who are there to opine and make decisions. From the office of the Treasury Board perspective, our role is to gain the submissions from the ministry, such as this one. What we do is we work with the ministries to help refine. Really, we're looking at various things: that it aligns with the government priorities and what they deem necessary in terms of the program deliverables. We also look at the funding and where the funding source is and, obviously, the fiscal impacts as well.

In terms of performance measures, obviously, we work with ministries to look at the performance measures. However, in this circumstance, given the fluidity of the situation, given the urgency of the situation, it was difficult to provide advice with respect to performance measures that would help guide the program. However, we do take the recommendations from the Auditor General, and we have been working with them and we continue to work with them in her follow-up audit as well.

We're focusing on the performance measures so that we can better—for any emergency moving forward, pandemic or other, in terms of how programs are designed and how we measure their performance, we really want to focus on those performance measures in our framework that are time-limited, new investments that are time-

limited. So we are updating our framework, and we're going to be working with ministries to help them train on that framework so that it's not only the KPIs that manage the regular business of government or transformation, but KPIs that really hit to the core of “emergency” and “time-limited,” so that we can create a better, robust system. We will be also training ministries—I think we will be training over 2,000 people across the ministries once we do update that framework.

All that work was done based on the recommendation that was provided by the Auditor General. We're going to continue to upgrade and train.

Mr. Rudy Cuzzetto: Thank you for that.

Why didn't the Treasury Board Secretariat have proper oversight of COVID-19 support programs?

Mr. Ali Veshkini: Thank you for that. Ali Veshkini, office of the Treasury Board.

In terms of oversight, as I already said, the Treasury Board Secretariat is really there to focus on the funding and the priority-setting.

In terms of monitoring, it is actually the ministries that develop the programs and the parameters. They obviously are there to also collect the information and monitor. So the ministries are there in terms of operationalizing what was approved at Treasury Board. However, as I noted before, we do provide that performance measure framework as well. So that's what we're going to be doing to help upgrade our performance measure across the public service.

Mr. Rudy Cuzzetto: I'm just going to ask you another question here. Why didn't the Treasury Board Secretariat properly track the \$50.9 billion for COVID-19 that was noted in the VFM?

Mr. Ali Veshkini: Thank you for that. The government is the first one, actually, to illustrate transparently to the public potential impacts of COVID spending. There have been eight updates that we've provided in terms of COVID spending to the public.

There are four main vehicles that we use to update the spending on COVID. The first one is the budget, the second one is the economic outlook and the third one is quarterly financials from all ministries. The last one is public accounts.

With respect to public accounts, we've spent over, generally, \$50 billion in the province and we've been transparent about that. You will find in the 2020-21 public accounts that we've actually delineated how that year's money was spent. About \$19 billion was spent. Some \$3 billion of it was spent on, as you've heard today, giving over 100,000 small businesses support. Another \$3 billion was spent on supporting the over 400 municipalities as well as the 110 transit authorities, and \$1.6 billion was spent on temporary resources as well as to help schools with safe reopening. Another \$1.5 billion was spent on long-term care and supporting those homes. And lastly, \$700 million was spent on over 3,000 temporary beds within the hospital sector.

So we've been very transparent in terms of tracking the spend and disclosing the spend. As I've said, we've

disclosed eight times in terms of COVID spending already, and we will continue to provide disclosure of COVID spending. In the budget that will come this spring, you will see, again, COVID funding, as well as in the public accounts that will come later in the summer. As I just described right now, you will see the COVID spending being provided for for this fiscal year as well.

Mr. Rudy Cuzzetto: You said that you provided us with that information eight times; is that correct?

Mr. Ali Veshkini: Eight times, the public has been provided with this information through the four different vehicles that I described: the budget, economic outlook, quarterly financials and public accounts. Correct.

Mr. Rudy Cuzzetto: Okay. That's pretty well for me.

The Acting Chair (Mr. Stephen Crawford): I'd like to go now to MPP Sandhu.

Mr. Amarjot Sandhu: First of all, I would like to thank the various ministries that are here today. The number of ministries that are appearing today speaks to the scale and the importance of the work your ministries are and were doing, and were responsible for throughout the pandemic.

I would like to ask my question to the Deputy Minister of Finance. Just to preface my question, two comments: I heard so much about the importance of the timelines of the whole suite of supports for businesses, and especially the second round of grants that followed up after additional restrictions. It was this kind of adaptability and flexibility that helped many businesses in my community.

To that point, can you help the committee understand exactly what types of businesses and sectors received these supports? How many businesses did these supports help, all told, between rebates, grants and tax deferrals?

Mr. Greg Orencsak: Sure. Thank you very much for the question. It's Greg Orencsak, the Deputy Minister of Finance.

There's been an unprecedented level of support between all levels of government that has been provided through the pandemic to help protect people and jobs, and to shore up the economy. This has helped in terms of business confidence, small business confidence. We've talked a little bit about some of the metrics that we look at. It certainly helped in terms of protecting jobs and the jobs recovery, as well as helping to mitigate or minimize businesses going under in terms of bankruptcies.

I'll talk to you a little bit about your question specifically in terms of the kind of support programs that have been provided. They are fairly extensive in terms of number and count and impact.

We're obviously here talking about the small business support grant, which delivered \$3 billion in pretty urgent and unprecedented support to over 110,000 small businesses across the province. And the province had provided property tax and energy cost rebates. Those programs combined provided support to about 31,000 businesses that were required to close or significantly restrict their services from about October 2020 to July 2021.

Now, the other thing that the Ministry of Finance tracks for the government is the combined impact of cost savings

and supports that have been enabled through measures to support businesses. These are measures that have been enabled by the government of Ontario. We track this on a calendar year basis. For the 2020-21 calendar year, this amounts to \$10.1 billion of cost savings and supports to Ontario businesses, and about 60% of that is being targeted at small businesses.

1400

What makes up that \$10.1 billion? Let me give you a sense of that.

A reduction in Workplace Safety and Insurance Board premiums helps businesses by reducing their insurance premiums that they pay to the WSIB based on their safety records.

Allowing businesses to accelerate the write-off of capital investments for tax purposes is a tax-enabled support that businesses can take advantage of.

The corporate income tax rate for small businesses has been reduced to 3.2% on a permanent basis. That continues to enable support for businesses.

The Digital Main Street program that was also mentioned at this committee table has helped now more than 20,000 businesses across the province to increase their digital presence in 2020-21 alone.

Some other tax measures that are included in that count: the Regional Opportunities Investment Tax Credit, which helps to encourage investments in certain regions of Ontario that have lagged in employment growth in the past; and the Ontario Tourism and Travel Small Business Support Grant, which was available in the summer of 2021, is a bit of a complementary grant specifically targeted at the tourism and travel industry.

A few other tax measures to speak of: lowering high business education tax rates to support businesses and help lower some of their fixed costs. The government has also increased the employer health tax exemption from \$490,000 to \$1 million. The government has also helped lower electricity bills through measures such as the comprehensive electricity plan and the province taking on payment for costs of a portion of high-priced, non-hydro renewable energy contracts.

That gives you a snapshot of 2021. Again, as the pandemic has evolved, the government continued to respond with ongoing supports to businesses, including in response to this fifth Omicron wave that is hopefully behind us. For example, we launched the Ontario Business Costs Rebate Program, which is an updated version of the property and energy tax rebates program, which takes into account some of the many learnings from the earlier support programs.

We currently have in place a six-month interest- and penalty-free period for Ontario businesses to make payments for most provincially administered taxes. That came into effect on January 1, 2022, and continues for six months from that date, providing up to \$7.5 billion of support to those businesses, should they choose to avail themselves of it.

The government had recently cut wholesale alcohol prices to provide approximately \$60 million in annual

support to restaurants, bars and other businesses, and has helped make it easier for businesses to create and extend patios, which is going to be important as, hopefully, warmer days are around the corner come spring and summer.

The government has also extended COVID-19 paid sick days until July 31 of this year to help keep workers safe and ensure that they do not lose pay if they need to miss work for reasons related to COVID-19.

Last, but not least, the government has also recently provided electricity rate relief to support small businesses as well as workers and families, for a period starting on January 18, 2022, for a period of 21 days, when electricity prices were set at the current off-peak rate of 8.2 cents per kilowatt hour for 24 hours a day, which is less than half the cost of the current on-peak rate for electricity.

Mr. Amarjot Sandhu: Thank you.

Mr. Chair, how much time do I have?

The Acting Chair (Mr. Stephen Crawford): You have five minutes and 30 seconds.

Mr. Amarjot Sandhu: Thank you so much, Deputy Minister, for highlighting all these supports. I have heard from many of my constituents just how valuable these supports were, between grants and tax deferrals, for keeping their business afloat. All together, these supports were and are huge programs being managed between a number of ministries, and we have seen how resilient Ontario's economy was, in no small part due to being able to keep businesses supported while they had restricted or limited services.

Could you speak to managing the scale of these programs, and from that, just the perspective of how you're proceeding on working to implement the Auditor General's recommendations or what has been learned at an institutional level from the launch and managing of these programs?

Mr. Greg Orencsak: Thank you for your question. It's Greg Orencsak, the deputy minister of finance.

As we discussed around this table earlier, these programs were created during and in response to the pandemic. As the pandemic evolved and we learned more and we got good advice, so did the approach to delivering some of these programs. We've learned a number of lessons in terms of strengthening the requirements for additional documentation to support applications, including better information to help those of our staff who administer these programs to verify information about businesses in respect of them being able to meet eligibility criteria.

We've helped to increase systems controls in terms of the IT systems that we rely on to help administer and track the money that is going to businesses. We've looked at how we design application portals. We've used professionals with expertise in user experience design principles to help create a better user experience, and we've made it easier and simpler for people to be able to access these programs, both through getting the word out, as MPP Bell spoke to the need for, through marketing and advertising, as well as supportive tools like instructional videos. These

kinds of changes have been implemented in the most recent round of business support programs.

I also know that we care deeply about the customer experience and how our businesses interact with government. Not all of them are quite as tech-savvy and not all of them are necessarily quite as comfortable with online interaction, and that's when our call centres play an important role.

I'm just going to ask my colleague Deputy Minister Kulendran to speak a bit more to our approach to supporting businesses through our call centres.

Ms. Renu Kulendran: Thank you very much, Deputy. It's Renu Kulendran, deputy minister of government and consumer services.

I just wanted to talk a little bit about how we—over the course of COVID and as we've supported many programs through contact centres, including vaccine bookings, QR codes etc., we've had to be nimble to expand, to respond to volume and also to ensure that there's a consistency in terms of customer service.

We do make sure, as an example, for the small business grant program, that we have well-trained staff. So anyone who is answering the phone and speaking with the public are trained not only by our staff, who deliver contact centre programs on a regular basis, but also the program-owner ministries who set the program parameters. The individuals who are answering the calls have to be fully trained around the process before they answer the phones to support businesses who are applying for the programs. We also have a QA/QC program. We record calls. We also have metrics on call volume and how long calls are taking and some of the issues that are coming up on the calls. So we do keep those detailed records, and we do go back and take a look at them.

Customer service is our bread and butter at the Ministry of Government and Consumer Services. My colleague Cam Sinclair is here as the ADM for ServiceOntario's customer care division. We are really interested, always, in how we can improve, how we can better respond to feedback that we are getting and regularly provide that feedback to the program owners and the ministries so that we can adapt and do better.

1410

The Acting Chair (Mr. Stephen Crawford): Okay, we're out of time now, so we're going to go for a 15-minute final round to each the opposition and government. We'll start with the opposition: MPP Fife.

Ms. Catherine Fife: I'd like to start with the Ontario Together Fund—this is 7.0. Clearly, when we went into the pandemic, I think it was a shock to many people to realize how ill-prepared we were for that. The Auditor General had found out that 80% of the province's emergency stockpile of PPE had expired by 2017. The Ministry of Health had been destroying it without replacing it. So there was obviously a need to support the development of PPE and to be more sustainable.

Interjections.

Ms. Catherine Fife: I don't know; perhaps Mr. Barrett wants to have his conversation elsewhere. Hey, Toby.

Under the Ontario Together Fund, there was \$100 million. As of July 31, only half of the money had gone out for the Ontario Together Fund; 54 businesses specifically got \$51,000, up to \$2.5 million; six of those recipients received the maximum of \$2.5 million, which is a good chunk of change; and any business was available to apply to retool or re-shift their operations. I thought this was a good idea.

The ministry used internal contact lists of other similar programs, and they specifically solicited 22 of the 54 recipients. So 40% were solicited specifically by the ministry to apply for this fund, which I found interesting, because I was aware at the time, because I was the critic for economic development, of literally hundreds of companies that were willing to come to the table to solve this huge problem that we had. Some of them in my riding were Eclipse and The Canadian Shield.

The problem that I just wanted to identify, though, is that from a process perspective, for instance, one business was awarded a contract of \$2.5 million to produce tracing and physical distancing devices. You'll remember this company; it was called Facedrive, and the product was called TraceScan. Now, the criteria: Ministry staff had to determine that these companies had been in business for two years, that their financials were open and that they had to have no fees or any liens against their businesses, which makes sense. However, Facedrive, their own review of publicly available information noted that since the business was awarded the contract in February by the Ontario government, the business had already reported a quarterly net loss of \$5.8 million. So the government moved ahead and invested \$2.5 million into this company, knowing that the company was already in arrears of \$5.8 million. Eventually the CEO resigned, just this past September.

The product, which was those little bracelets that beep if you get too close to somebody, you know that—yes, that makes a lot of sense. My husband has 36 students in his classroom, and he said they would be beeping constantly. It was supposed to create 68 jobs. The Premier was interviewed about this specific case, and he said that we got good value. We got no jobs, they went out of business and the products were not applicable. And that would be one thing if it was an isolated event, but it wasn't an isolated event, because another company got a \$1.8-million contract that went bankrupt eight months later.

My question to you is specifically on the Ontario Together Fund. There are some concerns about that process, about the lack of transparency around that process and also, as the auditor revealed, conflict of interest. One of these companies that was awarded \$2.5 million was also on a government agency. So what are you doing to protect—this process has to be—this can be very good for the province, so we have to get it right. But we clearly are not, because only 28% of those Ontario Together Fund projects are on track, and actually, the tracking part of it is not well done either. Please tell us how you're trying to get the Ontario Together Fund right and how you're going to rebuild some trust and confidence in this process.

The Acting Chair (Mr. Stephen Crawford): Yes, Deputy Murray.

Ms. Maud Murray: Thanks for your question, member. I just want to start off by giving a little bit of background on the due diligence that was done for this program specifically. The ministry conducts a detailed risk assessment that includes financial and technical due diligence. Financial and technical due diligence evaluates risks associated with the company's working capital, management and delivery team, as well as the project technology itself and the project completion. The ministry also draws on experience from external technical advisers to help assess how proposals will achieve the province's priorities.

Recipients were required to provide confirmation that financing is in place, before government funding was approved and before funds were dispersed. Additionally, once approved, funding agreements are structured with safeguards to protect the government funding, and there are consequences if recipients do not complete their projects. Funding agreements also have holdback funds, clawbacks and default provisions should the recipients not meet their commitments. I just want to give that background around the due diligence that's done and the supports that are within the agreements themselves that allow the province to draw on in those circumstances, specifically.

Now I will call on my assistant deputy minister to talk a bit about those two examples that you've mentioned, member: the Facedrive and the O2 example, and the case there.

Mr. Victor Severino: Victor Severino, assistant deputy minister, Ministry of Economic Development.

There was a lot there to unpack, MPP Fife. I'm also glad to get a question not related to the Ontario support grant, so I'll take this one. If I could just correct the record, I don't believe Facedrive is out of business. Unless there's information that you have that I don't, they are not, in fact, out of business.

Ms. Catherine Fife: Are they delivering? Are they following through on their commitment to—are we still getting these very expensive beeping bracelets?

Mr. Victor Severino: They're not out of business and we are continuing to talk to the company. Once that is resolved, we're happy to report back to the committee, through the Chair.

Ms. Catherine Fife: That would be good.

Mr. Victor Severino: That was one of the issues you raised. But let me also maybe step back a bit. Once again, the journey through the pandemic has been a challenging one. At the beginning of the pandemic, I will remind everybody, we didn't have vaccines, right? Those popped up somewhere in the middle. We're certainly glad to have them. But what that meant is that the primary methods of mitigation were social distancing, which this technology at the time seemed to be able to address, and masking and other products that the Ontario Together Fund supported like face shields and Plexiglas barriers, for example. Those were all important components in terms of supporting mitigation strategies that would reduce transmission. I think that's important context.

As Deputy Murray noted, we do our very best to use both the best financial due diligence possible and the best technical due diligence possible. In that respect, we

contact technical experts, both at our universities and our technical institutions like the National Research Council, for example. We use those experts as best we can.

It is always the case that what you think might be a great product, the market may not agree, and certainly we're finding some of that. We're also finding that people's preferences in terms of the type of PPE that they want to use has also shifted, and probably that may continue to shift as well. So let me address that.

In terms of companies that would have wanted to step up to contribute to the response, we gladly accepted as much as we could. There were lots of ways for companies to support addressing the pandemic. The Ontario Together Fund was one part of a broader strategy which was the Ontario Together portal. In the portal, companies could donate PPE. There were all sorts of ways for companies to contribute.

1420

With respect to the way companies were approved for the Ontario Together Fund, I think as Deputy Murray noted, it is a pretty rigorous process. Not everyone is going to be able to be a successful applicant.

Finally, in terms of the money that is expended, one of the important aspects of the due diligence—the financial due diligence but also our own controllership strategy—is we don't pay the full amount out. So if there's money yet to be paid, there's a good reason for that, because there's typically a 40% holdback on that.

Ms. Catherine Fife: And you didn't always have clawback measures in your contracts. But now, on a go-forward basis, the ministry is setting a clawback option as a priority so the ministry would get the money if the contract is not fulfilled?

Mr. Victor Severino: That is correct, member.

Ms. Catherine Fife: Okay, so that's a go-forward. That's good.

I'm going to stay on PPE a little bit, because we received a lot of feedback around the \$1,000 grant for PPE. The economic development ministry "did not provide a rationale" as to how it determined that \$1,000 grant amount "other than to state that it 'was an estimate made at the time....' Two thirds of the business operators who responded to our survey"—to the auditor's survey—"said the grant amount was insufficient to help mitigate or reduce the impact of the pandemic on their businesses."

I raise this issue because—we've done a lot of work with the chamber, the CFIB and of course the Ontario business improvement folks who were part of the Digital Main Street, which I think was one of the more successful programs that was operated. How did you come up with this \$1,000? What were the determining factors, and who did you consult? How did you land on \$1,000, regardless the size of the business?

Mr. Victor Severino: Deputy Murray, would you like to start, or would you like me to start?

Ms. Maud Murray: Thank you for the question, member. Deputy Minister Maud Murray from the Ministry of Economic Development, Job Creation and Trade.

For the main street relief grant program, this was one that was designed to provide up to 60,000 businesses, with two to 19 employees, in eligible sectors, with financial support to help cover the cost of PPE and protective supplies. It was another step towards us trying to ensure that main street businesses were staying safe and keeping people employed and continuing to contribute to the communities.

The one-time grant reimburses main street businesses for personal protective equipment costs incurred since March 17, 2020. The eligible businesses were in the following sectors: retail trade, accommodation and food services, repair and maintenance, personal and laundry services, gyms and yoga studios, arts, entertainment, and recreation. These small business sectors, we had noted at the time, had been significantly impacted by COVID-19, and they often required frequent in-person contact with co-workers.

The Acting Chair (Mr. Stephen Crawford): Two minutes.

Ms. Maud Murray: They also generally have the least space to accommodate physical distancing, so they cannot function in a sustainable way without a steady supply of PPE. That's why the focus was on these sectors and we ensured that we were providing a grant that helped them with those costs. Now, this was at the very beginning of the pandemic also, and, as you will see, the small business support grant evolved out of this program as well.

Ms. Catherine Fife: Specifically, I just need you to understand that the \$1,000—I hope that there's future consideration around PPE support for small businesses. It's a key public health measure, and obviously, businesses have already been through a fair amount.

I don't have a lot of time left, which is too bad, I'm sure. But I do want to say that, on a go-forward basis, what we've heard is that having an open and transparent appeals process would build a lot of confidence into the program. Adapting the amounts to specific businesses, be it a grant or a loan, would be really beneficial. And you could see that there was low uptake on some of the programs—the energy and the property tax—so communication is key.

I note the government is running very positive commercials about how great they're doing. I feel that some of that funding should go towards educating businesses, as my colleague has identified, in languages that would actually make a difference to facilitate greater uptake in the program.

I'm going to leave it there. I hope that the next audit of these programs addresses some of the design issues that the auditor brought forward and that the parameters around eligibility are given some serious consideration. Thank you for being here today.

The Acting Chair (Mr. Stephen Crawford): We now have 15 minutes left. We'll start with the government. MPP Barrett.

Mr. Toby Barrett: I'd like to ask some questions to Deputy Minister Rhodes, Ministry of Energy.

I don't know whether we've covered some of this elsewhere or not. I'm just reading a briefing note from our Auditor General, the findings from the value-for-money

audit. It indicates here that about 38% of approved property tax and energy cost support was paid out, so I guess 62% was not paid out, assuming projected take-up or cost of the program.

I'm just reading this note. As of July 31, 2021, when the program ended, only \$340 million had been paid out. I think—the notes are somewhere else—maybe \$900 million or something was perhaps budgeted. The program ended July 31, 2021. Maybe that gets complicated—that's not the end of the fiscal year, that's not the end of the annual year. You could maybe give us some information. I think that program started early on; I think that was one of the first programs.

So \$340 million was paid out. We budgeted or projected something like \$900 million. It was paid out to 31,000 businesses, and—I just see a note here—that includes 27,000 businesses that received the energy rebate. I will ask you to correct my figures. Oh, here we are: \$905 million was approved and allocated to the finance and energy ministries. That's probably from Treasury Board. I'll get you to fill in the blanks here.

Mr. Stephen Rhodes: Sure.

Mr. Toby Barrett: Maybe if you could, for the purposes of Hansard, just clarify these numbers. How did that shortfall come about?

I would be concerned. I remember when the program was first announced, I thought this was great. It seemed very generous. I'm just speculating on the pressure on the businesses. Maybe it's easier to fill out the forms for a grant, maybe some didn't bother with looking at their electricity bill—and I assume it would be a natural gas bill or other forms of propane, perhaps. I burn wood to heat my house; I don't know whether anybody sent out a bill for that. It's hard to document people who use wood to heat.

Maybe I'll stop there. How did this come about? Were the projections off in the first place? Were businesses—they just couldn't be bothered to do the rest of it? Perhaps energy was a very small proportion of their overall input costs.

Mr. Stephen Rhodes: Sure. It's Deputy Rhodes from the Ministry of Energy. I'm thankful for the question.

You're absolutely correct that the program was run from November until July 2021, so it spanned two fiscal years. In the initial year, when we first were rolling out the program, there was an allocation set aside of \$600 million between energy and finance. We assumed that we would get about 120,000 businesses applying for the rebate. But as you see, after we go over those two fiscal years, we had about 31,000 businesses between property tax and energy that applied.

In the first fiscal year, we had \$600 million available and did not get all that funding out the door. The auditor's report covers up to July 31, 2021, but there were certainly a lot of applications still in the system when she needed to create a cut-off and finish her report.

1430

In addition to the \$340 million that was noted in her report by her staff, there was another \$106 million, almost \$107 million that we did end up paying and processing. So I would say in the second fiscal year, when there was

another \$305 million made available, that's how you get to the total of the \$905 million that's cited in the report.

In the second fiscal year, we used about 80% of that allocation to get the rebates out. In terms of the evolution of the program, we had a better chance to forecast what we thought was going to happen based on the five or six months we had from the previous fiscal year. Certainly, when we did the second iteration of the rebate program that was launched in January and just closed off about a week ago, to MPP Fife's question, we really tried to do enhanced communication to business improvement areas, chambers of commerce, local distribution companies, everybody we could think of to try to get the word out as much as possible—which was something, certainly, that was in the audit report as well and that we've heard here today.

Mr. Toby Barrett: I'm wondering why—I know, in my office, we were certainly aware of this program. We thought it was a bit of a godsend at the time, a property tax and energy break. From the perspective of a small business owner, was it one-stop shopping? Was it just one form they filled out for both a property tax break and also an energy break?

Mr. Stephen Rhodes: Yes, absolutely it was integrated. The Ministries of Finance and Energy worked very closely with MGCS so that they could go into one portal. There were basic tombstone questions that were asked, and then from there, there were different things that were required for property tax versus energy.

On the energy side, it was a digital upload of your bill so that we could just get a sense of where things were. Then every few weeks under the program, we would have to re-evaluate what was the public health status of that particular region, what was open, what wasn't open, what was restricted. So some folks were able to upload nine bills and get nine sets of bills paid for. For others, it may have been four or five, depending on what the health circumstance of their region was. That's sort of how it played out.

Mr. Toby Barrett: I'm just wondering why this happened. Again, as an MPP, we felt this was money to be well spent and a needed program.

I'm just wondering why there wasn't a bigger uptake. I don't know; I'm trying to think locally. For example, do we know, across Ontario, did local chambers of commerce reach out to their members or boards of trade to say, "Look, take advantage of this"? Utility companies: Would they have sent a note to businesses to help spread the word? There was probably some government advertising to encourage people to take a look at this as well as any other supports, just to try to get them through the tough times.

Was there a failure, perhaps, in the communication or—

Mr. Stephen Rhodes: As good civil servants, early on in the program, we assumed a 70% uptake, because the last thing we wanted to do was navigate going to Treasury Board and then have to come back and say it's costing more. That's usually not a pleasant experience, as nice as they are. So we tried our very best.

I would say that we did try as much as we could to get communications out to the local distribution companies,

the OEB, our website. There were several government announcements, in fact. It was often echoed at many of the press conferences, and any of the other—we did other programs as well during that time, which Deputy Orencsak referenced, in terms of off-peak electricity and things like that. In every one of those announcements, we tried to echo that this program was available—it was at the bottom of the news release—and tried to get it out.

You'll see, in the second iteration of the program, we certainly did try to step up our social media campaign. We certainly did try a lot harder to get business improvement areas, chambers of commerce, other folks engaged as much as we possibly could to get the word out as best we could.

Mr. Toby Barrett: And again, in evaluating this kind of a program, are there any hard measures—it seems odd for me as a Progressive Conservative to talk about a failure to spend taxpayers' money, but again, given the times. And we have this new program now. I'm sure lessons have been learned, but do we have any economic measures or business measures, perhaps, for those companies and businesses that knew about the small business grant? I think we had twice as many applicants as successful recipients, but in this case 62% less applied than the government expected. Maybe the energy costs or the property taxes weren't that significant. I'm thinking of my riding, small-town Ontario, main street Ontario; perhaps it was less significant, given the fact they didn't have any customers at all. Government grants just can't make up for that, no matter how generous they are.

I understand some improvement measures were taking place. What was done to ensure that this kind of situation didn't happen again, and what kinds of indicators were used? How was it evaluated to determine what might have gone wrong?

Mr. Stephen Rhodes: Well, I think the one piece that I should mention is, between those two fiscal years, not only were 31,000 businesses able to get energy rebates or property tax rebates, the total funding was just a little over \$445 million that was out the door to assist businesses with those sorts of fixed costs when their revenues could have been significantly down. So I feel like we did the very best we possibly could.

In terms of the measures that we had during the delivery, we were dashboarding things every single week. We really focused on trying to make sure that we had that appropriate balance between fiscal oversight and asking the right questions, but also getting funding into the hands of people who needed it critically. So we were primarily focused on making sure that we could get as many of the eligible applications through the system as quickly as we could. You probably remember the front end I mentioned, that we got a little over 80% of the payments out in 14 calendar days. That was something that was very important to the businesses in terms of the struggle they were having and the challenges they were having.

In terms of the overall impact, I have anecdotal information from businesses that have expressed thanks,

written to the minister, written to the ministry in terms of this helping, being one piece of a much bigger puzzle to help them get through. Some of them are still struggling as we just finished doing the second rebate program, but there are probably some broader things that we will need to do post-pandemic—and let's hope this is the last wave—in terms of how did all of this work.

Certainly, the AG's report has helped us along the way. As you heard from my comments earlier, a lot of the recommendations have already found their way into the second rebate program, so certainly I appreciate her work and advice.

Mr. Toby Barrett: How much time do I have left?

The Acting Chair (Mr. Stephen Crawford): Two minutes and 15 seconds.

Mr. Toby Barrett: All right. Just quickly, then: The property tax portion of that—which may go to you, I'm not sure. Did the municipalities help spread the word on this? I suppose that they would take a hit initially, and then they got reimbursed by the province. Is that how that worked? It's kind of two questions there.

Mr. Greg Orencsak: Yes, thank you for your question. Obviously, we have a close working relationship with municipalities and local chambers. There would have been word that goes out, and the province reimbursed businesses for their property tax bills so municipalities didn't have to do anything additional. We didn't want to add an extra burden on municipalities.

To your earlier question, though, one of the reasons why take-up might not have been quite as high is because some of these businesses would have been eligible for relief under some federal programs. If a business applied for the Canada Emergency Rent Subsidy, for example, they would have been eligible for property tax rebates. Our program rules obviously prevented those businesses from applying for a property tax rebate as well, because we didn't want to pay businesses twice. So that might also explain why take-up wasn't quite as high as we had initially estimated.

Mr. Toby Barrett: So now, I guess, the deadline wrapped up on the Ontario Business Costs Rebate Program. It's too early to tell, but any status on that? Any status report on how that's working out or its pickup?

Mr. Greg Orencsak: It's too early for us to report to the committee on that because there are still applications in process. But in due course, we're happy to provide a report, and certainly appreciate all of the good questions from committee members throughout the course of this session as well. It helps our work as public—

The Acting Chair (Mr. Stephen Crawford): Thank you very much. That concludes time for questions this afternoon. I'd like to thank all of you for appearing here before the committee. You're dismissed.

We'll now pause briefly before we go into closed session, so the committee may commence report-writing.

The committee recessed at 1441 and later continued in closed session.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Taras Natyshak (Essex ND)

Vice-Chair / Vice-Présidente

Ms. Christine Hogarth (Etobicoke–Lakeshore PC)

Mr. Deepak Anand (Mississauga–Malton PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

Ms. Jessica Bell (University–Rosedale ND)

Mr. Stephen Blais (Orléans L)

Mr. Stephen Crawford (Oakville PC)

Mr. Rudy Cuzzetto (Mississauga–Lakeshore PC)

Ms. Christine Hogarth (Etobicoke–Lakeshore PC)

Mr. Michael Mantha (Algoma–Manitoulin ND)

Mr. Taras Natyshak (Essex ND)

Mr. Michael Parsa (Aurora–Oak Ridges–Richmond Hill PC)

Mr. Amarjot Sandhu (Brampton West / Brampton-Ouest PC)

Substitutions / Membres remplaçants

Mr. Robert Bailey (Sarnia–Lambton PC)

Mr. Will Bouma (Brantford–Brant PC)

Ms. Catherine Fife (Waterloo ND)

Ms. Goldie Ghamari (Carleton PC)

Ms. Effie J. Triantafilopoulos (Oakville North–Burlington / Oakville-Nord–Burlington PC)

Also taking part / Autres participants et participantes

Ms. Bonnie Lysyk, Auditor General

Clerk / Greffier

Mr. Christopher Tyrell

Staff / Personnel

Mr. Dmitry Granovsky, research officer,
Research Services